

# NOTTE

A person is shown in profile, looking through a microscope. The scene is bathed in a blue and purple light. A grid of thin yellow lines is overlaid on the left side of the image. The person's face is partially visible, and the microscope is in the foreground.

ANNUAL REPORT  
2002

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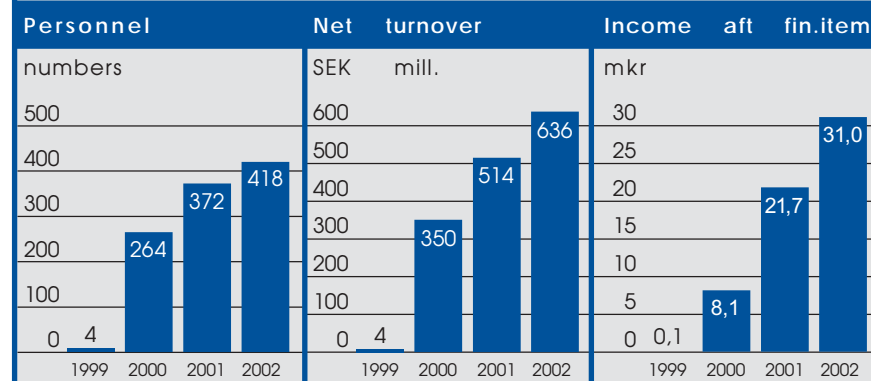
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## Vision

*NOTE's vision is to be the natural partner, preferably swedish, when it comes to manufacturing of products based on electronics.*

## Business ratios for the group

	2000	2001	2002
Operating margin %	2,9	5,3	6,2
Profit margin %	2,3	4,2	4,8
Return of capital employed % *)	11,8	19,6	12,8
Return of equity *)	40,6	61,2	33,6
Solidity %	10,7	14,8	20,8
Turnover per employed, SEK in thousand crowns	1 327	1 382	1 498
*) As documentation is used consolidated financial statement NOTE-Xperi, not pro-forma-result Xperi, why the business ratio is a little misleading.			



# Comments from the chairman of the board



## Dear shareholder

With the annual general meeting 2003 approaching perhaps it is time to look back somewhat on the journey that many of us has done with NOTE.

In the end of the nineties there was an upturn in the business trend and the increase was even larger at the stock exchange. Anyone who tried to explain the rise in economic terms had a difficult task. That did not matter though - everything was worth investing in. That was the market in those days when EuroSupply bought the majority of the shares in Norrtelje Elektronik. The subscription price was SEK 200-210 ( I think that for example the Telia share was offered at SEK 85). That gave us the possibility, together with the management of Norrtelje, to start the development of a group of companies.

2000 we purchased Trientas factory in Torsby, Vermland. The activities did not create any profit in those days, but we believed that the company had a great potential.

The market for electronics had started a rapid decline in Sweden at the same time and we really had to work hard at the same time as we were looking very closely into the future. We invested in rational production with possibilities for production also at the other side of

the Baltic Sea. At the same time we continued in our efforts to create an international network of manufacturers of electronics. We named the network ems-ALLIANCE.

Our focus on management, Globalization and profit started to generate result. The profit of SEK 2 m pro forma had risen to SEK 8 m in the end of the year 2000.

The shareholders appreciated obviously our efforts and at the same time as the stock market was falling drastically (VA-Index), we could see that our shares, that are quoted by Roslagens Sparbank, risen to SEK 500.

2001 we founded Components to ensure a rational handling of the materials. At the same time we found that it was time for a new name for all the companies in the group; NOTE. The group increased the turnover to approximately SEK 500 m and the profit to slightly more than SEK 20 m. That was very encouraging results for us in this hard competition. We received our rewards from our shareholders. While the stock market continued to fall and a lot of Swedish engineering industries had to watch their share prices go down with 25-30% our share continued to sell at the same price level as before.

2002 our expansion continued on a shrinking Swedish market. Since we during the year acquired Xperi in Lund to secure our close presence to the important market for electronics in the southern part of Sweden, it is difficult to compare this year with previous years. Xperi was acquired with an issue of 84 000 new shares. I am very pleased, myself, with the profit of SEK 30 m , especially since no upward trend for the Swedish industry were nowhere to be seen.

Our expansion during the year has rendered us to be one of the largest Swedish manufacturer of electronics with activities in many places in Sweden and on the other side of the Baltic Sea. This increase of course the demands on the management, why we reorganized during the autumn and the President for NOTE AB, Erik Stenfors was presented the assignment as President for the

NOTE group of companies to unify and develop the group. At the same time I resigned as CEO for the group and are now working chairman of the board in NOTE AB and chairman of the board in the Swedish manufacturing companies. In view of the above Erik Stenfors will present the activities 2002 in NOTE in more greater details.

We also strengthened the board of directors during the extra general meeting during the autumn with two new external board of directors that came with high recommendations; Ulf Mikaelsson previous Divisional Manager at the Swedish insurance group Skandia and Lennart Svensson previous Financial Director at the Swedish Paper mill group Holmen. We just finished this general meeting when it was time for a new one, where decided to buy Xperi.

### The Future

How shall the shareholders look upon the future for the NOTE group? We work persistent towards an even more profitable and even larger NOTE and an introduction to the stock exchange no later than year 2005. People say do not trust the companies prophecies. There is unfortunately some truth in that, but regarding budget and results we have so far always fulfilled our promises. I have been too positive regarding the market that I thought would turn in the autumn 2002. That is not yet the case when we now sign spring 2003, but surely production of electronics will be required in Sweden even in the future.

We continue to live by the "there are no bad times, there are only times when you have to do things differently".

I like to take the opportunity to thank the management of the NOTE group for another year with good result.

I look forward to meet you, the shareholders, at the annual general meeting.

Norrtelje in April 2003-04-16

A handwritten signature in blue ink, appearing to read 'Sten Dybeck'.

Sten Dybeck  
Chairman of the board NOTE AB

# 2002, a summury

NOTE is one of Sweden's leading EMS-suppliers and we offer our customers a total chain of values – from assistance with design, to distribution and after market services. NOTE also offers production close to the market via ems-ALLIANCE – a global network of manufacturers of electronics with partners in China, Brazil, India, Italy and USA. The group has slightly more than 600 employees. In Sweden we are spread out on three production facilities and two prototype- sales offices. We also have a factory in Lithuania and activities in Central Europe, which is governed from our Central Europe office in Gdansk, Poland. NOTE is an entirely Swedish owned company with approx. 150 share owners.



- The group reports the best result so far, SEK 31 m. before tax, a 43% increase compared to previous year. The net turnover increased with 24% to SEK 636 m.
- Profit per share increased with 11% to SEK 57,5 (52). The number of shares increased from 300 000 previous period to 384 000 actual period.
- In January NOTE was approved by the Defence Matériel Administration (FMV) as an educational unit for soft soldering FSD 5115.
- In May a conference called " the Construction days " were arranged for the second year in a row. During two days seminars and discussions were held regarding the best construction of electronics for efficient production.
- In May the new office in Gothenburg were opened that will handle sales and some manufacturing for NOTE's customers in the western part of Sweden.
- NOTE advanced to the 4:th place among engineering companies on the Swedish newspaper Svenska Dagbladets list over the fastest growing companies in Sweden, that were published in June.
- The NOTE board of directors were strengthened at an extra general meeting in September: Ulf Mikaelsson previous Divisional Manager in the insurance group Skandia and Lennart Svensson previous Financial Director in the paper mill group Holmen, were elected.
- October 1, NOTE merged with one of the leading EMS suppliers in the southern part of part of Sweden; Xperi AB, Lund, with subsidiary in Lithuania. New shares were issued for slightly more than 22% NOTE-shares to finance the merger, which was approved at an extra general meeting October 16. The general meeting also elected the President of Xperi, Kjell-Ake Andersson as a member of the board for NOTE AB.
- The global co-operation alliance, ems-ALLIANCE has continued to expand during the year to meet the clients demands for production close to the market, and also to enclose global competitive agreements for material and to solve production matters with the exchange of technique between the companies.

# The Presidents comments



## A stable foundation for continued growth

In my comments to last years annual report I predicted that 2002 should improve compared to previous years. Like many others I estimated that the state of business should turn up during the year, unfortunately that was not the case. With increased efforts we managed to fulfill the forecast; the result increased with 40% from the result 2001 – that was the best result ever for NOTE so far.

### The year that past

The great event was of course the merger with the contract manufacturer Xperi in Lund. With the entrance in EU came a dislocation of the center to the south of Sweden and a presence in the important county Skane became a necessity for continued growth. That we during the negotiations could agree upon an exchange of shares and that the founder of Xperi remains President for the company and accepts a seat with the board of directors for the holding company, provides continuity and strength for the continued efforts in the south.

Also in the western part of Sweden we strengthened our presence by opening up a new office in Gothenburg in May. The unit provides sale and some manufacturing for clients in the western part of Sweden.

On the east coasts we have a strong position since before with our Norrtelje factory and the office in Kista in the northern part of Stockholm. NOTE are now established close to the three major Swedish cities, with the corresponding geographical orientation in region south, west and east.

### To meet the new challenges the development brings

As an EMS manufacturer NOTE operate in a good, but difficult line of business. Good since it is a market in continuous growth; the volume to produce increases – and will continue to increase. Difficult since the clients constantly set new and higher demands. To "just" produce electronics against contract is no longer enough to be successful in our trade. For the EMS-companies it is even more important, than the growth of the market, that they have the ability to continuously adapt to the development of the clients demands.

Some examples of how NOTE have adjusted:

- The cost of electronic products depends increasingly on the value of the incorporated components. To meet the demands of cost reductions we use our global alliance for common purchases, which naturally results in better terms.

