

Your date:

Date:

Your reference:

Site/Handled by:

---

**MECEL AB**  
**Annual Report**  
**January 1 - December 31, 2001**

**Registration No. 556258-8896**

Your date:

Date:

Your reference:

Site/Handled by:

---

## **THE BOARD OF DIRECTORS' AND THE MANAGING DIRECTOR'S REPORT ON OPERATIONS FOR THE YEAR**

The Board of Directors and Managing Director of Mecel AB hereby submit the Annual Report of the Company and the Financial Statements for the fiscal year January 1 - December 31, 2001.

### **Field of Activity**

Mecel is a systems and software house focused on applications for vehicles and combustion engines. With unique know-how and patented innovations in software, electronics, data communication and internet Mecel provides systems engineering services to the leading manufacturers of vehicles and combustion engines and their suppliers. The sales also include products in niche areas within these fields of technology. The customers are mainly located in Europe and North America.

### **Major issues during the year and thereafter**

To enhance the value of the engineering services Mecel has continued to invest in niche products. A so-called bank controller for industrial engines was launched together with the customer at the Europort 2001 Exhibition in Amsterdam in November. At Autosport 2002 in Birmingham in early January 2002 Mecel presented ion-sense technology mainly for racing applications. The product concept has been developed together with a leading racing team and is a verification of Mecel's world-class capability. Another new product, the iKeeper, comprises both a web service and a vehicle unit for management and control of construction vehicles. With the iKeeper Mecel is demonstrating how to wrap the latest technology in telematics in one for all stakeholders profitable solution. The Mecel Bluetooth™ SDK is a software development kit for wireless communication. Already in 2000 Mecel entered with Bluetooth™ into an entirely new niche market with a new product and thereto related services. The business on this market has developed in a positive direction but has not taken off as much as expected.

Several prestigious projects together with new strategic customers have been conducted during the year and some will continue also in 2002. By working with the best in the world it is possible for Mecel to strengthen its ability to be at the leading edge of technology and establish a position among the leaders in chosen niche areas.

---

Mecel AB

Box 73, SE-662 22 ÅMÅL, Sweden

Box 14044, SE-400 20 GÖTEBORG, Sweden

Visiting address: Förrådsgatan 5

Visiting address: Mölndalsvägen 30 B

Phone +46 532 620 00, Fax +46 532 151 39

Phone +46 31 703 32 00, Fax +46 31 40 31 50

Registered office: Åmål, Registered No. 556258-8896

[www.mecel.se](http://www.mecel.se)

Your date:

Date:

Your reference:

Site/Handled by:

---

The operations expanded heavily during the year and 42 new employees were recruited. The number of employees amounted 183 at the end of the year. Six of these are formally employed by Mecel but are representing the parent company's marketing organization in Sweden.

Your date:

Date:

Your reference:

Site/Handled by:

---

## Ownership

Mecel AB is a wholly-owned subsidiary of Delco Electronics Corporation, which is a subsidiary of the listed company Delphi Automotive Systems. Delco Electronics Corporation has its registered site in Kokomo, Indiana, USA.

## Financial Summary

Taking into consideration the general recession during the year which has mainly hit the IT and telecom but also the automotive industry, Mecel has again demonstrated its capability in creating good operating results on a tough market.

'000 SEK	2 0 0 1	2 0 0 0	1 9 9 9	1 9 9 8
Net sales	185 836	165 432	124 201	107 388
Operating profit	18 596	18 552	12 757	11 233
Income after finance	19 771	19 205	13 201	8 295
Balance sheet total	122 078	96 628	79 237	56 721
Equity/Assets ratio	35.8 %	27.6 %	27.7 %	40.5 %
Average number of employees	177	158	129	88

Mecel's increase in sales has been influenced by the heavy investments the mother company is doing within Mobile MultiMedia where Mecel has a key role in the development of new technical solutions. Several new international customers have placed important orders with Mecel and the customer base has been further broadened.

## Future Progress

The modern society of knowledge has an ever-increasing need for information accessibility, safety and security, good environment and resources savings. Therefore the car is not only a means of transportation but also a prerequisite for a lifestyle in a society that is highly dependent on information. The vehicle manufacturers require profitability and global presence, which inevitably leads to focusing on increased customer values and strong brands.

