High growth and improved operating profit in the second half-year

- NOTE's operating profit in the fourth quarter was MSEK 23.5 (-34.6)
- Net sales increased by 55% in the fourth quarter to MSEK 428.2 (276.8). Net sales grew by 36% to MSEK 1,504.1 (1,103.1) for the full year
- For the full year, the loss after tax was MSEK -54.9 (13.6), or SEK -5.71 (1.50) per share
- As reported previously, NOTE's operating profit in the first half-year was adversely affected by restructuring costs and provisions for write-downs totalling approximately MSEK 128
- Henrik Nygren was appointed CFO on 1 December; Mr. Nygren takes up his position in March 2006

After the end of the period:

- Knut Pogost was appointed President of the subsidiary NOTE Components on 9 January; Mr. Pogost took up his position on 1 February. Mr. Pogost is also the group's Sales & Marketing Director

Year-end Report
January – December 2005

NOTE
THE EMS PARTNER

Arne Forslund

Operations

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 model combines local EMS services ("nearsourcing") with the straightforward transfer of ongoing production to global units for the customer.

NOTE in 2005

The year began with the continued restructuring through migration of volume manufacture to the group's Eastern European facilities, and the incorporation of the three new units in Skellefteå (Sweden), Hyvinkää (Finland) and Pärnu (Estonia) into the group. All these new units progressed positively in the year.

A thorough review of the group's inventories, trade debtors and capitalized costs was undertaken in the second quarter, this generated restructuring costs, provisions for write-downs and the depreciation of trade debtors and inventories of some MSEK 128 in the first half-year.

Consolidation activities included a review and enhancement of the group's internal procedures and control systems. The aim is to secure the business while building a stable platform for future growth.

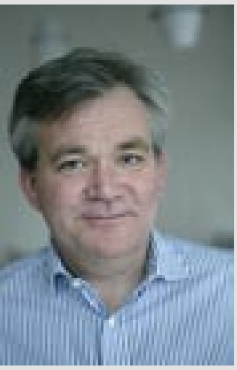
Market

Estimated growth on the Nordic EMS market in 2005 was some 7.5%. In the same period, NOTE's growth was 36%.

Demand for product adaptation and production according to the RoHS directives continues to increase. The RoHS directives, which take effect on 1 July 2006, prohibit the use of lead in the soldering process. NOTE has adapted its production by investing in equipment that is adapted to lead-free production, primarily in re-melting furnaces and wave soldering machines. In 2006, NOTE will continue to focus on generating product development and after-sales services to offer even more comprehensive coverage of all product life-cycle phases.

Development

In addition to EMS services NOTE also offers development assignments to product owners in Sweden (contract design). There is an increasing tendency among companies buying contract manufacture to also demand contract development ("black box" orders). NOTE anticipates the demand for development assignments to continue to grow.



Henrik Nygren

Knut Pogost

Key events in the year

Erik Stenfors resigned as Chief Executive Officer on 25 May and was replaced by Kjell-Åke Andersson, formerly COO. Arne Forslund was hired as CEO and took up his position on 1 November.

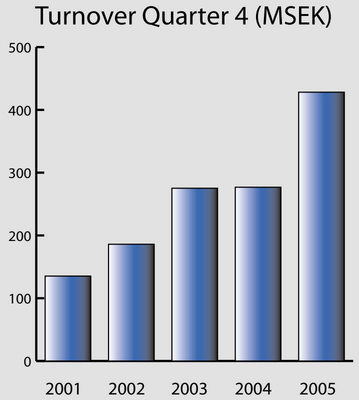
The focus in the second half-year was on capital and cost rationalizations; operating profit in the final two quarters of the year demonstrates that the restructuring measures undertaken early in the year generated the desired profit gains.

In August, NOTE entered a strategic collaboration agreement with Jaltek Systems in the UK. Jaltek has a good reputation, and enjoys the trust of leading major corporations and global multinational customers for delivering consistent quality in NPIs (New Product Introductions) and low-volume production. Moreover, Jaltek's market segments complement NOTE's with customers in the medical, defence, automotive, radio and TV segments, alongside embedded computer systems and the development of I/P platforms.

In December, NOTE decided to close down the Borås facility, a measure to be implemented in the first quarter 2006, as part of the group's rationalization.

Henrik Nygren was appointed CFO to consolidate the organisation's competencies. Mr. Nygren joins NOTE from his former position as International Controller of SNA Europe, part of Snap-on, the US tools group. Mr. Nygren has many years' experience as CFO & Controller with companies including Danaher Motion, Artema Medical and SSAB.

