

January - September 2005 Interim Report



Growth Remains Stable

Net revenue rose to SEK 1,447.4 million (1,225.7).

•

The operating profit amounted to SEK 64.1 million (53.2).

•

The profit after tax was SEK 37.7 million (30.2).

•

Earnings per share after full income tax totaled SEK 3.11 (2.64).

•

New strategic agreements signed.

PartnerTech develops and manufactures products under contract for leading companies, primarily in telecommunications, IT, the engineering sector and medical technology. The company (www.partnertech.com), which has approximately 1,500 employees, posted revenue of SEK 2 billion over the past 12 months and is quoted on the Attract 40 list of the Stockholm Stock Exchange.

Market Trends

PartnerTech's customers faced stable overall market conditions during the first nine months of 2005. But there were major variations in volume among individual customers and segments.

The Nordic market has picked up recently, particularly among a new group of businesses whose outsourcing strategy takes an integrated approach to both the product and supplier chain. That includes companies that develop and market big machine systems, such as lottery terminals and concepts in new areas like broadband services, metering for district heating and payment systems.

The acquisition of KSH-Productor in Finland in June 2005 further expanded the PartnerTech Group's European business geographically. The trend toward outsourcing operational responsibility at a high technological level to companies like PartnerTech continued among customers, both in the Nordic countries and the rest of Europe.

Third Quarter of 2005

Net revenue rose by SEK 23.7 million, or 5.6%, to SEK 446.3 million (422.6). Acquisitions accounted for SEK 45.3 million of net revenue.

Revenue for the Industry/Telecom business unit was down SEK 9.6 million from the third quarter of 2004. While revenue from most of the business unit's customers increased, it declined by approximately SEK 40 million from one in particular. Although revenue growth for the Terminals/Machine Solutions business unit leveled off temporarily, its prospects remained bright. The business unit's third quarter revenue was basically in line with 2004. Terminals/Machine Solutions is continually obtaining new customers and products. Revenue for the Medical Equipment business area rose by a substantial SEK 35.5 million from the third quarter of 2004. The acquisition contributed SEK 38 million.

The third quarter operating margin was 5.2% (5.9). That is lower than the third quarter of 2004 but higher than the latest 12-month period. The figure generated an operating profit of SEK 23.0 million (24.9), of which SEK 5.6 million was attributable to the acquisition.

Due chiefly to profit generation and somewhat lower working capital, cash flow after investments came to SEK 25.8 million (-85.3).

PartnerTech issued 306,667 shares in connection with the 2002 employee stock option program, which expired in the summer of 2005.

Net Revenue by Business Unit

(SEK million)	2005 Jul-Sep	2004 Jul-Sep	2005 Jan-Sep	2004 Jan-Sep	Latest 12 mos., Oct-Sep	2004 Jan-Dec
Industry/Telecom	249.5	259.1	837.5	772.4	1,126.6	1,061.3
Terminals/Machine Solutions	114.5	116.7	405.1	311.1	561.7	467.9
Medical Equipment	82.3	46.8	204.8	142.2	271.0	208.4
Total	446.3	422.6	1,447.4	1,225.7	1,959.3	1,737.6

Net Revenue, Earnings and Profitability

Net revenue rose by SEK 221.7 million, or 18.1%, to SEK 1,447.4 million (1,225.7) from the first nine months of 2004 to the first nine months of 2005. The increase was SEK 156.5 million, or 12.8%, for comparable units.

All business units participated in the growth. Industry/Telecom was up by 8.4% (of which 3.5 percentage points was a result of the acquisition), Terminals/Machine Solutions rose by 30.2% and Medical Equipment increased by 44.0% (26.8 percentage points emerged from the acquisition).