- To handle fast changing volumes we have built and utilize a flexible Central European network.

- To meet the customers demand of broadening the so called chain of values we have activated the groups new Development Department at Xperi as a resource for the NOTE group of companies.

### NOTE 2003

With the globalization the Original Equipment Manufacturers (OEM) has been faced with new challenges. Without thorough knowledge about the terms for manufacturing it is impossible to manufacture competitive products. Cost, quality and time to market (TTM) can only

be optimized with the help of knowledge about the production process. Through the globalization the production unit might not be close though. Perhaps it is not even in the same part of the world. The necessary feed-back of the production knowledge is missing.

To meet this new situation we have developed a concept that we call "NOTE Excellence". The concept will be released in different parts during the year, but the first part, NOTE Lab is at the time for this report already official. NOTE Lab will be real communi-cating prototype laboratories. A unit that does not only deliver the prototypes fast, but also inform the client about which changes that will increase the products ability to compete on the market.

The heart in NOTE Lab is our own developed quality assurance system, called NOTE-QS. The system that sets up rules, routines and demands for the feed-back are built on the quality system ISO/TS16949 that has been developed in the vehicle industries firm rules for process control.

### Finally

In my opinion NOTE has with the geographical positioning the group have now, with our efficient networks and with our Excellence concept, built a stable ground that will guarantee us a continued good growth – even if we have to wait for the upward economic trend. I therefore look forward to a exciting and successful year 2003!

Erik Stenfors, President

# NOTE Norrtelje contributes to the fast growth of the group

*In spite of the recession NOTE has managed to navigate to find the right winds in new lines of business.*

*"We have created great achievements during hard times",  
says President  
Mats Hultin.*



## Impressive development

"We have created a service concept where we can offer the market what it requires. The goal for this year has been to obtain two new large customers. By the end of the year it turned out we had signed agreements with nine new clients in total, with approximately SEK 30 m. in yearly volume per project", says Mats Hultin. NOTE Norrtelje AB had a net-turnover in 2002 of SEK 459 m. – an 11% increase compared to 2001. The forecast for 2003 shows a continued increase. The strong development of Norrtelje has also resulted in that the group for the sixth year in a row now are on the Swedish newspapers Svenska Dagbladets list over Sweden's fastest growing companies.

## Open mind

First part of the year the business area telecom was still large but at midyear a large decline was noted in the trade. "It is at those times it is essential to have an open mind", says Mats Hultin. NOTE Norrtelje handled the telecom crisis by shifting to more industrial customers.

Today a large part of the production are aimed for high technological engineering industry.

"We saw the change coming and adjusted to it. One of NOTE's most important features is the flexibility; We do not work too conventional, instead we are open for changes".

## An eventful year

At the same time as the year was characterized by a turbulent market Norrtelje worked intensively with changes in the organization: One of the objects has been to simplify the flow of material. Furthermore the company has expanded and restructured the production teams. All in purpose of more cost effective production of electronics and to be

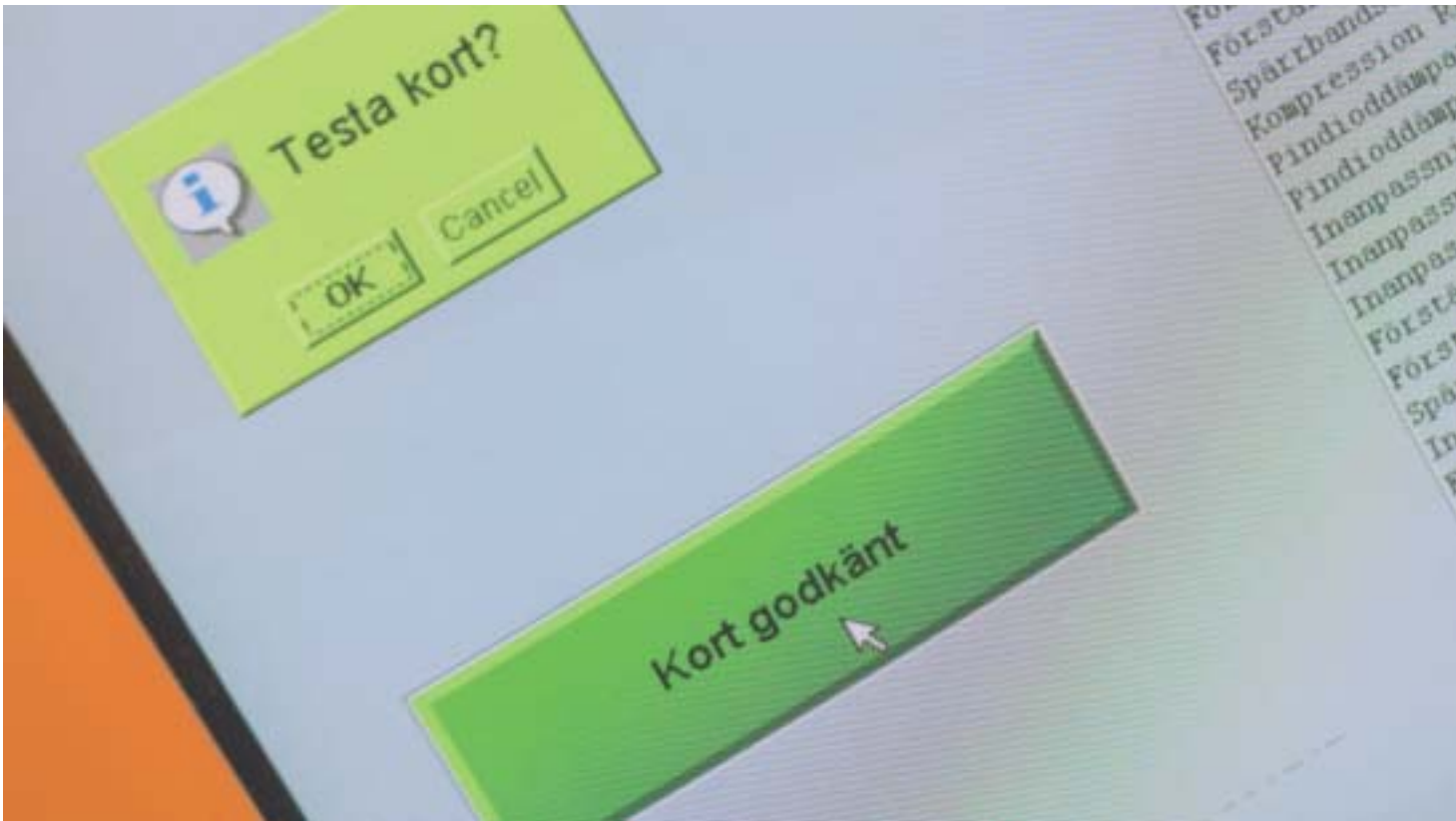
able to be more flexible against our clients.

"Sometimes the situation has been almost chaotic, but in the positive sense of the word. Now afterwards it feels like we together have created great achievements during extremely hard times".

## Visions – not rules

Behind the unique success of Norrtelje stand the flexibility, adaptability and focus on the client. "That our personnel can handle substantial changes smoothly is a very important quality", Mats Hultin emphasize. We work with Visions – not rules. It is a little bit more difficult and demanding, but the result is much better. Besides it is more fun".





**State of the art technology**

NOTE Norrtelje invests in state of the art technology. The company use the most advanced production equipment available on the market today. A larger part of the competence are used on more complex series, while more simple productions are transferred to NOTEs subsidiaries in Poland and Lithuania. This enables more easy adjustments to changes on the market while remaining high quality and production level.

**Client oriented targets**

NOTE Norrtelje is the largest company within the group. During the year the cooperation with the famous Swedish camera manufacturer Victor Hasselblad AB has been intensified. One of the new customers is Assa Abloy AB, Swedens world leading manufacturer of locks. The company has also signed a million contract in Swedish kronor with Trimble AB, one of the worlds leading companies in optical positioning systems that among other things are used in land surveying. To be able to meet the customers and the suppliers demands in the Stockholm

area, NOTE Norrtelje has a sales office combined with prototype workshop in Electrum, Kista in the northern part of Stockholm. The prototype workshop provides tests and construction opportunities of different products together with the clients.

How would you like the clients to look upon NOTE Norrtelje?

*"That they look upon NOTE Norrtelje as a global but yet locally firmly established manufacturer of electronics. Being close person to person is important. Other important features are technical awareness and competence. It is also important that you understand the client and the product. That is the foundation for a good cooperation."*

The NOTE-group are scheduled for introduction on the stock exchange year 2005. How will that effect the companies development the coming years?

*"It is positive for the company's development. We have already started our work with the information part. It is important that we continue to work with that".*

**Hasselblad and NOTE continue their unique co-operation**

NOTE produces all circuit boards to Hasselblads new camera system H1. Victor Hasselblad AB are known as one of the worlds leading camera manufacturer.



Photo: Jens Karlsson/Hasselblad

**Facts**

Turnover: SEK 459 m.  
 Number of employees: 254  
 Certificates: ISO 9001:2000,  
 ISO 14001, ISO/TS 16949 och EMAS

**Board of directors**

Sten Dybeck, chairman  
 Ronnie Andersson  
 Mats Hultin  
 Kristian Krassman, personnellrepr.  
 Erik Stenfors  
 Peter Jansson, deputy

# Recordyear for NOTE Torsby

"The key to our succes lies with our personnel."