The group management has been further supplemented by hiring Knut Pogost as President of NOTE Components. Mr. Pogost has multi-faceted experience close to markets in logistics. He was previously Vice President of Sales & Marketing at Kitron. Mr. Pogost joins NOTE from Future Electronics, where he was Europe Manager. He will also head up Marketing & Sales.



Sales and profit/loss

January-December The Group's net sales for the period increased by 36% to MSEK 1,504.1 (1,103.1). The sales gains are due primarily (28%) to additional volumes from the group's new units at Skellefteå (Sweden), Hyvinkää (Finland) and Pärnu (Estonia). Organic growth in the year was some 8%.

NOTE reported an operating loss of MSEK -64.2 (29.3). In the first half-year, operating profit was subject to restructuring costs, provisions for write-downs and depreciation of trade debtors and inventories of approximately MSEK 128. Excluding restructuring costs and provisions, NOTE posted a positive operating profit of MSEK 63.8.

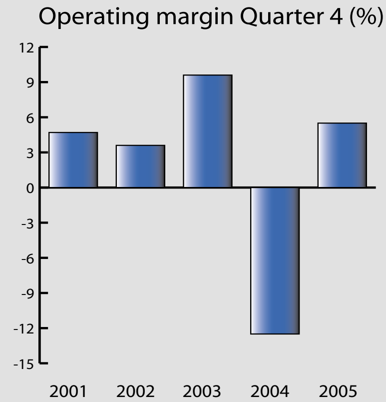
October-December The group's net sales for the fourth quarter increased by 55% to MSEK 428.2 (276.8), of which organic growth was 28%. Operating profit for the quarter was MSEK 23.5 (-34.6).

Financial position and liquidity

At the end of December, the company's operating capital was MSEK 439.4, which is a decrease of MSEK 21.1 in the period, despite acquisitions effected.

The group achieved a positive cash flow from operations of MSEK 70.3 (19.5) in the period. The capital and cost rationalizations conducted exerted a positive impact on cash flow and capital tied-up. After investments in the business, excluding acquisitions, cash flow was MSEK 35.3 (-6.3). Interest-bearing net debt was MSEK 233.5, an increase of MSEK 38.7 in the period. The increase was mainly as a result of new acquisitions.

Available liquid assets, including unutilised credit, were MSEK 77.1 (119.1) at the end of the period. The equity/assets ratio was 25.2%.



Investments

Of the group's total investments of MSEK 79.8, MSEK 30.5 (25.8) comprised investments in tangible fixed assets. Investments in acquired units were MSEK 44.6 and provisions for final purchase costs for NOTE Nyköping-Skänninge were MSEK 4.7.

Depreciation and amortisation in the period was MSEK 29.8 (24.5).

Employees

The average number of full-time employees in the period was 1,120 (890).

Dividends

The Board of Directors proposes to the annual general meeting an unchanged dividend of SEK 0,50 per share.

Future outlook

Short Term

Seasonally, the year's first-quarter always has lower sales than other quarters. Lower sales are anticipated for the first quarter 2006 as compared to the fourth quarter 2005.

Long Term

European product owners are active in an increasingly globalised market, with demands for efficient product development, industrialization and production. Through closeness to customers, NOTE's business model meets these needs with development resources, a pronounced technology focus, and in the later stages of product life-cycles, rational relocation of production to suitable production units. Since the demand for global access and technology-intensive services is expected to increase, NOTE perceives good prospects of increasing market share in Europe. NOTE is retaining its long-term margin objective (EBT) of 6%.

Annual General Meeting

NOTE's AGM will be held on Wednesday 26 April 2006 at Norrtälje, Sweden.

Accounting and valuation principles

This report was prepared in accordance with the Swedish Financial Accounting Standards Council's recommendation regarding interim reporting for groups (RR 31) and IAS 34. The company's primary segment is electronics manufacture. Net sales and operating profit/loss to be reported as segments are published in the following Profit/Loss Statements.

NOTE's adoption of IFRS

From 2005, NOTE is publishing its consolidated financial statements pursuant to IFRS (International Financial Reporting Standards) as endorsed by the EU.

IFRS 1 First-time Adoption of IFRS

IFRS 1 deals with the transition rules coincident with the adoption of IFRS. Some exceptions from comprehensive retroactive application are permitted. NOTE intends to use the following exceptions; the other exceptions are not applicable to NOTE.

•No recalculation of acquisitions consummated before 2004 (IFRS 3)
•Accumulated translation differences are reset to zero on 1 January 2004 (IAS 21).
•NOTE is applying IAS 32 and 39 as of 1 January 2005 and consequently utilizes the option to not report financial instruments retroactively. The hedging occurring are futures contracts on currency flows. The effect of the introduction of IAS 39 is being recorded in supplements to the specification of equity.