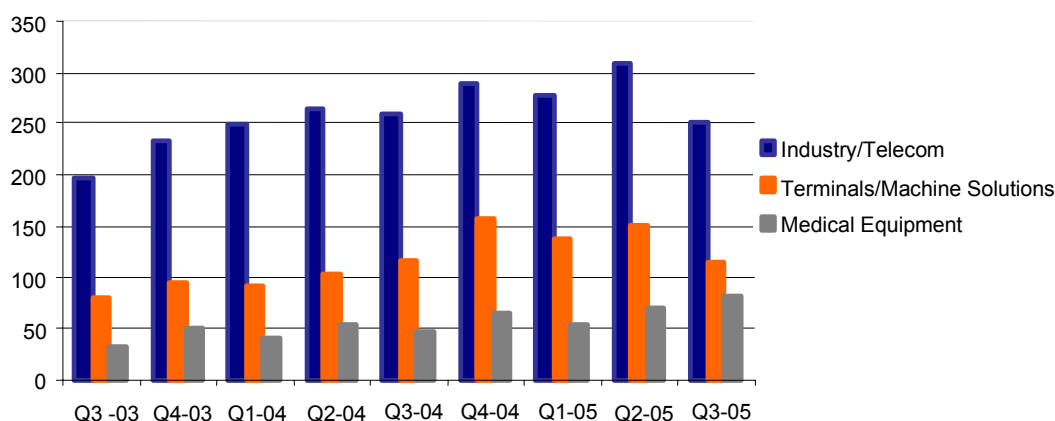
Operating earnings improved by SEK 10.9 million for the first nine months. SEK 6.4 million was attributable to the acquisition. The total figure was SEK 64.1 million (53.2).

Net interest expense for the first nine months of 2005 was SEK -10.3 million (-9.3).

The profit after financial items came to SEK 53.8 million (43.9).

SEK million

Net Sales per Business Unit



Group Performance by Quarter

(SEK million)	Q3 2003	Q4 2003	Q1 2004	Q2 2004	Q3 2004	Q4 2004	Q1 2005	Q2 2005	Q3 2005
Net revenue	307.6	379.5	381.1	422.0	422.6	511.9	471.0	530.1	446.3
Operating earnings*	1.7	2.7	10.7	17.5	24.9	20.2	19.1	22.0	23.0
Operating margin*	0.6%	0.7%	2.8%	4.1%	5.9%	3.9%	4.1%	4.1%	5.2%

All figures adjusted in compliance with IFRS principles

Financial Position and Liquidity

Working capital rose by SEK 74.2 million to SEK 494.3 million (420.1) from September 30, 2004 to September 30, 2005. Working capital was up by SEK 68.0 million from December 31, 2004. The acquisition of KSH-Productor made the single greatest contribution (SEK 25.1 million) to the improvement. For comparable units, the increase during the first nine months was 11.6%.

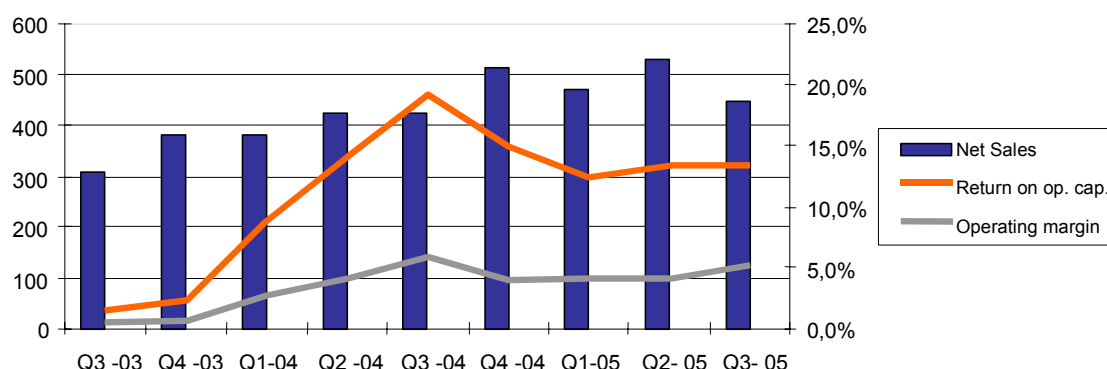
Operating capital on September 30, 2005 amounted to SEK 740.2 million (616.3), which was SEK 123.9 million more than on December 31. For comparable units, operating capital was up by SEK 38.4 million, or 6%, during the first nine months 2005.

