Stable operating profit/loss before allocations

- Net sales increased by 27 % to MSEK 728.7 (575.1)
- Operating profit/loss decreased to MSEK – 109.0 (46.4). Profit/loss after tax decreased to MSEK –81.8 (29.1), which corresponds to an earnings per share of SEK – 8.50 (3.48)
- The operating profit/loss was affected negatively by restructuring costs and costs for allocated write-downs totalling approximately MSEK 128 , of which MSEK 66 was allocated during the second quarter
- Operating profit/loss in the second quarter, excluding costs for allocated write-downs, was positive, MSEK 18.4
- Sales for 2005 are expected to total MSEK 1,500-1,600 (1,103).

After the period

- On August 1, a representation office was opened in southern China to enable more efficient distribution of equipment to NOTE's units in Europe
- On August 6, a strategic cooperative agreement was signed with Jaltek Systems, which is active in Great Britain

Interim report
January – June 2005

NOTE
THE EMS PARTNER

About the operation
The NOTE-Group is one of Scandinavia's leading suppliers of EMS (Electronics Manufacturing Services) and in addition, the only Swedish-owned global electronics manufacturer.

NOTE's business concept combines local EMS-services ("near sourcing") with a simple transfer of ongoing production to global units for the customer.

Implemented restructuring
During the period, work has been concentrated towards consolidating the operation.

Integration of the new organization, as well as employment cutbacks, in accordance with the notice that was announced previously, was carried out during the first half-year of 2005, which has resulted in one-time costs.

Write-downs
An overview of the Group's stocks, accounts receivable and capitalized costs was carried out during the period. This has resulted in allocations for write-downs of MSEK 66 of a portion of these items at the Norrtelje and Borås plants. Underlying causes were, among other things, agreements with customers that were viewed as not sufficiently binding. For the second quarter, the Group showed an operating profit, excluding write-downs, of MSEK 18.4.

Market
The first half-year has largely corresponded to the expectations that existed at the beginning of the year. The autumn looks as if it will provide a stable increase in production, relatively equally distributed between NOTE's various customer segments.

The demand for the manufacturing process in accordance with the so-called RoHS-directive has increased substantially during the period. The RoHS- directive, which comes into effect on July 1, 2006, means, among other things, that lead may not be used in the soldering process. NOTE is the industry leader within this technology and expects increased demand up through the changeover.

Development
In addition to EMS-services, NOTE also carries out development assignments for product owners in Sweden (so-called Contract Design, CD). NOTE sees this as a rising trend, that those companies that purchase manufacturing on a contractual basis also want to purchase design on a contractual basis (so-called "black box" orders), which is why demand is expected to continue to grow within this area

Important events during the period
In May, NOTE signed a two-year contract with the Norwegian company, Network Electronics ASA, a world leader within signal processing of optical transport for the professional video industry. NOTE will manufacture video routers over a 24-month period. The order value totals MSEK 50.

NOTE's largest customer over a period of several years, Dresser Wayne, have now chosen to expand cooperation by 50 percent and signed a new supplier agreement in May with a term of two years. Dresser Wayne develops, manufactures and markets gasoline pumps and electronic payment systems.

On May 25, Erik Stenfors exited as CEO and Kjell-Åke Andersson, who was previously Vice CEO, took over that position.

Important events after the end of the period
Since the opening of NOTE's gateway in Great Britain at the end of 2004, NOTE has searched for a partner with a strategy that is in line with NOTE's long-term objectives. This resulted in a strategic cooperative agreement with Jaltek Systems, which was signed on August 6.

On August 2, NOTE opened a representation office in the city of Shenzhen, which is located in the Guangdong province in southern China. The office will enable NOTE to increase cost-efficiency whereby purchases can be made without intermediaries. It will also be simpler to ensure quality for those products and components that we already manufacture on-site in China.

Sales and profit/loss

January-June The Group's net sales for the period increased by 27 % to MSEK 728.7 (575,1). The increase in sales can primarily be attributed to volumes that have arisen through the Group's new units in Skellefteå, Hyvinkää (Finland) and Pärnu (Estonia).