*President Gerd Levin-Nygren has all the reasons to be satisfied with the past years result. NOTE Torsby reports the best result ever and has more than doubled their turn-over the last two years. "This feels very good for us, it shows that we have managed to meet our clients needs in a satisfactory way."*

## Our personnel are very pleased to work at NOTE Torsby

During the year NOTE Torsby had a turnover of SEK 120 m. That is an increase with as much as 120 percent compared with year 2000.

Gerd Levin-Nygren says that the personnel should be credited for a large part of the good result. "We have a loyal personnel that works very well together which is important part of our success." The low number of days with personnel reported sick

is a proof that the personnel is content and feel well. In spite of a high work load the latest years the level of sick-listed personnel has not exceeded three percent.

## Unique competence

NOTE Torsby has specialized in complete and complex products that requests q high technical level, in small and mid size series, with lacquering, casting and test.

"We feel that we have managed to find our specialty. Now a days we work with the engineering industry in a large scale, especially the

vehicle side. That suites us very well."

## New office in Gothenburg

NOTE opened up a new office in Gothenburg May 30. The office is first and foremost a meeting place for clients and prospects. Tests and final assembling are performed in an ESD-protected environment. The new premises were opened with open house for clients and interested parties. NOTE has many clients in the Gothenburg area and the establishment is a strategic choice to fulfill our obligation to be close to the clients.

" The purpose with the establishment is to provide the region with production of electronics. The Gothenburg region is a very active and expansive area not the least within the medical and automotive industry", says Gerd Levin-Nygren that is also President for the office in Gothenburg.

## New customers

During the year important client relations has been strengthened and new assignments for production has been received by for example Saab Bofors Under-water system and Kapsch Trafficom.

NOTE Torsby's largest customer is AT Signal System AB that develop and market security systems, ATC , for trackbound traffic. "We have a well developed co-operation since ten years back. They have placed their entire production of electro-nics with us. Since those are very complex systems you might say that they are as depending of us as we are of them."







### New demands

There seems to be new demands from the clients. "More and more prefer to do like ATSS; to place the whole production on contract, and we also get more and more assignments for the after market for the products", says Gerd Levi-Nygren and adds: "This of course put higher demands on us when it comes to production technical support and technical knowledge. We must continuously improve our competence and become even more flexible." Simple assemble production and volume products are transferred to NOTEs Central European network. Then we can focus on what we do best an NOTE Torsby; complex and high technological production assignments.

How would you like the customers to look upon NOTE Torsby?

*"I would like to think that the customers look upon NOTE as a company with high competence all the way in the production line. I also believe that the clients thinks we are nice people to do business with."*

The NOTE-group are scheduled for introduction on the stock exchange year 2005. How do you think that will effect the company's development the next coming years?

*"That will lift our business to a higher level. The demands will increase why it will be even more important to be straight and clear in your information, both internally and externally."*

### ATSS place all their production of electronics at NOTE Torsby. "They have the diversification and competence"

The cooperation between NOTE Torsby and AT Signal System AB (ATSS) goes a long way back, but has been intensified the last years. ATSS that is the leading suppliers of custom-made train traffic systems in the Nordic countries, has during the last years placed their entire production of electronics with NOTE Torsby. "NOTE has both the diversification and competence necessary for the assignment", says Jan-Ake Forsell, Manager logistics on ATSS in Stockholm.

"It was expensive for us to have our own production in Stockholm. NOTE had the possibility to take over the whole concept, from manufacturing to final assembly and packaging including service. It is a perfect solution for us. We are very pleased and we do not wish to change anything."

ATSS has grown to be the largest customer of NOTE Torsby. Last year SEK 30 m. of NOTE Torsby's turnover came from the ATSS production.



### Facts

Turnover: 122 mkr  
 Antal anställda: 103  
 Certificates: ISO 9001, ISO 14001, SS-EN 46001 (for the medical sector) and licenses for manufacturing of UL-marked products.

### Board of directors

Sten Dybeck, chairman  
 Erik Stenfors, deputy chairman  
 Peter Jonsson, personnelrepr.  
 Gerd Levin-Nygren  
 Magnus Rylander, personnelrepr.  
 Karl-Axel Tervell  
 Anders Wiss  
 Arne Lind, deputy

## NOTE Xperi makes way for turnover in billion Swedish crowns



*"The merger between NOTE and Xperi in October increases not only NOTEs local presence, but also the total turnover for the group to close to a billion Swedish crowns", propethies Kjell Åke Andersson President of NOTE Xperi.*

### NOTE expands

NOTE and Xperi fits very well together and has a very similar business stategy. Xperi AB were founded 1988 with the basic business idea to be able to offer the clients everything from idea to finished product and show high quality on all commitments from the company. The factory has a very long experience of surface and through hole assembly, final assembly and test. Xperi also work in client controlled groups, just like NOTE, where the client has their own production teams. "The companies complete each other very well. The merger enable the NOTE group to expand their coverage of the Swedish market. The geographic presence for the client increases further more",

Kjell-Ake Andersson President of NOTE Xperi AB explains.

### Local precense

Acquisitions that increases the resources to important geographical areas is a part of NOTEs strategy for growth. The merger between NOTE and Xperi creates a number of opportunities for both new and larger assignments of production, believes Kjell-Ake Andersson. One of the purposes with the transaction has been to strengthen NOTEs position as a close, global and complete manufacturer of electronics. Local presence is NOTEs most important commitment to their clients. There must not be too long distances between the client and NOTE. As much as 95% of NOTE Xperi´s clients are all located in the county Skane in Sweden where NOTE Xperi has their manufacturing plant.

"When the client has contacted us, we can meet them at their premises within 30 minutes. That is an extremely important factor."

### Good growth

Xperi is a profitable company with good growth. Kjell-Ake Andersson is convinced that this development will be strengthened together with NOTE.

"Now we can continue to grow without losing pace", he says.

"During the last years we have had 10-15 percent growth per year. The target for 2003 was a turnover of SEK 250 m. That goal was achieved already 2001", says Kjell-Ake that believe that the merger will also result in a number of rationalization gains, both on short and longer view. Already large advantages can be seen with the integration of the purchases into NOTE.

### Maintained plus figures

In spite of the recession and reduced order volumes from some important clients NOTE Xperi managed to maintain plus figures. "This is positive considering the present turbulence on the market. Considering the circumstances I am satisfied."

### Economical stability

Concerning NOTE Xperis economical stability and other success stories, Kjell-Ake Andersson refer to the companies so called "foundation bolts" that are built on:

- Long-range planing-buildingpartnerships
- Flexibility-ability to solve the clients needs and eventual problems.
- Delivery quality - technical quality
- Problem solving capacity

NOTE Xperi shall be a nice place to work at and be a nice company to do business with

### Clients

Clients that NOTE Xperi has worked with during the year are: STT Care





AB, Cefar Medical AB, Dresser Wayne AB, that among other things manufacture petrol pumps, Timelox AB that manufacturer locking systems for hotels and Gambro AB that manufacturer medical equipment.

**Own development department**  
NOTE Xperi have their own development and construction department. During the year a prototype lab has been opened in Lund. The lab can offer fast service with delivery in just a few hours. NOTE Xperi also has a close cooperation with the university and the science park Idéon.

Besides the 110 employees at NOTE Xperi there is an integrated mounting workshop where 35 employees from Samhall AB works. Samhall AB is the Swedish Institute for Assessment of the Working Capacity of Handicapped People.

"This is a good way for us to keep the flexibility on top, at the same time as we feel it is an important social act. Some of the production assignments has also been transferred to Central Europe where work intensive productions can be carried out cost efficiently."

Kjell-Ake Andersson thinks the future looks very promising and he

believes in an upward tendency of the world economy.

"It is difficult to say when, but my guess is that it turns upwards some time at the end of the year." How would you like the clients to look upon NOTE Xperi?

*"A company with good service and high quality."*

#### **NOTE Xperi manufacture the next generation sport and fitness stimulator**

During the year NOTE Xperi has on assignment of Cefar Medical AB, manufactured an entirely new product for electrical muscle stimulation and relief of pain. The stimulator Cefar Myo are loaded with 595 different sport-fitness-, massage and rehabilitation programs.



The NOTE group of companies are planning for an introduction to the stock exchange year 2005. How will that effect the company's development the next coming years?

*"Probably that we must be even more focused on the result. It is also important to be as clear as at all possible in your information towards clients and shareholders."*

#### **Facts**

Turnover: SEK 135 mill. (May-Dec)  
Number of employees: 112  
Certificates ISO 9001, SS-EN 46001 (for the medical sector).

#### **Board of directors**

Sten Dybeck, chairman  
Erik Stenfors, deputy chairman  
Kjell-Åke Andersson  
Göran Olofsson  
Åke Zetterström  
Christian Draganzea, personnelrepr.

## NOTE Gdansk – valuable resource at peaks of production



*"Everything is possible. Year 2002 is a proof of that", says Ilona Lukaszewicz, President of NOTE Gdansk, Poland. NOTE Gdansk function as a capacity buffer. When we have large peaks of production within the group it is quickly passed on to Poland.*

do not have the same vacation tradition like Sweden. In Poland we adjust vacation and time off after the work", says Ilona and adds:

"That we have the possibility to cost-effective place the volume production in Poland during peaks of production is extremely important for the whole group."

The capacity for mechanical assembly stretch out to 49 000 working hours per week.

### Work with quality

The continues work with the quality assurance of the production has given results in Poland. We have seldom any errors in the production today, which results in that the number of deliveries that are sent directly to the end customer from Poland has increased drastically.

### Make the deliveries more efficient

The factory in Gdansk are responsible for quality control and co-ordination of deliveries and production in Central Europe, Ilona Lukaszewicz has an expectation to be able to reduce the amount of transports and transfer of goods by introducing a central warehouse and a logistic center in Poland. This to further increase the capacity of deliveries to customers in Europe. "In that way we could further secure the production flow", she means.