Net investments totaled SEK 99.2 million (17.7) for January-September. Other than KSH-Productor, which accounted for SEK 61.0 million at the time of acquisition, the expansion of the Sieradz, Poland plant has constituted the single biggest investment during the year.

Excluding acquisitions, cash flow after investments amounted to SEK -7.3 million (-106.4) for the first nine months. Including the acquisition, cash flow after investments was SEK -93.5 million (-106.4).

SEK million

Key figures per Quarter



(SEK million)	Q3 2003	Q4 2003	Q1 2004	Q2 2004	Q3 2004	Q4 2004	Q1 2005	Q2 2005	Q3 2005
Working capital	264.9	267.0	291.4	314.8	420.1	426.3	443.4	498.4	494.3
Operating capital	491.6	488.1	496.4	515.1	616.6	609.1	629.0	751.9	740.2
Rate of capital turnover (multiple)*	2.6	3.2	3.2	3.4	3.3	3.8	3.0	3.2	2.6
Net borrowing	192.8	191.9	203.2	211.6	296.7	273.4	281.5	366.5	318.9
Adjusted shareholders' equity	292.5	288.0	293.2	303.5	319.7	335.8	347.5	385.6	421.5

All figures adjusted in compliance with IFRS rules

*Based on the average of each quarter's balances

Net borrowing, i.e., interest-bearing liabilities less cash and equivalents, was SEK 318.9 million (296.7) at the end of September, up by SEK 22.2 million from September 30, 2004 and SEK 45.5 million from December 31, 2004. The acquisition of KSH-Productor accounted for SEK 54.4 million of the increase.

Shareholders' equity came to SEK 421.5 million (319.7) on September 30. Issues of new shares associated with the acquisition and the employee stock option program contributed SEK 31.2 million and SEK 21.6 million to the increase respectively.

The equity/assets ratio improved further to 36.5% (31.6) on September 30, rising 4.9 percentage points from the same date in 2004.

Personnel

The number of full-time employees averaged 1,343 (1,248), an increase of 8%, during the first nine months.

The Group had 1,447 (1,325) full-time employees at the end of September. The acquisition of KSH-Productor brought 170 new people onboard.

Accounting Principles

As of January 1, 2005, PartnerTech prepares its consolidated financial statements in compliance with International Financial Reporting Standards (IFRS). In accordance with IFRS 1, "First-time Adoption of International Financial Reporting Standards," the transition date is January 1, 2004. Thus, all comparative figures for 2004 are reported as stipulated by IFRS.

The Acquisition and Its Impact

MSEK	Outcome 2005 PartnerTech Jan-Sep	Impact at the time of acquisition			PartnerTech exkl. the acquisition
		Balance sheet of the acquisition	Financing of the acquisition	Total effect	
Fixed Assets	281.5	17.1	43.9	61.0	220.5
Current assets excl. cash and equivalents	838.5	61.7	0.0	61.7	776.8
Cash and equivalents	33.6	-1.8	-2.6	-4.4	38.0
Total Assets	1 153.6	77.1	41.3	118.4	1 035.2
Shareholder's equity	421.5	0.0	31.1	31.1	390.4
Provisions	35.4	0.6	0.0	0.6	34.8
Total interest-bearing liabilities	352.4	18.8	31.2	50.0	302.4
Total non-interest-bearing liabilities	344.3	32.1	4.6	36.6	307.7
Total liabilities and shareholders' equity	1 153.6	51.5	66.9	118.4	1 035.2
Acquisition price incl additional purchase sum	0.0	0.0	66.9	66.9	0.0
Costs in conjunction with the acquisition	0.0	0.0	2.6	2.6	0.0
Appreciation incl. goodwill	0.0	0.0	43.9	43.9	0.0
Working capital	494.3	29.7	-4.6	25.1	469.2
Operating capital	740.2	46.2	39.3	85.5	654.7
Net borrowing	318.9	20.6	33.8	54.4	264.5
Profit generating	73.7	0.0	0.0	0.0	73.7
Change in working capital	-68.0	-29.7	4.6	-25.1	-42.9
Net investments	-99.2	-17.1	-43.9	-61.0	-38.2
Cash flow after investments	-93.5	-46.8	-39.3	-86.1	-7.3

In conjunction with the acquisition PartnerTech issued 407,811 shares at a per share price of 76.26SEK.