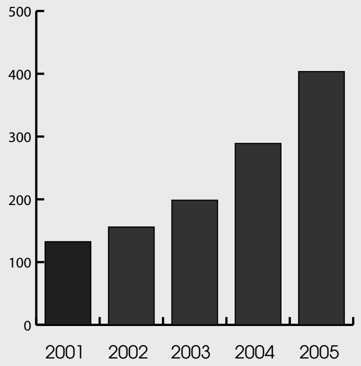
Operating profit/loss was MSEK –109.0 (46.4) and has, in addition to what was reported in previous interim reports, been affected negatively during the period by allocations for feared losses of stocks, accounts receivable and capitalized costs of approximately MSEK 66 as a result of revaluation of underlying agreements with customers that were not deemed to be sufficiently binding. In total, the profit/loss for the period has been impacted negatively by restructuring costs, allocations for write-downs, and also the depreciation of accounts receivable and stocks of around MSEK 128.

NOTE had a positive operating profit/loss, excluding the above restructuring costs and allocations, of MSEK 19.0 (46.4).

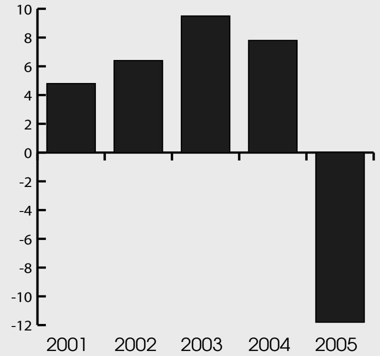
April-June The Group's net sales for the second quarter increased by 40 % to MSEK 403.7 (289.0). The sales increases are primarily due to contributions from the Group's new units.

Operating profit/loss for the second quarter was MSEK –47.6 M (22.5) and has been charged with costs of MSEK 66 as a result of revaluation of underlying agreements with customers. Excluding allocations, NOTE showed a positive profit/loss of MSEK 18.4 (22.5).

Turnover Quarter 2 (MSEK)



Operating margin Quarter 2 (%)



Note. Quarter 2, 2005 is reported including costs for allocated write-downs of MSEK 66.

Financial position and liquidity

At the end of June, the total operating capital was MSEK 426.9 , a decrease during the period of MSEK 33.7 , despite acquisitions.

The Group reports a positive cash flow from operations for the period of MSEK 44.2 (46.2), and after investments in the existing operation, cash flow totals MSEK 22.0 (29.8). Interest-bearing net liabilities totalled MSEK 248.5 , an increase during the period of MSEK 53.7 , primarily as a result of acquisitions. Available liquid assets, including unutilised credit totalled, at the end of the period, MSEK 59.6 (162.5).

Allocations, write-downs and depreciation, as well as revaluations have not affected the cash flow during the period. The equity/assets ratio has, as a result of the profit/loss for the period, decreased to 21 %.

Investments

The Group's investments in tangible fixed assets totalled MSEK 16.2 (16.3). Of the total investments of MSEK 69.3 , MSEK 46.8 corresponds to investments in acquired units as well as an allocation for a supplementary purchase sum of MSEK 6.0, regarding NOTE Nyköping-Skänninge in accordance with the Swedish Financial Accounting Standards Council's recommendation regarding consolidated financial statements (RR 1:00).

Depreciation for the period totalled MSEK 15.7 (12.1)..

Employees

The average number of employees during the period was 1,004 (861).

Future outlook

Long term

The European product owners are active in an increasingly globalized market, with demands on efficient product development, industrialization and manufacturing. NOTE's business model meets these needs with development resources, a pronounced technical focus and also – in the last stages of the product cycle – rational relocation of production to suitable production units. Since the demand for global access and technical intensive services is expected to increase, a possibility for increased market share in Europe is assessed as positive. The long-term margin goal (EBT) of 6 % remains.

Current year

Sales for 2005 are expected to total MSEK 1,500-1,600 (1,103).

Accounting and valuation principles

This report was prepared in accordance with the Swedish Financial Accounting Standards Council's recommendations regarding interim reporting for groups (RR 31) as well as IAS 34. The company's primary segment is the manufacturing of electronics. Net sales and operating profit/loss that is to be reported as a segment can be found in the profit/loss statements below.