How would You like the clients to look upon NOTE Gdansk?

*"That we are flexible and good at what we do and that we can meet our clients demands, no matter what. Through our network we are close to the client, not only geographically, but also close to the clients need."*

### Quick handling of various volmumes

"The whole year has been very intensive. The peak is reached during the vacations, especially July and December", Ilona Lukaszewicz explains for us. When the other NOTE companies slows down NOTE Gdansk are running at top speed. "Our personnel are used to working at high pace. We

### Competent personnel

Ilona Lukaszewicz means that there are several important and unique features behind this years success. More than anything else; an engaged and very competent personnel.

"The personnel cares and are open for changes both for small and large clients."

### High capacity

NOTE Gdansk was founded year 1999. The factory has 13 full-time employees and are adjusted for products with a high manual content and more time consuming production stations, such as lacquering and trimming and for projects where the volumes shift fast. The weekly capacity for the surface assembly is around 13-14 million components and through hole assemblies 8 million components.

The aim is to introduce The NOTE group to the stock exchange year 2005. How will that effect the company's development the next coming years?

*"It is good for the company and the development but it will not effect our work day by day in Gdansk very much."*



**Board of directors**  
Åke Zetterström, chairman  
Bengt Ernesten  
Ilona Lukaszewicz  
Piotr Sidorowicz  
Erik Stenfors

## NOTE is important for Lithuania



*High motivation from the personnel. Increased quality of the production. Investment in new advanced production equipment. Merger between NOTE and Xperi. "Those are the factors that has been very important during the past year" says Valentinas Zinkevicius, President of NOTE Lithuania UAB. In the factory in Lithuanian Taurage we find a cost-effective production, relatively stable volumes with high manual work content.*

### Job satisfaction

The job satisfaction and the high motivation among the co-workers is of extreme importance for the activities and has some ground in the extreme unemployment rate in Lithuania. As much as 18 percent of the population is out of work. Taurage is a small town where the costs of living overall is very small, which means that also the costs for salaries are on a substantial lower rate than in the larger cities. Hence the possibilities to maintain a cost-effective production.

### Lower tax - new investments

Valentinas Zinkevicius also tells us that it is possible to get the tax reduced with approximately 30% if the company can provide employment for a certain number of people.



"It is important to us. That enable us to invest in machines, further educate personnel and employ more people". One overlapping goal for the year has been to avoid loss but NOTE Lithuania can even boast with a positive result with plus figures.

### Increased turnover

"It has been a very good year", Valentinas Zinkevicius is satisfied to say. The turnover has increased to LTL 2.5 m. (approximately SEK 6.3 m.) "Our work contribution this year has been of very high quality. We have invested in new machines for assembling which has enabled us to further increase the capacity and the quality the coming years."

That NOTE merged with Xperi is also very important for the factory in Taurage. Zinkevicius believe that an intensified co-operation will come out of that in the future.

"We expect to receive more and larger assignments of this. We have the competence and the resources necessary."

### Ready for production peaks

The development is that both Torsby and the Norrtelje factories place more and more assignments with NOTE Lithuania. It is not about moving work from Sweden, merely reallocation of assignments and functions. Every production facility can concentrate on the working moments that the company is most specialized for.

In that way we can be more flexible towards the clients demands and needs.

"We are always ready for production peaks. That is what our organization are built for", Valentinas Zinkevicius underlines.



How would you like the clients to look upon NOTE Lithuania?

*"A company with high competence and high job satisfaction."*

The NOTE-group of companies are planning the introduction to the stock exchange year 2005. What will that mean for the company's development the coming years?

*"It is important for the company's development. We get more known and seen in media. That will hopefully increase the possibilities for new, even larger and more important assignments."*

**Board of directors**  
Åke Zetterström, chairman  
Bengt Emesten  
Erik Stenfors  
Valentinas Zinkevicius

# NOTE Components AB



## Recession – is good times for NOTE Components

*NOTE Components is the most anonymous company within the group, smallest in size, but with the best profit per employee. Bengt Emesten, President of NOTE Components tells: "The company does their best businesses in times of recession".*  
*Components is NOTE's strategic purchasing company.*

### Cost-effective production

NOTE Components handles the groups logistic and purchasing. The company work with all producing companies within the NOTE-group of companies. NOTE Components are not as known as the other companies within the group but they have a large knowledge that is of great use for the clients. Well planned co-ordination of the purchases is fundamental for cost-effective production. Since the material stands for close to 70 percent of the products final price, it is very important that the NOTE-group can offer their clients competitive prices. Something that NOTE components has managed to realize during the year that has passed.

The recession has been a help on the way. "When the market is down it is easy to find the material we need to a better price", says Bengt Emesten, President of NOTE Components. "Generally speaking you might say that a dip in the market is good for us, provided that we are doing as well as

we are now in the rest of the group", he adds.

### Flexible organization

An other reason to the success during the year is that NOTE Components has refined the material flow. For a couple of years ago NOTE Components had close to 100 different suppliers. "The aim has been to drastically reduce the number of suppliers, which we have succeeded in. That gives us better control, fever deliveries, less administration and in total a more flexible organization."

### Good mix of personnel

Competent personnel is of great importance for the operations. NOTE Components personnel consists of a small working group of six persons. A good mix of the personnel is therefore important, both when it comes to sex and age, is Bengt Emesten's opinion.

"We were short-handed in the beginning of the year but it still feels like we have accomplished a lot. We exceeded our expectations. Today we are fully manned. The personnel is content and complete each other very well."

### Co-operation with China

NOTE Components purchase products all over the world, mostly from Asia and USA. All suppliers are quality assured. Through ems-

ALLIANCE it is also possible for NOTE to sign mutual, global and favorable purchasing agreements. During the year a more intensive co-operation with China has been started. NOTE has started the manufacturing of a complete product to one of their key clients. This project is of great importance for NOTE Components, Bengt Emesten emphasizes. "This will be the largest single project so far for us through the ems-ALLIANCE."

Simple solutions are the best. One other reason that NOTE Components are doing so well is that the company is open for new business ideas and solutions, says Bengt. "You can not just look on your own business area, there are much information to get from other trades regarding material flow and transports etc."

We strive to improve our efficiency all the time in our search for better material and products at as competitive prices as ever possible, in relation to the quality demands.

"The simple solutions are often the best ones, but that can also be the difficult part", Bengt underlines.

How would you like the clients to look upon NOTE Components?

*"That we fulfill our own high set demands and also surpass the clients expectations."*

The NOTE group are planning for an introduction to the stock exchange in 2005. How will that effect the company's development the next coming years?

*"Above all higher demands on reports. Otherwise I do not think it will affect us too much."*

**Board of directors**  
Mats Hultin, chairman  
Bengt Emesten  
Ted Ricksäter



## About the operations

NOTE is one of Swedens leading suppliers of EMS, Electronics Manufacturing Services. The group has Swedish production units in Lund, Norrtälje and Torsby and foreign production units in Lithuania and Poland, where they also have a co-operation with independent manufacturers. The group has combined sales offices/prototype units in Kista in the northern part of Stockholm and Gothenburg. Furthermore there is a company in the group for materials handling that is located in Norrtälje.

The group offers – as the only Swedish owned EMS – supplier –global production through a worldwide network of manufacturers of electronics, called EMS-ALLIANCE, with manufacturing units in Brazil, India, Italy, China and USA. The holding company in the group; NOTE AB are mainly focused on management, co-ordination and development with reports to the group and information to the share holders.

## Important events during 2002

In October NOTE merged with Xperi, one of the leading EMS groups in the southern part of Sweden with a yearly turnover of approximately SEK 250 m. with production units in Lund (Xperi AB) and Lithuania (Eurotron UAB).

The merger was executed by acquiring 100% of the shares in Xperi Holding AB mainly by settlement with a new floating issue of 84 000 shares in NOTE AB. The total number of shares in NOTE AB now amounts to 384 000.

## Important events after the turn of financial year and prospects for 2003

NOTE Xperi's production facilities in Lund had a fire in February this year. Parts of the production area had to be closed down, while the premises for administration and warehouse were practically undamaged. Sanitation is in progress and the premises are expected to be ready at midyear, at which time the full production capacity can be resumed. The company's insurance's are estimated to cover the cost for the reconstruction's and other costs in connection with the fire. Meanwhile

the production proceed in the unharmed parts of the premises, at the same time as parts of the production also were handed over to the fellow subsidiary of NOTE Xperi. In that way it has been possible to maintain the deliveries to the clients without any disturbances worth mentioning.

With the acquisition of Xperi the NOTE group is now strategically placed near the three largest cities in Sweden, which is a good ground for increased market shares. The present instability in the world will in a certain degree lead to a change in the demand from different client segments, but as a whole the market are expected to grow during year 2003. All things considered NOTE believe in a continued expansion for the group, especially organic but also more acquisitions can be expected. The groups Profit & Loss after financial items for 2003 are also considered to improve substantially compared with 2002.

## Turnover and income

### The group

As of October 1 the Xperi group are also included in the groups balance and income sheets.

The groups net turnover increased with 24% to SEK 637 m. (514), whereas Xperi contributes with approximately 9%. The groups ability to adjust the operations to a changing market is one of the explanations to the continued organic growth. Profit & Loss increased with 43% to SEK 39,3 m. (27,5). The result before tax increased with 42% to SEK 30,9 m. (21,7). The merger with Xperi has with an integration program that was executed in accordance with the plan, during the fourth quarter of 2002, so far affected the P & L negatively. On the other hand, as of January 2003 Xperi are contributing positively to the result of the group, in spite of the fire.