Key Developments

Tomra, a world-leading developer of systems for returning beverage containers, decided to work with PartnerTech on its new reverse vending machine. Signed in May and initially covering one product, the agreement has a potential value of more than SEK 200 million over three years. The order includes production, assembly and distribution to the end-customer.

In early June, PartnerTech signed a stock transfer agreement with the shareholders of KSH-Productor Oy, a Finnish contract manufacturer, to acquire its operations. With approximately 170 employees, the acquired units posted more than SEK 200 million in revenue during 2004. PartnerTech paid for half of the acquisition in cash and financed the remainder by issuing new shares. Including an additional purchase sum, the acquisition price was some SEK 67 million.

On June 21, the Stockholm Stock Exchange announced the names of the companies that had qualified for quotation on its Attract 40 list in the second half of 2005. PartnerTech was among them. The company had last been quoted on the Attract 40 list in 2001.

A stock option program for senior executives expired on July 1. The exercise of 306,667 options resulted in a total of 12,137,385 PartnerTech shares, representing 2.6% dilution.

Bofors Defence chose PartnerTech as a principal supplier for its newly developed Excalibur artillery grenade. As part of that arrangement, PartnerTech received a pilot series order worth approximately SEK 30 million over one year. Serial production is slated for 2008.

PartnerTech restructured its business units in order to ensure greater clarity. The move was also part of PartnerTech's effort to provide its customers with greater value added in the various segments that it serves. PartnerTech's three business areas going forward are Industry/Telecom, Terminals/Machine Solutions and Medical Equipment.

PartnerTech's newly expanded plant in Sieradz, Poland opened on September 22. With a total area of more than 6,000 square meters, the facility is based on the industrial needs of today's world, including an unwavering focus on customer requirements. The expansion essentially doubled the plant's capacity. The opening ceremony drew some 400 invited customers, suppliers, employees and other interested parties.

Key Developments after September 30

PacketFront, a world-leading Swedish supplier of purpose-built and intelligent solutions for broadband networks, decided to cooperate strategically with PartnerTech, which estimates that the agreement will be worth more than SEK 300 million over two years. Scheduled for the end of the year, the first deliveries will involve the provision of materials, as well as production and distribution, at PartnerTech's plants in Vellinge, Sweden and Sieradz, Poland.

Upcoming Financial Reports

Scheduled release dates:

- The Year End Report for 2005 will be released on February 15, 2006.
- The January-March 2006 interim report will be released on April 26.
- The January-June 2006 interim report will be released on July 14.
- The January-September 2006 interim report will be released on October 24.
- The next annual general meeting will be held on April 26, 2006.

PartnerTech AB, October 25, 2005
Mikael Jonson
CEO

For additional information, please call Mikael Jonson, CEO, at +46 70 678 10 01, or Jonas Arkestad, CFO, at +46 40 10 26 42.

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

Consolidated Income Statement (SEK million)	2005 Jul-Sep	2004 Jul-Sep	2005 Jan-Sep	2004 Jan-Sep	Rolling 12 mos.	2004 Jan-Dec
Net revenue	446.3	422.6	1,447.4	1,225.7	1,959.3	1,737.6
Cost of goods and services sold	-402.5	-377.3	-1,315.7	-1,111.7	-1,791.2	-1,587.1
Gross profit/loss	43.9	45.3	131.7	114.0	168.1	150.5
Selling expenses	-13.8	-12.7	-43.1	-38.7	-56.4	-53.2
Administrative expenses	-6.5	-6.6	-20.4	-19.8	-24.8	-25.2
Other operating revenue	1.4	0.9	5.6	4.8	9.0	8.2
Other operating expenses	-2.0	-2.0	-9.7	-7.2	-9.3	-6.8
Operating profit/loss	23.0	24.9	64.1	53.2	86.6	73.5
Net interest income/expense	-3.2	-3.0	-10.3	-9.3	-12.6	-11.6
Profit/Loss after financial items	19.8	21.9	53.8	43.9	74.0	61.9
Taxes	-5.8	-5.8	-16.1	-13.7	-20.5	-18.1
Profit/Loss for the period	14.0	16.1	37.7	30.2	53.5	43.8
Earnings per share before dilution (SEK)	1.15	1.41	3.11	2.64	4.41	3.83
Earnings per share after dilution (SEK)	1.15	1.37	3.11	2.58	4.41	3.72