NOTE's transition to IFRS

Beginning with 2005, NOTE is publishing its financial reports for the Group in accordance with the EU-adopted International Financial Reporting Standards (IFRS).

IFRS 1 The first time IFRS is being applied

IFRS 1 deals with the transitional regulations upon introduction of IFRS. Some exceptions from a complete retroactive application are permitted. NOTE intends to use the exceptions below – the other exceptions are not applicable to NOTE.

- No translation of acquisitions made before 2004 (IFRS 3)
- The accumulated translation differences will be recorded as zero on 1 January 2004 (IAS 21).
- NOTE applied IAS 32 and 39 as of January 1, 2005 and consequently utilizes the possibility to not report financial instruments retroactively. The hedging occurring is futures contracts regarding currency flows. The effect of the introduction of IAS 39 is being recorded in supplements to the specification of equity.

IFRS 3 Operating acquisitions

For acquisitions after 31 December 2003 other intangible assets in the acquisitions are disclosed separately from goodwill and written off during the period of utilisation. Goodwill is not depreciated, but is shown annually, or as an indication of a diminution of value, to be tested for possible depreciation needs. Consideration of write-down will be in accordance with IAS 36 Write downs.

NOTE's acquisitions prior to 2004 will be handled in accordance with the transitional regulations in IFRS 1 (see above). There were no acquisitions in 2004.

IAS 19 Remuneration for employees

NOTE's pension solutions are largely classified as contribution-determined pension plans. Through acquisitions during the first quarter of 2005 the group now also has benefit determined pension plans. Actuarial profits or losses for benefit-determined pension plans have been taken into consideration in the acquisition calculation.

This means that accounting records of remuneration for employees in the comparative year have not been affected by the introduction of IFRS.

IAS 38 Intangible assets

As previously, NOTE is applying RR 15 Intangible Assets, the Swedish equivalent of IAS 38 Intangible Assets. No additional capitalization of costs has been deemed necessary in accordance with IFRS.

Significant effects on result and position

The transition to IFRS has had the following effect on the profit/loss for 2004, which is reported in tables in connection with the profit/loss statement and specifications regarding equity.

- Depreciation on goodwill is ceasing (IFRS 3 and IAS 38)
- Profits and losses arising as a result of futures contracts that qualify for a cash-flow hedge are recorded in a hedge reserve within equity (from 1 January 2005).

The period's effect on profit/loss as a result of cash flow coverage is marginal.

Next report date
The interim report for the period January to September will be presented on 28 October.

Norrtälje August 9, 2005

NOTE AB (publ)

Board of Directors

For additional information, contact:
CEO Kjell-Åke Andersson at +46 (0)708 – 60 81 23 or
CFO Gunilla Olsson at +46 (0)709 – 50 80 71.

This report has not been subjected to auditing by the company's auditors.

SUMMARY OF THE GROUP'S PROFIT/LOSS STATEMENT

Amounts in MSEK	2005 Apr-Jun	2004 Apr-Jun	2005 Jan-Jun	2004 Jan-Jun	Jul 2004- Jun 2005	2004 Jan-Dec
Net turnover	403,7	289,0	728,7	575,1	1 256,8	1 103,1
Cost of goods and services sold	-415,6	-240,6	-769,6	-476,2	-1 270,4	-977,0
Other income	0,0	3,8	4,0	4,7	17,5	18,3
Gross result	**-11,9**	**52,2**	**-36,9**	**103,6**	**3,9**	**144,5**
Sales costs	-16,7	-11,6	-33,3	-22,7	-61,0	-50,3
Administrative costs	-18,1	-17,5	-38,3	-34,1	-67,7	-63,5
Other operating income/costs	-0,9	-0,6	-0,5	-0,4	-1,3	-1,3
Operating profit *	**-47,6**	**22,5**	**-109,0**	**46,4**	**-126,1**	**29,4**
Net interest income/expense	-1,8	-2,9	-4,0	-6,1	-7,7	-9,8
Result after financial items	**-49,4**	**19,6**	**-113,0**	**40,3**	**-133,8**	**19,6**
Tax	13,6	-5,5	31,2	-11,2	36,6	-5,9
Result for the period	**-35,8**	**14,1**	**-81,8**	**29,1**	**-97,2**	**13,7**
Result for the period attributable to parent companys shareholders	-35,8	14,0	-81,8	29,0	-97,3	13,5
Result for the period attributable to minority owners	0,0	0,1	0,0	0,1	0,1	0,2