For the next few years we foresee continued progress and especially with a growth within the area of Mobile Multi-Media. Intensified development of own niche products, both as

---

Mecel AB

Box 73, SE-662 22 ÅMÅL, Sweden

Box 14044, SE-400 20 GÖTEBORG, Sweden

Visiting address: Förrådsgatan 5

Visiting address: Mölndalsvägen 30 B

Phone +46 532 620 00, Fax +46 532 151 39

Phone +46 31 703 32 00, Fax +46 31 40 31 50

Registered office: Åmål, Registered No. 556258-8896

[www.mecel.se](http://www.mecel.se)

Your date:

Date:

Your reference:

Site/Handled by:

---

software for vehicle applications as well as for combustion engines, is expected to broaden the base for Mecel's operations and contribute to a continued successful long-term development.

## Proposed Disposition of Earnings

Unappropriated earnings at the disposal of the Annual General Meeting are as follows:

Retained earnings carried forward	SEK	11 290 145.23
Net income for the year	SEK	15 604 348.70
	<b>SEK</b>	<b>26 894 493.93</b>

The Board of Directors and the Managing Director propose that the unappropriated earnings be disposed as follows:

To be brought forward as unappropriated earnings	SEK	26 894 493.93
	<b>SEK</b>	<b>26 894 493.93</b>

Regarding earnings and financial position of the business - see the following Statement of Income, Balance Sheet, Cash Flow Analysis as well as Supplementary Disclosures.

---

Mecel AB

Box 73, SE-662 22 ÅMÅL, Sweden

Box 14044, SE-400 20 GÖTEBORG, Sweden

Visiting address: Förrådsgatan 5

Visiting address: Mölndalsvägen 30 B

Phone +46 532 620 00, Fax +46 532 151 39

Phone +46 31 703 32 00, Fax +46 31 40 31 50

Registered office: Åmål, Registered No. 556258-8896

[www.mecel.se](http://www.mecel.se)

Your date:

Date:

Your reference:

Site/Handled by:

---

## STATEMENT OF INCOME

<b>'000 SEK</b>	<b>Note</b>	<b>2 0 0 1</b>	<b>2 0 0 0</b>
<b>Income</b>			
Net sales	1, 3	185 836	165 432
Change in work on contract		- 1 685	3 095
Other operating income	2	24 203	19 813
<b>Operating expenses</b>			
Raw material and consumables		- 24 139	- 20 686
Other external costs	8	- 48 550	- 50 571
Personnel costs	7	- 111 668	- 93 436
Depreciation of tangible assets	4	- 5 378	- 4 985
Other operating costs		- 23	- 110
<b>Operating profit</b>		<b>18 596</b>	<b>18 552</b>
<b>Result from financial investments</b>			
Net interest income		1 175	653
<b>Profit after financial items</b>		<b>19 771</b>	<b>19 205</b>
Income tax	10	- 4 167	- 7 027
<b>Net income</b>		<b>15 604</b>	<b>12 178</b>

Your date:

Date:

Your reference:

Site/Handled by:

---

## BALANCE SHEET on December 31

<b>‘000 SEK</b>	<b>Note</b>	<b>2 0 0 1</b>	<b>2 0 0 0</b>
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Tangible assets</b>			
Equipment, vehicles, tools and installations	4	10 508	12 290
		<b>10 508</b>	<b>12 290</b>
<b>Financial assets</b>			
Long-term receivables		1 354	2 551
		<b>1 354</b>	<b>2 551</b>
<b>Current assets</b>			
<b>Inventories etc</b>			
Raw material and consumables		172	166
Finished products		1 432	1 254
Work on contract		10 500	11 976
		<b>12 104</b>	<b>13 396</b>
<b>Current Receivables</b>			
Accounts receivable - trade		30 878	19 209
Receivables - Parent company		20 611	23 864
Receivables - Other allied		942	3 428
Other receivables		2 923	1 838
Prepaid expenses and accrued income		4 184	4 293
		<b>59 538</b>	<b>52 632</b>
<b>Cash and bank balances</b>		<b>38 574</b>	<b>15 759</b>
<b>TOTAL ASSETS</b>		<b>122 078</b>	<b>96 628</b>

Your date:

Date:

Your reference:

Site/Handled by:

---

<b>‘000 SEK</b>	<b>Note</b>	<b>2 0 0 1</b>	<b>2 0 0 0</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Restricted equity</b>	6		
Share capital		12 000	12 000
Statutory reserve		3 000	3 000
		<b>15 000</b>	<b>15 000</b>
<b>Non-restricted equity</b>	6		
Retained earnings/Losses brought forward		11 290	- 889
Profit for the year		15 604	12 179
		<b>26 894</b>	<b>11 290</b>
<b>Long-term liabilities</b>	9		
Liabilities to group company		34 600	34 600
Other liabilities		0	1 107
		<b>34 600</b>	<b>35 707</b>
<b>Current liabilities</b>			
Advance payment from customers		4 914	1 442
Accounts payable		9 865	5 741
Liabilities to group company		0	605
Income taxes	10	3 293	1 566
Other liabilities		2 477	2 913
Accrued expenses and deferred income	5	24 025	22 364
		<b>45 584</b>	<b>34 631</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>122 078</b>	<b>96 628</b>
<b>MEMORANDUM ITEMS</b>			
<b>Pledged assets</b>			
Restricted bank account		<b>0</b>	<b>50</b>

Mecel AB

Box 73, SE-662 22 ÅMÅL, Sweden

Visiting address: Förrådgatan 5

Phone +46 532 620 00, Fax +46 532 151 39

Box 14044, SE-400 20 GÖTEBORG, Sweden

Visiting address: Mölndalsvägen 30 B

Phone +46 31 703 32 00, Fax +46 31 40 31 50

Registered office: Åmål, Registered No. 556258-8896

[www.mecel.se](http://www.mecel.se)

Your date:

Date:

Your reference:

Site/Handled by:

## CASH-FLOW ANALYSIS

<b>‘000 SEK</b>	<b>2 0 0 1</b>	<b>2 0 0 0</b>
<b>Operating activities</b>		
Operating profit	18 596	18 552
Adjustments to reconcile operating profit to net cash provided by operating activities	<u>5 303</u>	<u>4 585</u>
	23 899	23 137
Interest income received	1 175	653
Income tax paid	- 2 440	3 629
<b>Net cash provided by operating activities before changes in operating assets and liabilities</b>	<b>22 634</b>	<b>27 419</b>
<b>Changes in operating assets and liabilities</b>		
Increase/decrease in		
Inventories and work on contract, net	1 292	-2 549
Accounts receivable – trade	- 5 930	- 6 873
Accounts receivable, prepaid expenses and other	- 976	436
Accounts payable – trade	4 124	-2 178
Accounts payable, accrued liabilities and other	5 101	2 696
<b>Net cash (used in) provided by operating activities</b>	<b>26 245</b>	<b>18 951</b>
<b>Investing activities</b>		
Disposal of fixed assets	365	990
Capital expenditures	- 3 885	- 6 888
<b>Net cash used in investing activities</b>	<b>- 3 520</b>	<b>- 5 898</b>
<b>Financial activities</b>		
Amortization of long-term liabilities	- 1 107	0
Long-term receivables	1 197	- 529
<b>Cash flow from-/used in financial activities</b>	<b>90</b>	<b>-529</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>22 815</b>	<b>12 524</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>15 759</b>	<b>3 235</b>
<b>Cash and cash equivalents at end of year</b>	<b>38 574</b>	<b>15 759</b>

Mecel AB

Box 73, SE-662 22 ÅMÅL, Sweden

Box 14044, SE-400 20 GÖTEBORG, Sweden

Visiting address: Förrådsgatan 5

Visiting address: Mölndalsvägen 30 B

Phone +46 532 620 00, Fax +46 532 151 39

Phone +46 31 703 32 00, Fax +46 31 40 31 50

Registered office: Åmål, Registered No. 556258-8896

www.mecel.se

Your date:

Date:

Your reference:

Site/Handled by:

---

## SUPPLEMENTARY DISCLOSURES

### Accounting Principles

No changes in accounting principles have been made from last year.

The following valuation and translation principles have been used in this Annual Report.

### Tangible Assets

The tangible assets are entered to acquisition costs after deduction for depreciations according to plan based on estimated economic lives. Computers and thereto related IT equipment are depreciated over three years and all other tangible assets over five years. The depreciations are made from the month of acquisition. For sold and scrapped equipment the depreciations are made until the month prior to sale or scrapping.

### Inventories and Work on Contract

The inventory has been valued to the lower of cost or market, i.e. the lowest of acquisition cost or market value. When setting the acquisition cost the first in/first out (FIFO) principle has been used.

Work on contract has been valued to sales price in the respect of work on a current account basis. Other work on contract has been valued to worked-up costs including overhead costs. Finished products comprise deliveries from subcontractors. These have been valued to purchase price.

### Receivables

Receivables are entered to the amounts they are expected to be paid.