Consolidated Balance Sheet (SEK million)

Assets

	2005 Sep 30	2004 Sep 30	2004 Dec 31
Intangible fixed assets	119.8	73.5	74.2
Tangible assets	154.0	146.0	142.3
Financial assets	7.7	7.8	1.4
Total fixed assets	281.5	227.3	217.9

Current assets

– Inventories	422.1	384.2	372.0
– Accounts receivable	397.7	373.2	364.6
– Other current assets	18.7	17.9	21.6
– Cash and equivalents	33.6	9.8	21.6
Total current assets	872.1	785.1	779.8

Total assets	1 153.6	1 012.4	997.7
---------------------	----------------	----------------	--------------

Liabilities and shareholders' equity

Shareholders' equity	421.5	319.7	335.8
-----------------------------	--------------	--------------	--------------

Provisions	35.4	31.0	35.0
-------------------	-------------	-------------	-------------

Long-term interest-bearing liabilities	50.2	10.9	13.5
Current interest-bearing liabilities	302.2	295.6	281.5
Total interest-bearing liabilities	352.4	306.5	295.0

Accounts payable	180.7	205.5	192.8
Other current non-interest-bearing liabilities	163.6	149.7	139.1
Total non-interest-bearing liabilities	344.3	355.2	331.9
Total liabilities and shareholders' equity	1 153.6	1 012.4	997.7

Cash flow Statements. Group (SEK million)	2005 Jul-Sep	2004 Jul-Sep	2005 Jan-Sep	2004 Jan-Sep	Rolling 12 mos.	2004 Jan-Dec
Net profit/loss	14.0	16.1	37.7	30.2	53.5	43.8
Reversal of depreciation/amortization	11.3	10.9	33.9	34.7	47.7	47.0
Capital gain/loss	-0.3	0.0	1.7	-0.1	1.3	-0.5
Change in tax liabilities	0.0	0.0	0.4	0.3	1.7	9.8
Change in working capital	4.1	-105.3	-68.0	-153.8	-71.5	-159.3
Net investments	-3.3	-7.0	-99.2	-17.7	-103.0	-22.7
Cash flow after investments	25.8	-85.3	-93.5	-106.4	-70.3	-81.8
Change in loans	-25.9	80.7	57.5	103.4	46.0	91.9
Dividend	-	-	-5.7	-	-5.7	-
Issues of shares	21.6	-	52.7	-	52.7	-
Translation differences	0.2	0.2	1.0	1.5	1.1	0.2
Change in cash and equivalents	21.7	-4.4	12.0	-1.4	23.8	10.4

Key Ratios	2005 Jul-Sep	2004 Jul-Sep	2005 Jan-Sep	2004 Jan-Sep	Rolling 12 mos.	2004 Jan-Dec
Gross margin. %	9.8	10.7	9.1	9.3	8.6	8.7
Operating margin. %	5.2	5.9	4.4	4.3	4.4	4.2
Profit margin. %	4.4	5.2	3.7	3.6	3.8	3.6
Return on operating capital (ROOC). %	13.4	19.2	12.5	13.6	12.6	13.5
Return on shareholders' equity. %	15.1	21.5	13.6	13.4	14.4	14.1
Equity/assets ratio. %	36.5	31.6	36.5	31.6	36.5	33.7

*The profitability ratios are calculated based on the average of each quarter's balances.

Per Share Data	2005 Jul-Sep	2004 Jul-Sep	2005 Jan-Sep	2004 Jan-Sep	Rolling 12 mos.	2004 Jan-Dec
No. of shares at end of period (thousands)	12,137	11,423	12,137	11,423	12,137	11,423
Profit/Loss after full income tax (SEK)	1.15	1.41	3.11	2.64	4.41	3.83
Profit/Loss after full income tax and dilution (SEK)*	1.15	1.37	3.11	2.58	4.41	3.72
Shareholders' equity (SEK)	34.72	27.99	34.72	27.99	34.72	29.40

*For 2004 figures, the dilution consisted of 306.667 outstanding employee stock options.