Depreciation has been debited to the result for the period as follows:

	7,6	**6,4**	**15,7**	**12,1**	**28,0**	**24,4**

Reconciliation of the result for the period between Swedish accounting principles and IFRS

	2004 Apr-Jun	2004 Jan-Jun	Jul 2004- Jun 2005	2004 Jan-Dec
Result for the period, Swedish accounting principles	**13,3**	**27,4**	**-98,8**	**10,5**
Goodwill	0,7	1,5	1,5	3,0
Minority	0,1	0,1	0,1	0,2
Result for the period, IFRS	**14,1**	**29,1**	**-97,2**	**13,7**

The following depreciation rates have been applied:
Machinery and equipment 4-5 years, costs put into someone else's property 5 or 20 years, buildings 25 or 50 years, land improvements 20 year
years as well as surplus value 10 years.
** The operating profit/loss was affected negatively by allocations for write-downs, restructuring costs and other costs of a one-time nature in accordance with the following: second quarter 2005: MSEK 66, first half-year 2005: MSEK 128 as well as the period, July 2004 through June 2005:*

GROUP'S DATA PER SHARE

	2005 Apr-Jun	2004 Apr-Jun	2005 Jan-Jun	2004 Jan-Jun	Jul 2004- Jun 2005	2004 Jan-Dec
Number of shares at end of period (thousands)	9 624	8 290	9 624	8 290	9 624	9 624
Average number of shares before dilution (thousands)	9 624	8 083	9 624	7 392	9 624	8 778
Average number of shares after dilution (thousands)	9 624	8 403	9 624	8 332	9 624	8 978
Result per share before dilution, SEK	-3,72	1,73	-8,50	3,66	-10,11	1,54
Result per share after dilution, SEK	-3,72	1,67	-8,50	3,48	-10,11	1,51
Equity per share before dilution, SEK	18,54	33,80	18,54	33,80	18,54	27,51
Equity per share after dilution, SEK	18,54	32,24	18,54	32,24	18,54	27,51

SUMMARY OF GROUP'S BALANCE SHEET

Amounts in MSEK	2005 Jun	2004 Jun	2004 Dec
ASSETS			
Intangible fixed assets	53,7	25,0	28,1
Tangible fixed assets	125,1	108,2	104,5
Financial fixed assets	1,6	2,9	12,1
Fixed assets	**180,4**	**136,1**	**144,7**
Stock	272,1	230,4	244,5
Customer receivables	303,6	257,5	263,9
Other current assets	78,2	50,4	63,8
Cash and bank accounts	15,4	112,3	20,1
Current assets	**669,3**	**650,6**	**592,3**
TOTAL ASSETS	**849,7**	**786,7**	**737,0**
EQUITY AND LIABILITIES			
Equity parent company's shareholders	178,4	280,2	264,8
Equity minority owners	0,0	0,9	1,0
Equity	**178,4**	**281,1**	**265,8**
Allocations	**59,6**	**26,7**	**26,9**
Long-term interest-bearing liabilities	**143,1**	**172,9**	**126,2**
Trade liabilities	234,3	144,1	154,5
Current interest-bearing liabilities	120,8	89,9	88,7
Other current liabilities	113,5	72,0	74,9
Current liabilities	**468,6**	**306,0**	**318,1**
TOTAL EQUITY AND LIABILITIES	**849,7**	**786,7**	**737,0**

COLLATERAL PLEDGED AND CONTINGENT LIABILITIES

Amounts in MSEK	2005 Jun	2004 Jun	2004 Dec
Collateral pledged	282,2	370,5	264,9
Contingent liabilities	4,3	1,3	14,7