---

Mecel AB

Box 73, SE-662 22 ÅMÅL, Sweden

Box 14044, SE-400 20 GÖTEBORG, Sweden

Visiting address: Förrådsgatan 5

Visiting address: Mölndalsvägen 30 B

Phone +46 532 620 00, Fax +46 532 151 39

Phone +46 31 703 32 00, Fax +46 31 40 31 50

Registered office: Åmål, Registered No. 556258-8896

[www.mecel.se](http://www.mecel.se)

Your date:

Date:

Your reference:

Site/Handled by:

## Receivables and Payables in Foreign Currency

Receivables and payables in foreign currency have been translated to SEK to closing day rate. The exchange rate difference has been booked as operating income or expense.

The results of hedging contracts due after date of closing and not corresponding to any entries of receivables or payables on closing day have not been considered in the Annual Report.

### Note 1 Net Sales

<b>'000 SEK</b>	<b>2 0 0 1</b>	<b>2 0 0 0</b>
Sweden	43 897	51 528
European Community (except Sweden)	41 112	40 277
USA	97 279	73 199
Japan	3 534	342
Other countries	14	86
<b>Total net sales</b>	<b>185 836</b>	<b>165 432</b>

The change in sales between Europe and USA compared to previous year is due to that almost all billing to the parent company has changed from the European headquarters in Wiesbaden to the headquarters in Kokomo.

### Note 2 Other income

<b>'000 SEK</b>	<b>2 0 0 1</b>	<b>2 0 0 0</b>
Cost compensation from parent company	10 290	9 400
Royalty	10 738	4 004
Received contributions from EC & Swedish Government	1 602	3 868
Refund on pension premiums from SPP	0	1 749
Profit on disposal of fixed assets	98	509
Other income	1 475	283
<b>Total net income</b>	<b>24 203</b>	<b>19 813</b>

Your date:

Date:

Your reference:

Site/Handled by:

## Note 3 Purchases and sales to parent company and allied

	Parent company	
	2 0 0 1	2 0 0 0
Purchases	0 %	0 %
Sales	46 %	48 %

  

	Allied companies	
	2 0 0 1	2 0 0 0
Purchases	0 %	1 %
Sales	4 %	7 %

Purchases relate to raw material/consumables and other external costs. Sales relate to Net sales.

## Note 4 Tangible assets

'000 SEK	2 0 0 1	2 0 0 0
<b>Equipment, tools and installations</b>		
Acquisition cost by the beginning of the year	32 933	28 687
Purchases	+ 3 885	+ 6 888
Sales and scrapping	- 1 287	- 2 642
<b>Accumulated acquisition cost by the end of the year</b>	<b>35 531</b>	<b>32 933</b>
Accumulated depreciations by the beginning of the year	- 20 643	- 17 710
Assets sales and disposals	+ 998	2 052
Depreciations during the year	- 5 378	- 4 985
<b>Accumulated depreciations by the end of the year</b>	<b>- 25 023</b>	<b>- 20 643</b>
<b>Value shown on asset side of Balance Sheet by the end of the year</b>	<b>10 508</b>	<b>12 290</b>

## Note 5 Accrued expenses and deferred income

'000 SEK	2 0 0 1	2 0 0 0
Accrued salaries	13 392	11 794
Accrued social costs and tax on pension scheme	9 348	7 700
Warranty reserve	1 592	1 700

Mecel AB

Box 73, SE-662 22 ÅMÅL, Sweden

Visiting address: Förrådsgatan 5

Phone +46 532 620 00, Fax +46 532 151 39

Box 14044, SE-400 20 GÖTEBORG, Sweden

Visiting address: Mölndalsvägen 30 B

Phone +46 31 703 32 00, Fax +46 31 40 31 50

Registered office: Åmål, Registered No. 556258-8896

www.mecel.se

Your date:

Date:

Your reference:

Site/Handled by:

---

Other accrued expenses and deferred income	693	1 170
<b>Total accrued expenses and deferred income</b>	<b>25 025</b>	<b>22 364</b>

Your date:

Date:

Your reference:

Site/Handled by:

## Note 6 Changes in equity

‘000 SEK	Capital stock	Restricted reserves	Profit/loss brought forward	Profit for the year
Amount by the beginning of the year	12 000	3 000	- 889	12 179
Disposition of earnings according to decision at the Annual General Meeting in 2001:				
Disposition			12 179	- 12 179
Net income 2001				15 604
<b>Amount by the end of the year</b>	<b>12 000</b>	<b>3 000</b>	<b>11 290</b>	<b>15 604</b>

