

Financial report

January – June 2002

The period in summary

- **Profit before tax increased by 90% to SEK 17.1 million (9.0)**
- **The net sales increased by 28.8% to SEK 325.3 million (252.6)**
- **Earnings per share after full income tax SEK 41 (21)**

The business

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

Market

By continuously improving the efficiency of the business and increasingly offer a higher degree of more advanced EMS-services, NOTE has achieved a continuous good market. Due to those efforts the bad economic situation within the trade is not reflecting on NOTE's volume of incoming orders.

Turnover and earnings

The turnover of the group during the period amounts to SEK 325.3 m., which is an increase with 28.8% compared to the equivalent period last year (252.6). The growth is organic. During the second quarter the efforts for improved efficiency together with changes towards products with higher refined contents resulted in improved margins. The profit margin for the first half year increased to 5.3% (3.6%).

Investments

The group's investments in fixed capital expenditures amounts during the period to SEK 5.9 m. (5.5). NOTE Torsby has continued to upgrade their surface assembly equipment. NOTE Norrtelje has decided to invest even further in equipment for surface assembly in the autumn.

Events during the second quarter

For the second year in a row NOTE arranged a conference, in the end of May, for their customers, called the

Construction Days. During two days seminars and discussions were held regarding how electronics should be constructed to enhance efficient production.

End of May NOTE opened the previously advised office in Gothenburg that will handle the sale and some manufacturing for NOTE's customers on the West Coast of Sweden.

In June the Swedish newspaper Svenska Dagbladet published their yearly list of growth for companies with an average organic growth of at least 25% over the last five years. NOTE advanced to place 44 and to place 4 among the engineering companies.

Digital Vision AB – offers world leading products within film/video, multimedia and digital-TV – signed an agreement with NOTE in June that NOTE Torsby will take over the entire production line including service. Some manufacturing will also take place at NOTE in Kista.

Staff

The averaged number of full-time employees within the group was 364 (331) during the first half of 2002.

Prospective

Our estimation that NOTE will continue to grow both in turnover and profit stands firm.

Next financial report

The report for January-September will be released on Wednesday, October 30, 2002.

Norrtelje August 21, 2002



Sten Dybeck
Chairman of the board



Erik Stenfors
President

CONSOLIDATED INCOME STATEMENT IN SUMMARY

(MSEK)	2002 Apr-Jun	2001 Apr-Jun	2002 Jan-Jun	2001 Jan-Jun	2001 Jan-Dec
Net sales	155.9	132.5	325.3	252.6	514.0
Cost of goods and services sold	-132.2	-113.8	-282.1	-219.0	-443.0
Gross profit	23.7	18.7	43.2	33.6	71.0
Selling expenses	-6.3	-4.4	-11.6	-8.4	-18.1
Administrative expenses	-6.9	-6.5	-13.1	-13.0	-25.3
Items affecting comparability	-	-	-	-	0.4
Other operating income/expenses	2.3	-0.2	2.3	-0.4	-0.6
Operating profit	12.8	7.6	20.8	11.8	27.4
Net financial items	-2.0	-1.7	-3.7	-2.8	-5.7
Profit after financial items	10.8	5.9	17.1	9.0	21.7
Tax	-3.0	-1.7	-4.8	-2.6	-6.1
NET PROFIT FOR THE PERIOD	7.8	4.2	12.3	6.4	15.6

CONSOLIDATED BALANCE SHEET IN SUMMARY

(MSEK)	2002 30 Jun	2001 30 Jun	2001 31 Dec
ASSETS			
Fixed assets	31.5	28.2	28.6
Inventories	114.3	91.9	91.1
Accounts receivable	135.7	105.9	113.7
Other current assets	11.0	6.5	6.6
Current assets	261.0	204.3	211.4
TOTAL ASSETS	292.5	232.5	240.0
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	47.9	26.4	35.5
Provisions	3.6	1.8	3.6
Long-term liabilities	119.7	89.9	97.5
Accounts payable - trade	80.6	80.7	65.6
Other current liabilities	40.7	33.7	37.8
Current liabilities	121.3	114.4	103.4
TOTAL EQUITY AND LIABILITIES	292.5	232.5	240.0

CONSOLIDATED CASH FLOW STATEMENT

(MSEK)	2002 Jan-Jun	2001 Jan-Jun	2001 Jan-Dec
Profit/loss after financial items	17.1	9.0	21.7
Adjustment items	3.1	2.7	6.0
Paid taxes	-1.9	-0.9	-1.2
Cash flow from the current operations before change in working capital	18.3	10.8	26.5
Change in working capital	-34.8	-27.8	-47.7
Net investments	-5.9	-5.5	-9.0
Cash flow after investments	-22.4	-22.5	-30.2
Net change in loans	21.9	22.7	31.3
CHANGE IN LIQUID FUNDS	-0.5	0.2	1.1

KEY RATIOS (in percent)

	2002 Jan-Jun	2001 Jan-Jun	2001 Jan-Dec
Operating margin	6.4	4.8	5.3
Profit margin	5.3	3.6	4.2
Return on capital employed	24.0	20.2	19.6
Solidity	16.4	11.7	14.8

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