

Financial report

January - June 2003

Completion of the Excellence-strategy during increasing return

- ***Profit before tax increased by 62 % to SEK 27.7 million (17.1)***
- ***The net sales increased by 15 % to SEK 373.6 million (325.3)***
- ***Earnings per share after full income tax SEK 52 (41)***
- ***Agreement is signed to take-over BEVE Electronic's
business in Borås***

The business

The NOTE group of companies is one of the leading EMS (Electronic Manufacturing Services) suppliers in Sweden, and in addition the only Swedish-owned global electronic manufacturer.

Market

The demand within the industrial sector in total has continued to be weak. The market increases for the NOTE group by introduction of new competence centres - **Center of Excellence**, by adding specialist knowledge the NOTE group can reach new client sections.

Turnover and earnings

The reconstruction after the fire at NOTE Xperi has been done according to the plan. The invoicing has increased from 50 % av normal invoicing in March to 100 % in June.

The group's turnover during the period amounts to SEK 373.6 million, which is an increase of 15 % compared to the equivalent period last year (325.3).

The income before taxes for the period, though the fire, increased by 62 % to SEK 27.7 million (17.1). Other expenses assignable to the fire and corresponding calculated insurance compensation you find as items affecting comparability.

Financial standing

Solidity increased during the period and was in the end of June 22.8 % (16.4 %).

The cash flow - after investments of SEK 6.3 million - reached SEK 8.1 million, which is mainly a result of the fire at NOTE Xperi.

Investments

The group's investment in fixed capital assets amount to SEK 6.3 million (5.9).

Staff

The average number of full-time employees within the group during the first six months was 611 (364) .

Important events

In June the Swedish newspaper Svenska Dagbladet published the yearly list of fastest expanding companies, NOTE advanced to place 38. Among the engineering companies place 8.

The group has continued the launched Excellence-strategy by open three competence centres during May - **Center of Excellence** - possessing world class expertise in medical, telecom/opto and vehicle. More information at www.note.se.

Together with the other members in ems-ALLIANCE™, NOTE participated at the NEPCON East Trade Show, Boston USA, in June. The ems-ALLIANCE™ presented its new operating model for purchasing and low production costs.

In August NOTE signed an agreement for the take-over of the business of BEVE Electronics in Borås. BEVE is a EMS supplier with a specialist knowlegde within the microwave section. The take-over will be concluded in the end of August.

Prospectives

NOTE's strategy with competence centres has been very well welcomed by the market and has provided new orders. By the take-over of BEVE, NOTE will get a new competence centre within microwave electronic.

As a part of the strategy the group continues the relocation of the business between the different companies.

Earlier appraisal will remain, that the NOTE-group will continue to grow, in terms of turnover as well as in return, even ithub the industry is expected to continue its weak business cycle.

Next financial report

Financial report for the period January to September will be published October 29.

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Sten Dybeck
Chaiman of the board

Erik Stenfors
President

CONOLIDATED INCOM STATEMENT IN SUMMARY

SEK million	2003 Apr-Jun	2002 Apr-Jun	2003 Jan-Jun	2002 Jan-Jun	2002 Jan-Dec
Net sales	198.6	155.9	373.6	325.3	636.8
Cost of goods and services sold	-170.4	-132.2	-321.8	-282.1	-544.5
Gross profit	28.2	23.7	51.8	43.2	92.3
Selling expenses	-6.7	-6.3	-12.9	-11.6	-23.5
Administrative expenses	-9.2	-6.9	-18.6	-13.1	-28.6
Incomes affecting comparability	5.8	-	28.6	-	-
Expenses affecting comparability	-5.8	-	-28.6	-	-4.0
Other operating income/expenses	6.6	2.3	12.7	2.3	3.1
Operating profit	18.9	12.8	33.0	20.8	39.3
Net financial items	-2.8	-2.0	-5.3	-3.7	-8.5
Profit after financial items	16.1	10.8	27.7	17.1	30.8
Tax	-4.3	-3.0	-7.7	-4.8	-9.5
Minority share of the profit for the year	-0.1	-	-0.1	-	0.0
NET PROFIT FOR THE PERIOD	11.7	7.8	19.9	12.3	21.3

CONSOLIDATED BALANCE SHEET IN SUMMARY

SEK million	2003 30 June	2002 30 June	2002 31 Dec
ASSETS			
Fix assets	91.0	31.5	87.9
Inventories	184.0	114.3	179.8
Accounts receivable	166.5	135.7	154.1
Other current assets	48.3	11.0	20.4
Current assets	398.8	261.0	354.3
TOTAL ASSETS	489.8	292.5	442.2
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	111.8	47.9	91.8
Minority interest	0.8		0.7
Provisions	29.5	3.6	30.2
Long-term liabilities	190.8	119.7	179.9
Accounts payable - trade	93.8	80.6	89.5
Other current liabilities	63.1	40.7	50.1
Current liabilities	156.9	121.3	139.6
TOTAL EQUITY AND LIABILITIES	489.8	292.5	442.2

CONSOLIDATED CASH FLOW STATEMENT

SEK million	2003 Apr-Jun	2002 Apr-Jun	2003 Jan-Jun	2002 Jan-Jun	2002 Jan-Dec
Profit/loss after financial items	16.1	10.8	27.7	17.1	30.9
Adjustment items	3.9	1.7	6.9	3.1	8.2
Paid taxes	-3.7	-0.8	-8.1	-1.9	-5.2
Cash flow from the current operations before change in working capital	16.3	11.7	26.5	18.3	33.9
Change in working capital	-21.0	-22.3	-28.3	-34.8	-29.7
Net investments	-3.6	-4.5	-6.3	-5.9	-12.7
Cash flow after investments	-8.3	-15.1	-8.1	-22.4	-8.5
Net change in loan	-6.6	15.3	7.6	21.9	10.2
CHANGE IN LIQUID FUNDS	-1.7	0.2	-0.5	-0.5	1.7

KEY RATIOS (in per cent)

	2003 Jan-Jun	2002 Jan-Jun	2002 Jan-Dec
Operation margin	8.8	6.4	6.2
Profit margin	7.4	5.3	4.8
Return on capital employed	19.7	24.0	12.8 *)
Solidity	22.8	16.4	20.8

*) As document is used consolidated balance sheet NOTE-Xperi,
 but not pro-forma-result Xperi.

For additional information:

Sten Dybeck, Chairman of the board
 Phone: +46 (0)176-799 10, (0)708-55 18 00
 E-mail: sten@dybeck.com

Gunilla Olsson, CFO
 Phone: +46 (0)176-799 05, (0)709-50 80 71
 E-mail: gunilla.olsson@note.se

The company's auditors have not examined this Financial report.