### The holding company

The earnings of the holding company amounts to SEK 6 280 thousand (660). Profit & Loss amounts to SEK 6 thousand (316). Income after taxes amounts to SEK 636 thousand (-131).

## The work of the board of directors

During the year the holding company's board of directors has been strengthened with three new board members: Ulf

Mikaelsson, previously divisional manager in the insurance company Skandia, Lennart Svensson, previously Financial Director in the Swedish paper mill company Holmen and Kjell-Ake Andersson, President of NOTE Xperi AB. The board of directors in NOTE AB thereby consists of six ordinary members.

The board of directors makes the decisions about the general strategy, principal questions and larger investments or acquisitions. Furthermore the board is responsible for the organization and administration in accordance with the Swedish Companies Act. During the financial year 2002 the board had eight meetings. The board has accepted a working order, instructions for the board as well as instructions for the President, that defines the boards work and distribution between the board and the President.

## Environmental influence

The group runs in two Swedish subsidiaries operations liable to notification in accordance with the code of environmental dangerous activities and health protection (SFS 1988:899). All the three Swedish factories report yearly to the communities Environmental and health protection office, due to the factories cooling systems for cooling comfort. Two of the mentioned factories are environmental certified in accordance with ISO 14001 and the third are expected to be certified during the first quarter of the year 2004.

## Suggested allocation of profit regarding the profit of the holding company

The board and the President suggests that profits at disposal SEK 517 056, are disposed as follows:

Balanced into new account,	517
Total	517

The groups free owners' equity amounts to SEK 4 629 thousand as per December 2002. Allocation to restricted funds are suggested with SEK 14 thousand.

Concerning the company's result, and position otherwise we refer to the following result and balance sheets with their respectively comments.



# Income statement

Amount in SEK thousand	THE NOTE GROUP			THE HOLDING COMPANY		
	Note	2002	2001	Note	2002	2001
Net sales	1	636 780	514 033		6 280	660
Cost of goods sold		-544 510	-442 982			
<b>Gross profit/loss</b>		<b>92 270</b>	<b>71 051</b>		<b>6 280</b>	<b>660</b>
Selling expenses		-23 515	-18 135		-1 983	-
Administrative expenses		-28 583	-25 340		-3 771	-344
Items affecting comparability	3	-3 992	444	3	-511	-
Other operating income	4	4 099	492			
Other operating expenses	5	-944	-1 052		-9	-
<b>Operating profit/loss</b>	<b>2, 6-7</b>	<b>39 335</b>	<b>27 460</b>	<b>2, 6</b>	<b>6</b>	<b>316</b>
<b>Result from financial items</b>						
Result from participants in group companies				8	38	-
Result from securities and receivables for as fixed assets	9	-	82	9	-	329
Other interest income and similar profit/loss items		674	573		23	9
Interest expense and similar profit/loss items		-9 153	-6 394		-703	-785
<b>Profit/loss after financial items</b>		<b>30 856</b>	<b>21 721</b>		<b>-636</b>	<b>-131</b>
<b>Appropriations</b>						
Appropriations, other				10	98	142
<b>Profit/loss before tax</b>		<b>30 856</b>	<b>21 721</b>		<b>-538</b>	<b>11</b>
Tax on profit for the year	11	-9 462	-6 150	11	179	-2
Minority share of the net profit/loss for the year		-36	-			
<b>Net profit/loss for the year</b>		<b>21 358</b>	<b>15 571</b>		<b>-359</b>	<b>9</b>

# Balance sheet

Amount in SEK thousand	THE NOTE GROUP			THE HOLDING COMPANY		
	Note	2002-12-31	2001-12-31	Note	2002-12-31	2001-12-31
<b>ASSETS</b>						
<b>Fixed assets</b>						
<i><b>Intangible assets</b></i>						
Concessions, patents, licences, trade-marks and similar rights	12	232	256			
Goodwill	13	37 710	11 507			
		<u>37 942</u>	<u>11 763</u>			
<i><b>Tangible assets</b></i>						
Land and buildings	14	21 402	841			
Accrued expenses in others real estate	15	1 611	1 373			
Plant and machinery	16	13 738	5 027			
Equipment, tools, fixtures and fittings	17	12 930	9 232	17	222	–
		<u>49 681</u>	<u>16 473</u>		<u>222</u>	<u>–</u>
<i><b>Financial assets</b></i>						
Other securities held as fixes assets		2	–			
Other long-term receivables		322	322			
Participations in grup companies				18	97 337	56 109
Receivables from group companies					7 100	7 162
		<u>324</u>	<u>322</u>		<u>104 437</u>	<u>63 271</u>
<b>Total fixed assets</b>		<b>87 947</b>	<b>28 558</b>		<b>104 659</b>	<b>63 271</b>
<b>Current assets</b>						
<i><b>Inventories etc.</b></i>						
Raw materials and consumables		124 770	50 049			
Work in progress		55 002	41 072			
		<u>179 772</u>	<u>91 121</u>			
<i><b>Current receivables</b></i>						
Accounts receivable - trade		154 076	113 734		316	44
Receivables from group companies					303	425
Other receivables		6 214	1 700		123	–
Prepaid expenses and accrued income	19	10 922	3 280	19	18	–
		<u>171 212</u>	<u>118 714</u>		<u>760</u>	<u>469</u>
<b>Cash and bank balances</b>		<b>3 314</b>	<b>1 584</b>		<b>486</b>	<b>266</b>
<b>Total current assets</b>		<b>354 298</b>	<b>211 419</b>		<b>1 246</b>	<b>735</b>
<b>TOTAL ASSETS</b>		<b>442 245</b>	<b>239 977</b>		<b>105 905</b>	<b>64 006</b>

Amount in SEK thousand	THE NOTE GROUP			THE HOLDING COMPANY		
	Note	2002-12-31	2001-12-31	Note	2002-12-31	2001-12-31
<b>EQUITY AND LIABILITIES</b>						
<b>Equity</b>	20			20		
<i>Restricted equity</i>						
Share capital (384 000 shares)		3 840	3 000		3 840	3 000
Share premium reserve					34 160	–
Revaluation reserve					43 995	43 995
Statutory reserve					61	60
Restricted reserves		83 315	46 961			
		87 155	49 961		82 056	47 055
<i>Non-restricted equity</i>						
Non-restricted reserves		-16 729	-30 020			
Profit or loss brought forward					876	230
Profit/loss for the year		21 358	15 571		-359	9
		4 629	-14 449		517	239
		91 784	35 512		82 573	47 294
<b>Minority interest</b>		722	–			
<b>Provisions</b>						
Provisions for pensions and similar commitments		4	–			
Provisions for deferred taxation	22	12 186	3 557			
Badwill	23	18 025	–			
		30 215	3 557			
<b>Untaxed reserves</b>				21		
Accumulated additional depreciations					36	–
Tax allocation reserves					334	468
					370	468
<b>Long-term liabilities</b>						
Bank advances	24, 26	88 855	59 747			
Other liabilities to credit institutions	25, 26	86 549	37 440	25, 26	6 750	7 750
Liabilities to group companies					5 000	5 000
Other liabilities		4 500	313		4 500	313
		179 904	97 500		16 250	13 063
<b>Current liabilities</b>						
Liabilities to credit institutions	26	10 424	6 574	26	1 000	2 250
Advances payment from customers		–	330			
Accounts payable - trade		89 499	65 640		1 119	–
Liabilities to group companies					3 115	698
Income tax liability		5 692	3 431		63	30
Other liabilities		11 740	12 859		449	182
Accrued expenses and deferred income	27	22 265	14 574	27	966	21
		139 620	103 408		6 712	3 181
<b>TOTAL EQUITY AND LIABILITIES</b>		442 245	239 977		105 905	64 006
<b>Pledged assets and contingent liabilities</b>						
<b>Amount in SEK thousand</b>		2002-12-31	2001-12-31		2002-12-31	2001-12-31
<b>Pledged assets</b>						
<i>Own liabilities and allocations</i>						
Property mortgages		11 500	–			
Chattel mortgages		184 300	108 300			
Shares in subsidiaries		60 369	41 452		53 100	53 100
Bank account		–	100			
<b>Total pledged assets</b>		256 169	149 852		53 100	53 100
<b>Contingent liabilities</b>						
Pension commitments in excess or raised among liabilities and allocations		300	300			
Guarantees in aid for group companies					26 613	26 613
Guarantees, other		60	60			
Contingent liability, AMFK		35	35			
The county administrative board, terms of loan		1 570	2 260			
		1 965	2 655		26 613	26 613

