

# ***Communiqué of closing of the books***

## ***year 2003***

***Well equipped production facilities, strategically located at an expected upturn in the business trend***

- ***The net turnover increased with 35 % to SEK 857.0 million (636.8)***
- ***Income after financial items increased with 105 % to SEK 63.0 million (30.8).***
- ***Return per share after full tax was SEK 114.3 (67.3).***
- ***ITAB Elektronik AB-Manufacturer against contract with production facilities in Nyköping and Skänninge – was acquired at December 1 with a consideration of 15 000 NOTE shares.***
- ***The activities to prepare the group of companies for an eventual introduction to the stock exchange has now begun.***



### ***About the activities***

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

### ***Market***

The EMS-market has during year 2003 recovered gradually. During the end of the year the trade experienced for the first time since the recession, limited supply of certain electronic components.

At NOTE they see the recovery on among other things increased volumes and increased number of inquiries via the groups inter-national co-operation alliance ems-ALLIANCE.

### ***Important events during the year***

In February the group facilities in Lund was raged by an extensive fire that totally destroyed approximately 25% of the production surface and smoke-damaged a large part of other production surfaces and machinery. By relocation of production to other NOTE units the renovation could be done without any larger delivery disturbances for the groups customers. The reopening of the restored production facility was held in September.

In the end of August NOTE acquired the operations in BEVE Electronics AB from Miltec Telecom Inc. by a purchase of the assets. The operations are now carried on in a completely owned subsidiary within the group, NOTE Borås AB that are specialized in manufacturing of microwave electronics. The company had 130 employees at the end of the year.

In December NOTE completed a joint business with the engineering group ITAB. A supplementary general meeting approved a new issue of 15 000 NOTE-shares as remittance for ITABs subsidiary ITAB Elektronik AB. The acquired company, with production units in Nyköping and Skänninge and research and development in Jönköping now operates within the NOTE group under the name NOTE Nyköping-Skänninge. The company had 68 employees by the end of the year.

In December NOTE launched, in accordance with previous pronounced objective, the work to prepare the group for an introduction to the stock exchange year 2005 latest. NOTE assigned Hagströmer & Qviberg Fondkommision AB to financial adviser.

### ***Turnover and result 2003***

The net turnover of the group increased with 35% to SEK 857.0 millions (636.8). Approximately SEK 74 millions originate from the groups new production facilities (NOTE Borås AB and NOTE Nyköping-Skänninge AB). Exclusive the two additional units the increase in turnover amounts to 23%.

The income after financial items shows an increase of 105% to SEK 63.0 millions (30.8). SEK 8 millions of the increase originates from the two new companies. Furthermore the income increase with volume increases and cost reductions are explained by the joint activities within the group.

The insurance benefit that refers to the fire in the groups production facility in Lund are included in other incomes. The costs that refer to the fire are included in the costs of the operating expenses.

The return per share after tax amounts to SEK 114.3 (67.3).

### ***Fourth quarter***

The net turnover of the group during the fourth quarter amounts to SEK 275.2 millions, which is an increase compared to the same period last year with 48% (186.0). SEK 58 millions of the increase in turnover originates from the new production facilities within the group (NOTE Borås AB and NOTE Nyköping-Skänninge AB).

Income after financial items shows an increase of SEK 22.9 millions (3.9). Approximately SEK 8 millions of the increase in income originates from the two new companies.

During the fourth quarter the demand and consequently the sale was higher than expected.

### ***Financial position and liquidity***

The balance-sheet total has during the year increased with SEK 221.5 millions which in large can be referred to the purchase of the assets in NOTE Borås AB and the acquisition of ITAB Elektronik AB. The liquidity raised to 22.0% (20.9).

The increased volumes imply increased tied-up capital, why NOTE will continue to focus on an efficient utilization of the capital during year 2004.

Available funds together with unutilized credits were at the turn of the year SEK 28.9 millions (14.4).

### ***Investments***

The group's investments in materiel fixed assets during the year amounts to SEK 53.1 millions (12.4) of which SEK 18.7 millions referrers to NOTE Borås. The investments in the fourth quarter were SEK 22.6 millions (4.5).

Investments in immaterial fixed assets had a total of SEK 6.7 millions (28.2) and concerned the acquisition of ITAB Elektronik AB.

The write offs for the year amounts to SEK 16.1 millions(8.5).

### ***Employees***

The average numbers of employees during the year were 764 (425).

### ***View 2004***

NOTE has during the recession invested in development of the organization and production facilities. Acquisitions has been made to locate the group strategically around the important customer centers in Sweden. In an expected upturn in the business trend the group is now well positioned for organic growth and increased market shares. In addition further acquisitions, also outside Sweden, can come into question.