## Note 7 Number of employees, salaries, wages and remuneration

	2 0 0 1		2 0 0 0	
	Number of employees	Thereof men	Number of employees	Thereof men
Average number of employees	177	86 %	158	86 %

‘000 SEK	2 0 0 1		2 0 0 0	
	Salaries, wages and remuneration	Social security expenses (thereof pensions)	Salaries, wages and remuneration	Social security expenses (thereof pensions)
Salaries, wages, remuneration and social security expenses	73 890	33 358 (7 492)*	61 399	27 800 (6 071)*

\*) Of the company's total costs for pension plans KSEK 309 (previous year KSEK 516) refer to Directors of the Board and the Managing Director

Mecel AB

Box 73, SE-662 22 ÅMÅL, Sweden	Box 14044, SE-400 20 GÖTEBORG, Sweden
Visiting address: Förrådsgatan 5	Visiting address: Mölndalsvägen 30 B
Phone +46 532 620 00, Fax +46 532 151 39	Phone +46 31 703 32 00, Fax +46 31 40 31 50
Registered office: Åmål, Registered No. 556258-8896	
<a href="http://www.mecel.se">www.mecel.se</a>	

Your date:

Date:

Your reference:

Site/Handled by:

‘000 SEK	2 0 0 1	Other	2 0 0 0	Other
	Board of Directors and Managing Director (thereof incentive pay)	employees	Board of Directors and Managing Director (thereof incentive pay)	employees
Salaries, wages and remuneration divided between Directors of the Board, Managing Director and employees	1 702 (162)	72 188	1 327 (240)	60 072
Capitalized value of pension plan for Managing Director	0		1 107	

## Note 8    Audit fee

‘000 SEK	2 0 0 1	2 0 0 0
Audit fee	141	100
Accountant advisory fee	40	95
<b>Total</b>	<b>181</b>	<b>195</b>

## Note 9    Long-term liabilities

Long-term liabilities to group company refers to corporate contributions to Delphi Automotive Systems Sweden AB during 1998 – 2000 in order to reduce tax on a corporate level.

Timetable for amortization has not been decided. No interest is to be paid.

‘000 SEK	2 0 0 1	2 0 0 0
Liabilities with due date within 1 - 5 years after balance day	0	0
Liabilities with due date 5 years or more after balance day	34 600	35 707
<b>Total</b>	<b>34 600</b>	<b>35 707</b>

Mecel AB

Box 73, SE-662 22 ÅMÅL, Sweden  
Visiting address: Förrådsgatan 5  
Phone +46 532 620 00, Fax +46 532 151 39

Box 14044, SE-400 20 GÖTEBORG, Sweden  
Visiting address: Mölndalsvägen 30 B  
Phone +46 31 703 32 00, Fax +46 31 40 31 50

Registered office: Åmål, Registered No. 556258-8896

[www.mecel.se](http://www.mecel.se)

Your date:

Date:

Your reference:

Site/Handled by:

---

## Note 10 Income-tax information

Due to changes in corporate contribution in year 2000, there is a difference between actual paid income-tax and tax reported in income statement.

<b>'000 SEK</b>	<b>2 0 0 1</b>	<b>2 0 0 0</b>
Tax reported in income statement	4 167	7 027
Actual income-tax for fiscal year	5 707	5 487
<b>Difference</b>	<b>- 1 540</b>	<b>1 540</b>

Your date:

Date:

Your reference:

Site/Handled by:

---

Åmål, April 26, 2002

Rainer Hermeling  
Chairman

Hasse Johansson

Jeffrey J. Owens

Arthur R. Jackson

Robert W. Schumacher

Kent Eric Lång  
Managing Director

The Auditor's Report regarding this Annual Report was submitted on \_\_\_\_\_, 2002

**DELOITTE & TOUCHE AB**

Flemming Nilausen  
Authorized Public Accountant

---

Mecel AB

Box 73, SE-662 22 ÅMÅL, Sweden

Box 14044, SE-400 20 GÖTEBORG, Sweden

Visiting address: Förrådsgatan 5

Visiting address: Mölndalsvägen 30 B

Phone +46 532 620 00, Fax +46 532 151 39

Phone +46 31 703 32 00, Fax +46 31 40 31 50

Registered office: Åmål, Registered No. 556258-8896

[www.mecel.se](http://www.mecel.se)