# Cash flow analyze

Amount in SEK thousand	THE NOTE GROUP		THE HOLDIN COMPANY	
	2002	2001	2002	2001
<b>The current activities</b>				
Profit/loss after financial items	30 856	21 721	-636	-131
Adjustment for items not included in the cash flow etc.	8 258	5 980	-114	–
	<u>39 114</u>	<u>27 701</u>	<u>-750</u>	<u>-131</u>
Paid tax	-5 178	-1 158	-215	196
<b>Cash flow from the current activity before changes of the operating profit/loss</b>	<u>33 936</u>	<u>26 543</u>	<u>-965</u>	<u>65</u>
<i>Cash flow from changes in working capital</i>				
Increase(-)/Decrease(+) of stocks	-17 180	-13 925		
Increase(-)/Decrease(+) of operating receivables	-6 844	-35 661	-229	3 075
Increase(+)/Decrease(-) of operating liabilities	-5 674	1 912	4 435	270
<b>Cash flow from the current activity</b>	<u>4 238</u>	<u>-21 131</u>	<u>3 241</u>	<u>3 410</u>
<b>Investment operations</b>				
Aquisition of subsidiaries	-227	–		
Aquisition of intangible fixed assets	-41	-320		
Aquisition of tangible fixed assets	-12 393	-9 083	-6	–
Disposal of tangible fixed assets	–	280		
Investment in financial assets	-2	–	-1 190	-3 000
Disposal/Decrease of financial assets	–	82		
<b>Cash flow from the investment operations</b>	<u>-12 663</u>	<u>-9 041</u>	<u>-1 196</u>	<u>-3 000</u>
<b>Financing operations</b>				
Raised loans	15 297	37 900		
Amortization of loans	-5 142	-6 574	-2 250	-2 249
Reclassified loans			–	2 000
Received group contributions			425	105
<b>Cash flow from financing operations</b>	<u>10 155</u>	<u>31 326</u>	<u>-1 825</u>	<u>-144</u>
Cash flow for the year	1 730	1 154	220	266
Liquid assets at the beginning of the year	1 584	430	266	–
Liquid assets at the end of the year	<u>3 314</u>	<u>1 584</u>	<u>486</u>	<u>266</u>

# Supplementary disclosure to the cash flow analyze

Amount in SEK thousand	THE NOTE GROUP		THE HOLDING COMPANY	
	2002	2001	2002	2001
<b>Betalda räntor och erhållen utdelning</b>				
Erhållen ränta			–	338
Erlagd ränta			–	-750
<b>Justeringar för poster som inte ingår i kassaflödet m m</b>				
Anteciperad utdelning från dotterföretag			-38	–
Av- och nedskrivningar av tillgångar	8 555	6 005	43	–
Orealiserade valutakursdifferenser	–	5		
Rearesultat avyttring av anläggningstillgångar	–	-30		
Avsättningar till pensioner	4	–		
Övriga avsättningar	-301	–		
Ökning av räntefordran			–	-4
Övriga poster			-119	–
	<b>8 258</b>	<b>5 980</b>	<b>-114</b>	<b>-4</b>
<b>Transaktioner som inte medför betalningar</b>				
Förvärv av tillgång genom att säljarrevers har utfärdats	5 000	–	5 000	–
Förvärv av rörelse genom apportemission	35 000	–	35 000	–
<b>Förvärv av dotterföretag och andra affärsenheter</b>				
<i>Förvärvade tillgångar och skulder</i>				
Immateriella anläggningstillgångar	28 232	–		
Materiella anläggningstillgångar	27 276	–		
Varulager	71 471	–		
Rörelsefordringar	45 509	–		
Likvida medel	962	–		
<b>Summa tillgångar</b>	<b>173 450</b>	<b>–</b>		
Minoritet	675	–		
Avsättningar	24 712	–		
Lån	71 156	–		
Rörelseskulder	35 718	–		
<b>Summa avsättningar och skulder</b>	<b>131 586</b>	<b>–</b>		
Köpeskilling	41 189	–		
Avgår: Apportemission	-35 000	–		
Säljarreverser	-5 000	–		
<b>Utbetald köpeskilling</b>	<b>1 189</b>	<b>–</b>		
Avgår: Likvida medel i den förvärvade verksamheten	-962	–		
<b>Påverkan på likvida medel (minus = ökning)</b>	<b>227</b>	<b>–</b>		

# Notes – with accounting principals and notes to the financial statement

Amount in SEK if nothing else is stated

## General accounting principles

The annual report has been set up in accordance with the law for annual reports and the recommendations from the accounting council and Immediate group's statement.

## Principals for evaluation etc.

Assets, depositions and liabilities has been valued to purchase value if nothing else is stated below.

## Depreciation guidelines for fixed assets

Depreciations in accordance with plan are based on initial purchasing values and estimated time of usage. Depreciation is done at continued decrease in value.

	Usage period	
	The group	Holding co.
The following depreciate times are used:		
<i>Immaterial fixed assets</i>		
Trademarks and similar rights	5 year	E T
Goodwill	10 year	E T
<i>Material fixed assets</i>		
Buildings	25 year	E T
Invested costs in other property	5 el. 20 year	E T
Machinery and other techn. equipment	5 year	E T
Inventories, tools installations	4 el. 5 year	4 el. 5 year

## accounts receivable

Accounts receivable has after individual evaluation been valued at the amount estimated to be received in.

## accounts receivable and liabilities in foreign currency

Account receivable and liabilities in foreign currency has been recalculated to the rate of the day for balance in accordance with the accounting council recommendation no. 8, with exception for long-term monetary relations with independent international operations where costs at acquisition is used. The rate differences on receivable operating accounts and liabilities are included in profit & loss.

## Stock

The stock has been valued in accordance with the accounting councils recommendation no. 2 to the lowest purchase value in accordance with the first in first out principle, respectively real value. Thereby the risk for obsolescence has been considered.

## Tax

The company and the group apply accounting councils recommendation RR 9 Income taxes. The total amount of actual tax and postponed tax. Taxes are accounted for in the profit and loss statement except when the underlying transaction are reported for directly against equity whereas the tax effect caused are reported in equity. Actual tax (previously called paid tax) is tax that shall be paid or obtained concerning actual year. Adjustment of actual tax from earlier periods also belong to this group. Postponed tax are calculated in accordance with the balance sheet method starting off in temporary differences between reported and fiscal values on assets and liabilities. The amount are calculated based on how the temporary differences are expected to be leveled out and with application of the tax rates and tax regulations that are decided or pre advised at the accounting day. Temporary differences are not accounted for in the goodwill for the group of companies, neither differences that can be referred to subsidiaries and companies of interest that are not expected to be taxed during a foreseeable future. In juridical corporation untaxed reserves include postponed unpaid taxes. In consolidated results of operation on the other hand the untaxed reserves are divided into postponed unpaid tax and equity. Postponed tax claims concerning deductible temporarily differences and shortage deduction are reported as far as it is likely that they will cause lower tax payments in the future.

## Items affecting comparability

The accounting councils recommendation no. 4 are applied, which means that the effects of certain events and transactions of essential importance are specified within respectively result conception.

## Consolidated financial statement

The accounting councils recommendation (RR1:00). The consolidated statement include the companies where the holding company direct or through subsidiary has control of 50% or more of the votes, or in any other way has a decisive influence in accordance with ARL (the law for annual reports) chapter 4§.

## Recalculation of international subsidiaries and other international activities

The recalculation is done in accordance with the recommendations no. 8 of the account council, the daily rate method, which means that all assets and liabilities are recalculated to the rate at the accounting date and that all items in the profit & loss statement are recalculated at average rate. Originated rate differences are transferred to equity.

## Group contribution and shareholders contribution

The company reports group contribution and share holders contribution in accordance with the statement from the accounting councils acute group. The group contribution are reported after economical significance, which is minimizing the total tax for the group. Since the group contribution is not compensation for performances, it is reported directly against balanced profit after deduction of the tax effect.

## Information regarding the group of companies

Purchase and sale has not occurred between the holding company and other companies within the group.

## Related parties

### Persons closely associated with a decisive influence

The company has a decisive influence of the following share holders: Sten Dybeck (2%), Kjell-Ake Andersson (13%) and Mats Hultin (13%).

### Related transactions

Services from the holding company within the group has been invoiced at SEK 6 280 thousand in accordance with the market price level. Interest on long-term loan to the companies within the group has been debited on strictly business lines. Accounting

services has been invoiced from company related party to Kjell-Ake Andersson with SEK 287 thousand on strictly business lines. Besides the relations accounted for above, and in note 2, no transactions between related parties has occurred.

## Note 1 Net sales per geographic market

	2002-01-01 –2002-12-31	2001-01-01 –2001-12-31
<b>The group</b>		
<i>Net sales per geographic market</i>		
Sweden	571 101	474 820
Inside EU	37 081	27 858
Outside EU	28 598	11 355
	636 780	514 033

## Note 2 Employees, personnel costs and remuneration to the board of directors and auditors

	2002-01-01 –2002-12-31	of men	2001-01-01 –2001-12-31	of men
<i>Average employees</i>				
<b>Parent company</b>				
Sweden	6	33%	1	100%
<b>Subsidiary</b>				
Sweden	392	65%	362	65%
Poland	10	70%	9	56%
Lithuania	17	41%	–	0%
<b>Total subsidiaries</b>	419	64%	371	65%
<b>The NOTE group total</b>	425	63%	372	65%

## Salaries, other remunerations and social costs

	2002-01-01–2002-12-31		2001-01-01–2001-12-31	
	Salaries and remunerations	Social costs	Salaries and remunerations	Social costs
<b>Parent company</b>	1 894	740	256	65
(of pension costs)		1) (104)	1) (–)	
<b>Subsidiary</b>	93 635	37 713	88 035	34 131
(of pension costs)		(4 231)		(3 366)
<b>The NOTE group total</b>	95 529	38 453	88 291	34 196
(varav pensionskostnad)		2) (4 335)	2) (3 366)	

1) Av moderföretagets pensionskostnader avser 18 TSEK (0) gruppen styrelse och VD.

2) Av koncernens pensionskostnader avser 577 TSEK (602) gruppen styrelse och VD. Utöver premier till pensionsförsäkringar enligt sedvanliga villkor, finns pensionsförpliktelse till VD och styrelsemedlem på 228 (228).  
Lön till VD, vid uppsägning från företagets sida, utgår under 6 månader.