IFRS 3 Business Combinations

For acquisitions after 31 December 2003, other intangible assets in acquisitions are disclosed separately from goodwill and depreciated over their useful lives.

Goodwill is not amortised, but will be subject to impairment tests annually, or when an indication of a diminution in value arises. Consideration of write-downs is pursuant to IAS 36, Write-downs.

NOTE's acquisitions prior to 2004 will be accounted pursuant to the transition rules of IFRS 1 (see above). No acquisitions containing goodwill items were conducted in 2004-5.

IAS 19 Employee Benefits

NOTE's pension solutions are largely classified as defined-contribution schemes. Acquisitions in the first quarter of 2005 mean the group also has defined-benefit schemes. Acquisition analyses considered the actuarial profits or losses on defined-benefit pension schemes. This means that accounting employee benefits in the comparative year were not affected by the introduction of IFRS.

IIAS 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 was deemed necessary pursuant to IFRS.

Significant effects on profits and position

The adoption of IFRS has had the following impact on NOTE's profit/loss for 2004, stated in tables appended to the Profit/loss Statement and specification of equity.

•Goodwill amortization ceases (IFRS 3 and IAS 38)
•Profits and losses arising from futures contracts that qualify for cash flow hedging are accounted in a hedging reserve within equity (from 1 January 2005). The cash flow hedging effect on profit/loss for the period is marginal.

Forthcoming reports

The complete Annual Report will be available at the company's head offices in Norrtälje, Sweden, by no later than 12 April.

Other reporting dates:

- Interim Report, Jan-March, 26 April
- Interim Report Jan-Jun, 9 August
- Interim Report Jan-Sep, 25 October

Norrtälje, Sweden 16 February 2006

NOTE AB (publ)

Board of Directors

For additional information, please contact:
CEO Arne Forslund on +46 (0)70 547 7477 or
CFO Gunilla Olsson on +46 (0)70 950 8071

This report has not been reviewed by the company's auditors.

SUMMARY OF THE GROUP'S PROFIT/LOSS STATEMENT

Amounts in MSEK	2005 Oct-Dec	2004 Oct-Dec	2005 Jan-Dec	2004 Jan-Dec
Net turnover	428,2	276,8	1 504,1	1 103,1
Cost of goods and services sold	-375,9	-286,1	-1 448,6	-977,0
Other income	0,0	10,4	4,0	18,3
Gross result	**52,3**	**1,1**	**59,5**	**144,4**
Sales costs	-10,5	-17,7	-52,4	-50,3
Administrative costs	-17,9	-17,2	-69,4	-63,5
Other operating income/costs	-0,4	-0,8	-1,9	-1,3
Operating profit *	**23,5**	**-34,6**	**-64,2**	**29,3**
Net interest income/expense	-1,8	-1,3	-9,0	-9,8
Result after financial items	**21,7**	**-35,9**	**-73,2**	**19,5**
Tax	-7,5	9,3	18,3	-5,9
Result for the period	**14,2**	**-26,6**	**-54,9**	**13,6**
Result for the period attributable to parent companys shareholders	14,2	-26,7	-54,9	13,4
Result for the period attributable to minority owners	0,0	0,1	0,0	0,2
Depreciation has been debited to the result for the period as follows:	**5,9**	**7,5**	**29,8**	**24,5**
Reconciliation of the result for the period between Swedish accounting principles and IFRS				
Result for the period, Swedish accounting principles		**-27,2**		**10,5**
Goodwill		0,6		2,9
Minority		0,0		0,2
Result for the period, IFRS		**-26,6**		**13,6**

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 and installations 10-50 years, land improvements 20 years, brand 5 years, expenses brought forward for computer programs 4 years and expenses brought forward for process development 5 years.
** The consolidated operating results were negatively affected by provisions for write-downs, restructuring costs and other costs of a non-recurring charachter as follows: January-December 2005: MSEK 128.*

GROUP'S DATA PER SHARE

	2005 Oct-Dec	2004 Oct-Dec	2005 Jan-Dec	2004 Jan-Dec
Number of shares at end of period (thousands)	9 624	9 624	9 624	9 624
Average number of shares before dilution (thousands)	9 624	9 624	9 624	8 778
Average number of shares after dilution (thousands)	9 624	9 624	9 624	8 978
Result per share before dilution, SEK	1,48	-2,77	-5,71	1,53
Result per share after dilution, SEK	1,48	-2,77	-5,71	1,50
Equity per share before dilution, SEK	21,39	27,50	21,39	27,50
Equity per share after dilution, SEK	21,39	27,50	21,39	27,50