### ***Dividend***

As a consequence of the fast expansion of the company which results in an increased need for capital the board of directors will suggest the annual general meeting that there will be no dividend for the financial year 2003.

### ***Accounting and valuation principles***

The report is set up in accordance with the recommendations of the accounting council regarding financial reports for part of the year (RR20) with the exception for reports of business areas / segments. Accounting principals and methods of calculations are unchanged from the principals used in the annual report for year 2002. The new recommendations for accounting that came into force January 1 2003 has been implemented in selected parts by the NOTE group. This has not resulted in any essential effect on result or position for NOTE.

### ***General meetings***

Because of the preparations for an eventual introduction to the stock exchange an additional general meeting will be held Monday, March 15, 06:00 p.m.

The agenda will cover among other things a suggested split of the NOTE share. Representatives for larger share holders has informed the company of their intensions to suggest some certain changes of the company's board of directors. Notice to attend will be sent out February 16 at the latest.

Ordinary general meeting will be held at Tuesday, April 27, 6:00 p.m. at Roslagens Sparbank in Norrtälje.

### ***Nomination of board members***

The shareholders that wish to suggest board members in advance are asked to contact the chairman of the board Sten Dybeck on telephone +46 708-55 18 00 or e-mail [sten@dybeck.com](mailto:sten@dybeck.com).

### ***Coming reports***

The complete annual report will be available April 13 at the latest at the company's head office in Norrtälje and it will also be distributed to all shareholders.

Financial reports for part of the year:

- Jan - March April 27
- Jan - June August 18
- Jan - Sept November 8

Norrtälje February 3, 2004

The board of directors

## CONSOLIDATED INCOME STATEMENT IN SUMMARY

SEK million	2003 Oct-Dec	2002 Oct-Dec	2003 Jan-Dec	2002 Jan-Dec
Net sales	275.2	186.0	857.0	636.8
Cost of goods and services sold	-233.2	-159.1	-763.9	-544.5
Other income	4.9		51.1	
<b>Gross profit</b>	<b>46.9</b>	<b>26.9</b>	<b>144.2</b>	<b>92.3</b>
Selling expenses	-9.2	-7.2	-29.4	-23.5
Administrative expenses	-14.2	-9.6	-43.0	-28.6
Expenses affecting comparability	0.0	-4.0	0.0	-4.0
Other operating income/expenses	2.8	0.8	2.4	3.1
<b>Operating profit</b>	<b>26.3</b>	<b>6.9</b>	<b>74.3</b>	<b>39.3</b>
Net financial items	-3.4	-3.0	-11.2	-8.5
<b>Profit after financial items</b>	<b>22.9</b>	<b>3.9</b>	<b>63.0</b>	<b>30.8</b>
Tax	-7.7	-1.9	-18.9	-9.4
Minority share of the profit for the year	0.1	0.0	-0.1	0.0
<b>Net profit for the period</b>	<b>15.2</b>	<b>2.0</b>	<b>44.0</b>	<b>21.4</b>
Depreciations have debit the net profit for the period with:	4.5	3.5	16.1	8.1

*The following depreciations have been used: Machinery and equipment 4-5 years, accrued expenses in annans real estate 5 or 20 years, buildings 25 or 50 years, land improvements 20 years, goodwill 10 years and trademark 5 years.*

## DATA PER SHARE

	2003 Oct-Dec	2002 Oct-Dec	2003 Jan-Dec	2002 Jan-Dec
Number of shares at the end of the period (thousand)	399	384	399	384
Average number of share before dilution (thousand)	387	370	385	318
Average number of share after dilution (tusental)	411	394	409	342
Profit per share, SEK	39.3	5.4	114.3	67.3
Profit per share after dilution, SEK	37.0	5.1	107.6	62.6

*The group's option programme will increase the number of share with a maximum of 24 000 st, corresponding 6,0 %, which also has been taking in consideration in the calculation above.*



***NOTE in Skänninge, one of the production facilities which was acquired in December.***

## CONSOLIDATED BALANCE SHEET IN SUMMARY

SEK million	2003 31 Dec	2002 31 Dec
<b>ASSETS</b>		
Intangible assets	40.8	37.9
Tangible assets	102.6	49.7
Financial assets	3.8	0.3
<b>Fixed assets</b>	<b>147.2</b>	<b>87.9</b>
Inventories	219.2	179.8
Account receivable - trade	233.0	154.1
Othe current assets	56.4	17.1
Cash and bank balances	7.9	3.3
<b>Current assets</b>	<b>516.5</b>	<b>354.3</b>
<b>TOTAL ASSETS</b>	<b>663.7</b>	<b>442.2</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>	<b>145.7</b>	<b>91.8</b>
<b>Minority Interests</b>	<b>0.8</b>	<b>0.7</b>
<b>Provisions</b>	<b>39.2</b>	<b>30.2</b>
<b>Long-term liabilities</b>	<b>277.0</b>	<b>179.9</b>
Accounts payable - trade	119.3	89.5
Other current liabilities	81.6	50.1
<b>Current liabilities</b>	<b>200.9</b>	<b>139.6</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>663.7</b>	<b>442.2</b>
<b>Pledged assets and contingent liabilities</b>		
Pledged assets	364.8	256.2
Contingent liabilities	1.0	2.0