Change in shareholders' equity for the Group	2005 Jul-Sep	2004 Jul-Sep	2005 Jan-Sep	2004 Jan-Sep	Rolling 12 mos.	2004 Jan-Dec
Opening balance	385.6	303.4	335.8	288.0	319.7	288.0
Profit/Loss for the period	14.0	16.1	37.7	30.2	53.5	43.8
Dividend	-	-	-5.7	-	-5.7	-
Issues of shares	21.6	-	52.7	-	52.7	-
Translation differences	0.3	0.2	1.0	1.5	1.3	4.0
Closing balance	421.5	319.7	421.5	319.7	421.5	335.8

Impact of IFRS

All comparative figures for 2004 have been adjusted for the impact of IFRS as indicated below.

The adjustment to comply with IFRS rules consists of impairment of goodwill arising in connection with acquisitions. Goodwill is reported in the balance sheet as an intangible fixed asset.

Shareholders' equity (SEK million)

	2005 Sep 30	2005 June 30	2005 March 31	2004 March 31	2004 June 30	2004 Sep 30	2004 Dec 31
Total shareholders' equity (before conversion to IFRS)	407.2	373.3	337.2	291.2	299.4	313.6	327.6
Impact of IFRS on shareholders' equity	14.3	12.3	10.2	2.0	4.1	6.1	8.2
Total shareholders' equity (in accordance with IFRS)	421.5	385.6	347.5	293.2	303.5	319.7	335.8

Profit/Loss after full income tax (SEK million)

	2005 Q3	2005 Q2	2005 Q1	2004 Q1	2004 Q2	2004 Q3	2004 Q4	2004 Full year
Profit/Loss after full income tax (before conversion to IFRS)	12.0	10.5	9.1	2.7	7.3	14.1	11.4	35.5
Impact of IFRS	2.0	2.1	2.0	2.0	2.1	2.0	2.1	8.2
Profit/Loss after full income tax (including impact of IFRS)	14.0	12.6	11.1	4.7	9.4	16.1	13.5	43.7

Reconciliation of income statement (SEK million)

	Swedish accounting rules 2004	Impact of transition to IFRS 2004	IFRS 2004
Net revenue	1.737.6		1.737.6
Cost of goods and services sold	-1.595.7	8.6	-1.587.1
Gross profit/loss	141.9	8.6	150.5
Selling expenses	-53.2		-53.2
Administrative expenses	-25.2		-25.2
Other operating revenue	8.2		8.2
Other operating expenses	-6.8		-6.8
Operating profit/loss	64.9	8.6	73.5
Net interest income/expense	-11.6		-11.6
Profit/Loss after financial items	53.3	8.6	61.9

Taxes	-17.7	-0.4	-18.1
Net profit/loss	35.5	8.2	43.7

Reconciliation of Balance Sheet (SEK million)

	Swedish accounting rules 12-31-2004	Impact of transition to IFRS 12-31-2004	IFRS 12-31-2004
Assets			
Intangible fixed assets	65.6	8.6	74.2
Tangible assets	142.3		142.3
Financial assets	1.4		1.4
Inventories	372		372.0
Accounts receivable	364.6		364.6
Current receivables	21.6		21.6
Cash and equivalents	21.6		21.6
Total assets	989.1	8.6	997.7
Liabilities and shareholders' equity			
Shareholders' equity	327.6	8.2	335.8
Provisions	34.6	0.4	35.0
Interest-bearing liabilities	295		295.0
Accounts payable	192.8		192.8
Other current liabilities	139.1		139.1
Total liabilities and shareholders' equity	989.1	8.6	997.7

Reconciliation of cash flow

The impact on cash flow of IFRS adjustments for full-year 2004 is increased earnings (+8.2). reversal of depreciation and amortization (-8.6) and an increase in deferred taxes (+0.4). Cash flow after investments is unaffected.