## Salaries and other remunerations per country and board members and other employees

	2002-01-01–2002-12-31		2001-01-01–2001-12-31	
	Board and President	Other employees	Board and President	Other employees
<b>Parent company</b>				
Sweden	1 057	837	256	–
<b>Subsidiaries in Sweden</b>	2 863	89 322	2 548	84 651
<b>Subsidiaries abroad</b>				
Poland	249	771	239	597
Lithuania	25	405	–	–
<b>The NOTE group total</b>	4 194	91 335	3 043	85 248

## Remuneration and payment of costs to auditors

	The group	Parent company
<i>KPMG, Lennart Jakobsson</i>		
Audit assignment	401	27
Other assignment	229	111

## Note 3 Items affecting comparability

	2002-01-01 –2002-12-31	2001-01-01 –2001-12-31
<b>The group</b>		
Transfer of terms of loan to contingency	–	1 025
Adjustment of the stock-value	-865	–
Extra costs related to working acquisition	-3 127	-581
	-3 992	444
<b>Parent company</b>		
Extra costs related to working acquisition	-511	–
	-511	–

## Note 4 Other operation incomes

	2002-01-01 –2002-12-31	2001-01-01 –2001-12-31
<b>The group</b>		
Received allowances	488	388
Exchange profit	3 308	88
Other	303	16
	4 099	492

**Note 5 Other operating costs**

	2002-01-01 –2002-12-31	2001-01-01 –2001-12-31
<i>The group</i>		
Exchange loss on receivables/liabilities of operating nature	-944	-1 052

**Note 6 Depreciation of tangible and intangible assets**

	2002-01-01 –2002-12-31	2001-01-01 –2001-12-31
<b>The group</b>		
<i>Depreciation according to the plan</i>		
Concessions, patents, licences, trademarks	-78	-64
Goodwill	-2 013	-1 325
Land and buildings	-311	-38
Accrued expenses on other real estate	-89	-209
Plant and machinery	-2 621	-1 868
Equipment, tools, fixtures and fittings	-3 427	-2 500
	<b>-8 539</b>	<b>-6 004</b>
<i>Depreciation according to the plan per function</i>		
Cost of goods sold	-7 164	-3 944
Selling expenses	-602	-127
Administrative expenses	-773	-1 933
	<b>-8 539</b>	<b>-6 004</b>

**Parent company**

	2002-01-01 –2002-12-31	2001-01-01 –2001-12-31
<i>Depreciation according to the plan per asset</i>		
Equipment, tools, fixtures and fittings	-43	–
	<b>-43</b>	<b>–</b>
<i>Depreciation according to the plan per function</i>		
Selling expenses	-11	–
Administrative expenses	-32	–
	<b>-43</b>	<b>–</b>

**Note 7 Leasing fee regarding operational leasing**

	2002-01-01 –2002-12-31	2001-01-01 –2001-12-31
<i>The group</i>		
<i>Assets held by operationella lease contracts</i>		
Leasing fees paid during the financial year	4 755	6 107
<b>Total lease costs</b>	<b>4 755</b>	<b>6 107</b>

The company has considered all entered lease contracts as being operational lease contracts.

**Note 8 Profit from participations in group companies**

	2002-01-01 –2002-12-31	2001-01-01 –2001-12-31
Dividend	38	–
	<b>38</b>	<b>–</b>

**Note 9 Profit from other security papers and receivables which are fixed assets**

	2002-01-01 –2002-12-31	2001-01-01 –2001-12-31
<i>The group</i>		
Capital gain, option program	–	82
	<b>–</b>	<b>82</b>
<i>Parent company</i>		
Interest incomes, group companies	–	329
	<b>–</b>	<b>329</b>

**Note 10 Appropriations, other**

	2002-01-01 –2002-12-31	2001-01-01 –2001-12-31
Diff. mellan bokförd avskrivn och avskrivn acc. to the plan		
– Equipment, tools, fixtures and fittings	-36	–
Tax allocation reserve, allocation for the year	-81	-59
Tax allocation reserve, cancelling for the year	215	201
	<b>98</b>	<b>142</b>

**Note 11 Tax on profit for the year**

	2002-01-01 –2002-12-31	2001-01-01 –2001-12-31
<b>The group</b>		
Periodens skattekostnad	-6 507	-4 418
Uppskjuten skatt	-2 955	-1 732
<b>Total redovisad skattekostnad i koncernen</b>	<b>-9 462</b>	<b>-6 150</b>
<i>Parent company</i>		
Periodens skattekostnad	179	-2
<b>Total redovisad skattekostnad i the parent company</b>	<b>179</b>	<b>-2</b>

		2002-01-01 –2002-12-31		2001-01-01 –2001-12-31
<i>Reconciliation effective tax</i>				
<i>The group</i>	<i>Per cent</i>	<i>Amount</i>	<i>Per cent</i>	<i>Amount</i>
Resultat före skatt		30 856		21 721
Skatt enligt gällande skattesats för moderföretaget	28,0%	-8 640	28,0%	-6 082
Avskrivning av koncernmässig goodwill	0,9%	-288	0,4%	-91
Andra icke-avdragsgilla kostnader	0,8%	-255	-0,1%	23
Skatt hänförlig till tidigare år	0,9%	-266	0,0%	–
Skatteeffekter i samband med förvärv	0,1%	-39	0,0%	–
Skatteeffekt av uppskjuten skatt på uppskrivning	-0,1%	22	0,0%	–
<b>Redovisad effektiv skatt</b>	<b>30,7%</b>	<b>-9 462</b>	<b>28,3%</b>	<b>-6 150</b>
<i>Reconciliation effective tax</i>				
<i>Moderföretaget</i>	<i>Per cent</i>	<i>Amount</i>	<i>Per cent</i>	<i>Amount</i>
Resultat före skatt		-538		11
Skatt enligt gällande skattesats för moderföretaget	28,0%	151	28,0%	-3
Ej avdragsgilla kostnader/ej skattepliktiga intäkter	5,2%	28	-9,1%	1
<b>Redovisad effektiv skatt</b>	<b>33,3%</b>	<b>179</b>	<b>18,9%</b>	<b>-2</b>

**Note 12 Concessions, patents, licences, trademarks**

	<i>The group</i>	<i>Parent company</i>
<i>Akkumulerade anskaffningsvärden</i>		
Vid årets början	320	–
Övriga investeringar	54	–
<b>Vid årets slut</b>	<b>374</b>	<b>–</b>
<i>Akkumulerade avskrivningar enligt plan</i>		
Vid årets början	-64	–
Årets avskrivning enligt plan	-78	–
<b>Vid årets slut</b>	<b>-142</b>	<b>–</b>
<b>Redovisat värde vid periodens slut</b>	<b>232</b>	<b>–</b>

**Note 13 Goodwill**

	<i>The group</i>	<i>Parent company</i>
<i>Förvärvad/internt uppberättad</i>		
<i>Akkumulerade anskaffningsvärden</i>		
Vid årets början	14 212	–
Förvärv av dotterföretag	28 216	–
<b>Vid årets slut</b>	<b>42 428</b>	<b>–</b>
<i>Akkumulerade avskrivningar enligt plan</i>		
Vid årets början	-2 705	–
Årets avskrivning enligt plan	-2 013	–
<b>Vid årets slut</b>	<b>-4 718</b>	<b>–</b>
<b>Redovisat värde vid periodens slut</b>	<b>37 710</b>	<b>–</b>

**Note 14 Byggnader och mark**

	<i>The group</i>	<i>Parent company</i>
<i>Akkumulerade anskaffningsvärden</i>		
Vid årets början	966	–
Förvärv av dotterföretag	16 532	–
	<b>17 498</b>	<b>–</b>
<i>Akkumulerade avskrivningar enligt plan</i>		
Vid årets början	-125	–
Förvärv av dotterföretag	-3 097	–
Årets avskrivning enligt plan	-311	–
	<b>-3 533</b>	<b>–</b>
<i>Akkumulerade uppskrivningar</i>		
Förvärv av dotterföretag	7 600	–
Årets avskrivning enligt plan på uppskrivet belopp	-163	–
	<b>7 437</b>	<b>–</b>
<b>Redovisat värde vid periodens slut</b>	<b>21 402</b>	<b>–</b>

**Note 15 Nedlagda kostnader på annans fastighet**

	<i>The group</i>	<i>Parent company</i>
<i>Akkumulerade anskaffningsvärden</i>		
Vid årets början	2 350	–
Nyanskaffningar	327	–
	<b>2 677</b>	<b>–</b>
<i>Akkumulerade avskrivningar enligt plan</i>		
Vid årets början	-977	–
Årets avskrivning enligt plan på anskaffningsvärden	-89	–
	<b>-1 066</b>	<b>–</b>
<b>Redovisat värde vid periodens slut</b>	<b>1 611</b>	<b>–</b>







# Auditors report

To the annual general meeting in NOTE AB (PUBL)  
Org.nr. 556408-8770

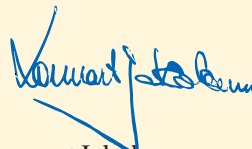
I have examined the annual report, the consolidated group financial statement, the book-keeping and the boards and the Presidents administration of NOTE AB (publ) for the year 2002. It is the board and the President that has the responsibility for the accounting documents and the administration. My responsibility is to make a statement regarding the annual report, the consolidated group financial statement and the administration on basis of my revision.

The revision has been executed in accordance with goodgenerally accepted auditing standard in Sweden. This means that I have planned and carried out the revision in the best possible way to assure my self within reasonable doubt that the annual report and the consolidated group financial statement does not contain any essential errors. It is included in a revision to examine a selection of the documents for the amounts and other information in the accounting documents. Also included in a revision is to try the principals for the report and the boards and the Presidents application of the principals, and to evaluate the total information in the annual report and the consolidated group financial statement . As a basis for my statement regarding granted discharge from liability I have examined important decisions, actions and state of affairs within the company to find out whether any member of the board or the President has any obligation to indemnify the company. I have also examined whether any member of the board or the President in any other way has acted controversially against the Swedish Companies Act, the law for annual reports or the corporate by-laws. In my opinion my revision gives me reasonable base for my statements below.