SUMMARY OF GROUP'S BALANCE SHEET

Amounts in MSEK	2005 Dec	2004 Dec
ASSETS		
Intangible fixed assets	48,5	27,9
Tangible fixed assets	121,7	104,5
Financial fixed assets	21,0	12,2
Fixed assets	**191,2**	**144,6**
Stock	296,1	244,5
Customer receivables	289,2	263,9
Other current assets	32,6	63,8
Cash and bank accounts	9,1	20,1
Current assets	**627,0**	**592,3**
TOTAL ASSETS	**818,2**	**736,9**
EQUITY AND LIABILITIES		
Equity parent company's shareholders	205,9	264,7
Equity minority owners	0,0	1,0
Equity	**205,9**	**265,7**
Long-term interest-bearing liabilities	83,4	126,2
Allocations	23,9	22,6
Long-term liabilities	**107,3**	**148,8**
Current interest-bearing liabilities	159,2	88,7
Trade liabilities	228,9	154,5
Other current liabilities	107,9	74,9
Allocations	9,0	4,3
Current liabilities	**505,0**	**322,4**
TOTAL EQUITY AND LIABILITIES	**818,2**	**736,9**

COLLATERAL PLEDGED AND CONTINGENT LIABILITIES

Amounts in MSEK	2005 Dec	2004 Dec
Collateral pledged	279,6	264,9
Contingent liabilities	5,2	14,7

CHANGE IN THE GROUP'S EQUITY

Amounts in MSEK	2005 Oct-Dec	2004 Oct-Dec	2005 Jan-Dec	2004 Jan-Dec
Opening capital	**191,3**	**290,9**	**265,7**	**145,9**
Effect of change in accounting principles*		1,0		0,8
Opening balance in accordance with IFRS	**191,3**	**291,9**	**265,7**	**146,7**
Result for the period	14,2	-26,6	-54,9	13,6
New share issue				105,1
Dividends paid			-4,8	
Change in group structure			-1,0	
Translation difference	0,4	0,4	0,9	0,3
Closing capital	**205,9**	**265,7**	**205,9**	**265,7**

Reconciliation of equity between Swedish accounting principles and IFRS				
Closing balance in accordance with Swedish accounting principles		**261,8**		**261,8**
Goodwill		2,9		2,9
Minority share in equity		1,0		1,0
Closing balance in accordance with IFRS		**265,7**		**265,7**

*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 Oct-Dec	2004 Oct-Dec	2005 Jan-Dec	2004 Jan-Dec
Result after financial items	21,7	-35,9	-73,2	19,5
Items not included in the cash flow	-3,7	5,8	46,6	27,3
Tax paid	-1,1	-2,1	-4,6	-16,8
Cash flow from ongoing business before changes in operating capital	**16,9**	**-32,2**	**-31,2**	**30,0**
Cash flow from changes in operating capital	10,6	21,3	101,5	-10,5
Cash flow from ongoing business	**27,5**	**-10,9**	**70,3**	**19,5**
Cash flow from investment business	**-3,8**	**-12,4**	**-79,8**	**-33,9**
Cash flow from financing business	**-22,3**	**-3,0**	**-1,5**	**26,5**
Liquid assets at start of period	**7,7**	**46,4**	**20,1**	**8,0**
Change in liquid assets for the period	**1,4**	**-26,3**	**-11,0**	**12,1**
LIQUID ASSETS AT END OF PERIOD	**9,1**	**20,1**	**9,1**	**20,1**
Unused credits	**68,0**	**99,0**	**68,0**	**99,0**
Disponibla likvida medel	**77,1**	**119,1**	**77,1**	**119,1**

GROUP'S KEY RATIOS

	2005 Oct-Dec	2004 Oct-Dec	2005 Jan-Dec	2004 Jan-Dec
Margins				
Operating margin %	5,5	-12,5	-4,3	2,7
Profit margin %	5,1	-13,0	-4,9	1,8
Return				
Profitability of operating capital %			-14,3	6,6
Profitability of equity %			-27,7	5,5
Capital structure				
Operating capital	439,4	460,5	439,4	460,5
Interest-bearing net liability	233,5	194,8	233,5	194,8
Equity/assets ratio %	25,2	36,1	25,2	36,1
Net debt/equity ratio, times	1,1	0,7	1,1	0,7
Interest cover, times	9,3	-17,2	-6,1	2,7
Speed of capital turnover (operating capital), times	3,3	2,5	3,3	2,5
Employees				
Turnover per employee	382	298	1 343	1 239

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