## CHANGE IN THE GROUP'S EQUITY

	2003 Oct-Dec	2002 Oct-Dec	2003 Jan-Dec	2002 Jan-Dec
Opening capital	120.7	55.0	91.8	35.5
Profit of the period	15.2	2.0	44.0	21.4
New capital issue	10.0	35.0	10.0	35.0
Translation difference	-0.2	-0.2	-0.1	-0.1
<b>Closing capital</b>	<b>145.7</b>	<b>91.8</b>	<b>145.7</b>	<b>91.8</b>

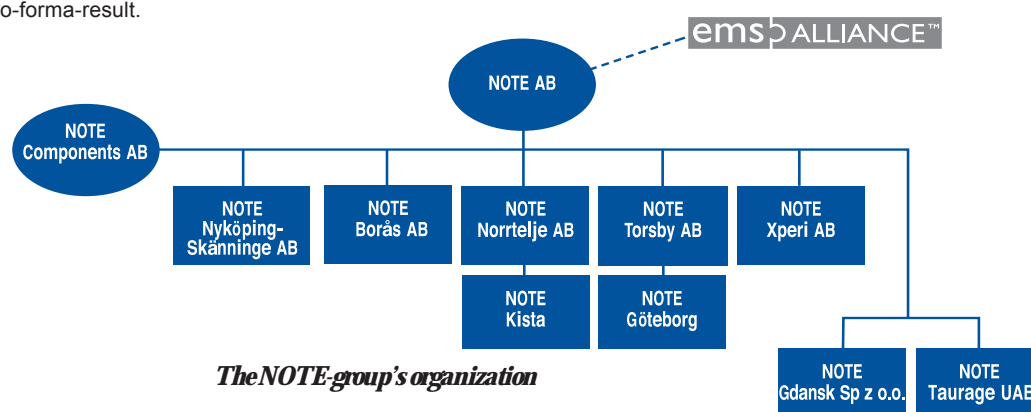
## CONSOLIDATED CASH FLOW STATEMENT

SEK million	2003 Oct-Dec	2002 Oct-Dec	2003 Jan-Dec	2002 Jan-Dec
Profit/loss after financial items	22,9	4,0	63,0	30,9
Items not included in the cash flow	7,3	3,6	18,0	8,3
Paid taxes	-1,9	-1,7	-12,3	-5,2
<b>Cash flow from the current operationw before change in working capital</b>	<b>28,3</b>	<b>5,9</b>	<b>68,8</b>	<b>34,0</b>
Cash flow from changes in working capital	-11,4	5,5	-82,9	-29,8
<b>Cash flow from the current operations</b>	<b>16,9</b>	<b>11,4</b>	<b>-14,1</b>	<b>4,2</b>
<b>Cash flow from investment operations</b>	<b>-18,9</b>	<b>-4,8</b>	<b>-49,6</b>	<b>-12,7</b>
<b>Cash flow from financing operations</b>	<b>7,6</b>	<b>-5,3</b>	<b>68,3</b>	<b>10,2</b>
<b>Liquid funds by the opening of the year</b>	<b>2,3</b>	<b>2,0</b>	<b>3,3</b>	<b>1,6</b>
<b>Change in liquid funds for the period</b>	<b>5,6</b>	<b>1,3</b>	<b>4,6</b>	<b>1,7</b>
<b>LIQUID FUNDS FOR THE YEAR</b>	<b>7,9</b>	<b>3,3</b>	<b>7,9</b>	<b>3,3</b>
<b>Unused credits</b>	<b>21,0</b>	<b>11,1</b>	<b>21,0</b>	<b>11,1</b>
<b>Unappropriated liquid funds</b>	<b>28,9</b>	<b>14,4</b>	<b>28,9</b>	<b>14,4</b>

## KEY RATIOS (in per cent)

	2003 Oct-Dec	2002 Oct-Dec	2003 Jan-Dec	2002 Jan-Dec
Operating margin	9.6	3.6	8.7	6.1
Profit margin	8.3	2.2	7.4	4.9
Return on capital employed	22.5*)	9.0*)	15.7*)	16.3*)
Solidity	22.0	20.9	22.0	20.9

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



### For additional information:

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