The annual report and the consolidated group financial statement has been set up in accordance with the law for annual reports and gives a correct picture of the company and the groups result and position in accordance with good accounting practice in Sweden.

I recommend that the annual general meeting confirm the profit and loss statement and the financial statement for the holding company and the group, and dispose of the profit in the holding company in accordance with the suggestion in the administration report, and discharge the members of the board and the President from liability for the financial year.

Norrtälje, 8 April, 2003



Lennart Jakobsson  
Authorized public accountant

# Styrelse

**Sten Dybeck**  
Djursholm  
Ordförande  
Född 1933.  
Ordförande sedan 2000.  
Styrelseordförande i  
NOTE Norrtälje AB,  
NOTE Torsby AB och  
NOTE Xperi AB.  
Sten Dybeck med bolag innehar  
94 060 NOTE-aktier.



**Kjell-Åke Andersson**  
Lund  
Född 1946, civilingenjör, LTH.  
Ordinarie ledamot sedan 2002.  
Vd NOTE Xperi AB  
Innehar 50 584 NOTE-aktier.



**Mats Hultin**  
Norrtälje  
Född 1961, civilingenjör, KTH.  
Ordinarie ledamot sedan 2000.  
Vd NOTE Norrtälje AB  
Styrelseordförande i  
NOTE Components AB.  
Huvudman och ersättare i  
Roslagens Sparbank.  
Innehar 50 000 NOTE-aktier.



**Ulf Mikaelsson**  
Stockholm  
Född 1939, pol.mag.  
Ordinarie ledamot sedan 2002.  
Styrelseordförande i Svenska  
Brandförsvarsföreningen och  
Brandförsvarsföreningens Service AB.  
Styrelseledamot i Resurskontoret i  
Stockholm AB och Byggnadsgaranti.  
Innehar 2 500 NOTE-aktier.



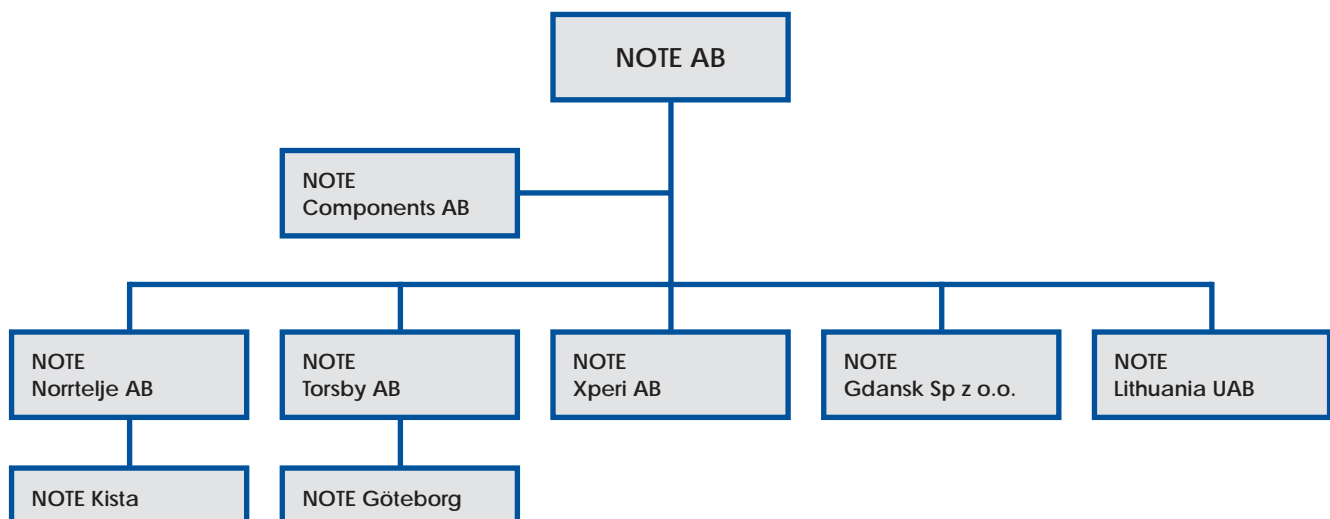
**Erik Stenfors**  
Norrtälje  
Född 1966, civilingenjör, KTH.  
Ordinarie ledamot sedan 2000.  
Vd NOTE AB  
Vice ordf. i NOTE Torsby AB och  
NOTE Xperi AB.  
Styrelseledamot i NOTE Norrtälje AB,  
NOTE Gdansk Sp z o.o. och  
NOTE Lithuania UAB.  
Innehar 3 100 NOTE aktier.



**Lennart Svensson**  
Stockholm  
Född 1945, civilekonom.  
Ordinarie ledamot sedan 2002.  
Styrelseledamot i bl. a. Domsjö  
Fabriker AB, JP Nordiska AB och  
Handelsbanken/Regionbanken  
Stockholm City.  
Innehar 0 NOTE-aktier.



# NOTE-koncernen

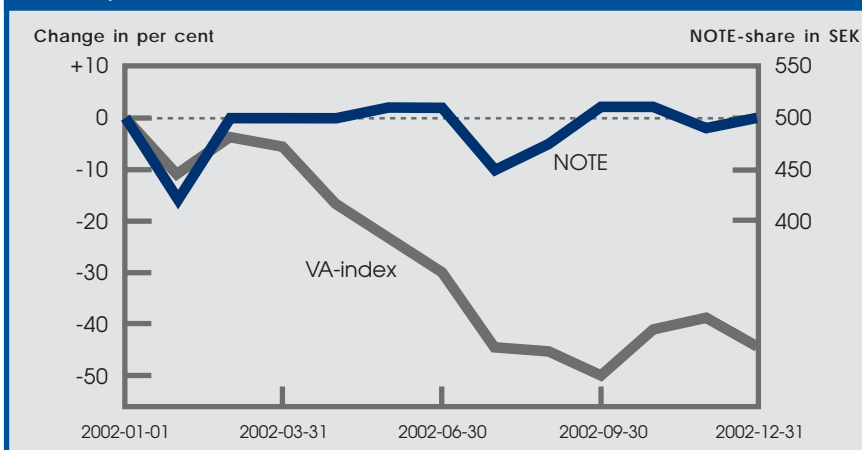


## The largest shareholders 2002-12-31

Shareholder	Number of shares	%-share
Sten Dybeck med bolag	94 060	24,49
Kjell-Åke Andersson	50 584	13,17
Mats Hultin	50 000	13,02
Peter Jansson	50 000	13,02
Åke Zetterström	25 808	6,72
Mårten Lundberg	12 500	3,26
John-Olov Carlsson	10 000	2,60
Jan Looström	10 000	2,60
Hans Jacobsen	7 500	1,95
Viktor Nord	5 000	1,30
Magnus Dybeck	5 000	1,30
Other	63 548	16,55
Amount	384 000	100,00

The biggest share holders utilize over a number of votes of 83,5 %.

## Development of the NOTE-share



## Dates of financial reports 2003

Financial report January–March	6 May
Financial report April–June	21 August
Financial report July–September	29 October

## General meeting

Annual general meeting is taking place Tuesday May 6, 2003 at 5.00 pm  
Roslagens Sparbank, Danskes Gränd 2, Norrtälje.

## Report

Shareholders who would like to participate shall be reported in the share register latest May 6, as well as reported latest Friday, May 2, noon, in one of following ways:

Post: NOTE AB, P.O. Box 910, SE-761 29 NORRTÄLJE  
Fax: +46 176-178 79, Attn. Mette Nyholm  
E-mail: info@note.se  
Telephone: +46 176-794 45 (Mette Nyholm)

By notification please give name, person- or organizationsnumber, address och telephonenumber and shareholdings. Share holder has the right to bring an assistant to the meeting. Send power of attorney to the address above latest May 2.

## Dividend

The board suggest the general meeting that no dividend will be for the year 2002.

**NOTE AB (publ)**  
P.O.Box 910  
SE-761 29 NORRTÄLJE  
Visit: Stockholmsvägen 59  
Tel. +46 176-799 00  
Fax. +46 176-178 79

info@note.se  
www.note.se

**NOTE Components AB**  
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SE-761 29 NORRTÄLJE  
Visit: Stockholmsvägen 59  
Tel. +46 176-788 00  
Fax. +46 176-178 79

**NOTE Norrtälje AB**  
P.O.Box 185  
SE-761 22 NORRTÄLJE  
Visit: Gäddvägen 7-9  
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Fax. +46 176-198 00

**NOTE Torsby AB**  
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SE-685 29 TORSBY  
Tel. +46 560-68 93 00  
Fax. +46 560-68 93 10

**NOTE Xperi AB**  
Maskinvägen 3  
SE-227 30 LUND  
Tel. +46 46-286 92 00  
Fax. +46 46-286 92 99

**NOTE Kista**  
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Isaffjordsgatan 22  
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Fax. +46 8-752 16 59

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Fax. +46 31-748 01 60

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Polen  
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Fax. +48 58 322 51 74

**NOTE Lithuania UAB**  
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Fax. +370 446 615 07

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porträtt sidan 10 Gunnar Lilliesköld.  
Tryck: Affärstryckeriet, Norrtälje 2003.  
Miljögodkänt papper.

MILJÖMÄRKT Trycksak lic.nr 341 290



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

**NOTE**<sup>TM</sup>  
THE EMS PARTNER