CHANGE IN THE GROUP'S EQUITY

Amounts in MSEK	2005 Apr-Jun	2004 Apr-Jun	2005 Jan-Jun	2004 Jan-Jun	Jul 2004- Jun 2005	2004 Jan-Dec
Opening capital	**218,4**	**161,0**	**265,8**	**145,9**	**280,2**	**145,9**
Effect of change in accounting principles*		0,9		0,9	0,9	0,8
Opening balance in accordance with IFRS	**218,4**	**161,9**	**265,8**	**146,8**	**281,1**	**146,7**
Result for the period	-35,8	14,1	-81,8	29,1	-97,2	13,7
New share issue		105,1		105,1		105,1
Dividends paid	-4,8		-4,8		-4,8	
Change in group structure			-1,0		-1,0	
Translation difference	0,6		0,2	0,1	0,3	0,3
Closing capital	**178,4**	**281,1**	**178,4**	**281,1**	**178,4**	**265,8**

Reconciliation of equity between Swedish accounting principles and IFRS			
Closing balance in accordance with Swedish accounting principles	**278,7**	**278,7**	**261,8**
Goodwill	1,5	1,5	3,0
Minority share in equity	0,9	0,9	1,0
Closing balance in accordance with IFRS	**281,1**	**281,1**	**265,8**

*The effect of the change in accounting principles is attributable to the minority share. IAS 39 has no effect as of 01.01.2005.

SUMMARY OF GROUP'S CASH-FLOW ANALYSIS

Amounts in MSEK	2005 Apr-Jun	2004- Apr-Jun	2005 Jan-Jun	2004- Jan-Jun	Jul 2004- Jun 2005	2004 Jan-Dec
Result after financial items	-49,4	19,6	-113,0	40,1	-133,5	19,6
Items not included in the cash flow	10,2	8,7	45,6	13,2	59,6	27,2
Tax paid	-2,9	-3,2	4,2	-9,5	-3,1	-16,8
Cash flow from ongoing business before changes in operating capital	**-42,2**	**25,0**	**-63,3**	**43,8**	**-77,1**	**30,0**
Cash flow from changes in operating capital	63,5	-15,2	107,5	2,4	94,6	-10,5
Cash flow from ongoing business	**21,3**	**9,9**	**44,2**	**46,2**	**17,5**	**19,5**
Cash flow from investment business	**-10,4**	**-10,3**	**-69,3**	**-16,4**	**-86,8**	**-33,9**
Cash flow from financing business	**-8,5**	**93,3**	**20,4**	**74,5**	**-27,6**	**26,5**
Liquid assets at start of period	**13,0**	**19,6**	**20,1**	**8,0**	**112,3**	**8,0**
Change in liquid assets for the period	**2,4**	**92,7**	**-4,7**	**104,3**	**-96,9**	**12,1**
LIQUID ASSETS AT END OF PERIOD	**15,4**	**112,3**	**15,4**	**112,3**	**15,4**	**20,1**
Unused credits	**44,2**	**50,2**	**44,2**	**50,2**	**44,2**	**99,0**
Disposable liquid assets	**59,6**	**162,5**	**59,6**	**162,5**	**59,6**	**119,1**

GROUP'S KEY RATIOS

	2005 Apr-Jun	2004 Apr-Jun	2005 Jan-Jun	2004 Jan-Jun	Jul 2004- Jun 2005	2004 Jan-Dec
Margins						
Operating margin %	-11,8	7,8	-15,0	8,1	-10,0	2,7
Profit margin %	-12,2	6,8	-15,5	7,0	-10,6	1,8
Return						
Profitability of operating capital	-27,7	21,5	-27,7	21,5	-27,7	6,6
Profitability of equity	-41,0	29,2	-41,0	29,2	-41,0	5,5
Capital structure						
Operating capital	426,9	431,7	426,9	431,7	426,9	460,6
Interest-bearing net liability	248,5	150,5	248,5	150,5	248,5	194,8
Equity/assets ratio %	21,0	35,7	21,0	35,7	21,0	36,1
Net debt/equity ratio, times	1,4	0,5	1,4	0,5	1,4	0,7
Interest cover, times	-21,6	7,0	-22,4	6,7	-13,1	2,7
Speed of capital turnover (operating capital), times	2,8	2,6	2,8	2,6	2,8	2,5
Employees						
Turnover per employee	402	336	726	668	1 282	1 244