



CONTENTS

Statement by CEO	2
Business	4
Employees	9
Structure	12
Goals, strategies and outcome	14
Performance per country	16
Areas of competence	18
Temporary staffing	22
Outsourcing	23
Recruitment	25
Career & Development	26
The Proffice share and five-year summary	28
Board of Directors	30
Senior Executives	31
Corporate governance	32
Report of the Directors	36
Profit and loss account	38
Balance sheet	39
Cash flow statement	41
Accounting principles and notes	42
Auditors' report and definitions	48
History and Addresses	49

PROFFICE IN BRIEF

Proffice has more than 10,000 employees and is engaged in temporary staffing, recruitment, outsourcing and career and development. Proffice operates in Denmark, Finland, Norway and Sweden. Proffice AB is listed on the Stockholm Stock Exchange.

THE YEAR IN SUMMARY

- Consolidated net turnover increased by 3 per cent and amounted to MSEK 3,145 (3,066).
- Operating loss before goodwill amortisation amounted to MSEK –55 (43).
- Loss after financial items amounted to MSEK –104 (20).

THREE-YEAR SUMMARY	2003	2002	2001
Net turnover (MSEK)	3,145	3,066	2,770
Profit/loss after financial items (MSEK)	–104	20	30
Average full-year employees	6,607	6,943	6,968
Earnings per share (SEK)	–1.12	–0.03	0.16

FINANCIAL INFORMATION DURING 2004

Annual General Meeting:

29 March 2004

Publication of Interim Report for Jan–March:
4 May 2004

Publication of Interim Report for Jan–June:
12 August 2004

Publication of Interim Report for Jan–Sept:
9 November 2004

SHAREHOLDER SERVICE

Proffice's financial reports are published on our website. You can also order them from our shareholder service:

Proffice AB, Shareholder Service,
PO Box 70368, SE-107 24 Stockholm, Sweden
Telephone: +46 8 787 17 00
e-mail: info@proffice.com
www.proffice.com

NET TURNOVER PER GEOGRAPHICAL AREA 2003



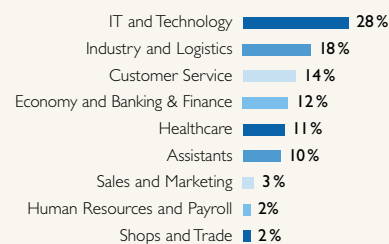
■ Sweden 56 % ■ Denmark 6 %
■ Norway 36 % ■ Finland 2 %

NET TURNOVER PER AREA OF ACTIVITY 2003



■ Temporary staffing 79 %
■ Outsourcing 12 %
■ Recruitment and Career & Development 9 %

NET TURNOVER PER COMPETENCE AREA 2003 Distribution in temporary staffing



(Life Science and Management are included in the above groups)

24

Twenty-four hours a day. Seven days a week. Always on call. With 10,000 employees in several hundred professional categories, Proffice is ready to meet the competence needs of our clients – in Denmark, Finland, Norway and Sweden. And we do it every hour of the day and night.

In our annual report for 2003, you can follow our employees over a 24 hour period of work. From evening duty at the hospital, via recruitment interviews and telephone switchboards, to the office, oil platform and warehouse night-shift. In places of work, at all hours of the day and night, Proffice's ambition is to be the first choice of our customers in staffing issues.

06:23

Many Norwegian radio listeners are waking up to Proffice's new advertising campaign on P4. The campaign consolidates the brand and increases familiarity with Proffice in Norway.

A challenging market with great potential

2003 was not a year in which the market developed favourably for the staffing sector. The year was characterised by an extremely weak labour market which deteriorated further in some respects. The stabilisation of the economy, reflected throughout the year in growth in the share market, did not have any impact on the demand for labour. On the contrary, many of Proffice's clients launched new action programmes at the end of the year, thus imposing further pressure on an already weak market. In terms of income, 2003 was an

extremely poor year for Proffice. The agreement previously entered into between the parties of the Swedish labour market continued to produce increased costs. We also saw prices being squeezed even more throughout the Nordic region, with worsening margins as a consequence. In order to adapt the organisation to the prevailing market situation, we were forced to implement staffing reductions and other measures resulting in significant restructuring costs.

Over the past eleven years, Proffice has shown uninterrupted growth and, in 2003, for the fifth year in a row, Proffice was voted one of the fastest growing companies in Europe by Growth Plus.

In 2003, turnover for our Norwegian operation amounted to more than a billion Swedish kronor. Specialising in providing consultancy services to the oil and gas industries, RC Consultants (RCC) is one of the largest, independent suppliers in this area in Norway. In 2003, RCC further consolidated its position. Among other projects, the company was commissioned at the beginning of the year to perform an assignment involving the planning, project management and reconstruction of an offshore crane vessel for

an oil-rig on behalf of Rosneft, the Russian oil company. The order value amounted to just over MSEK 150.

Development within Outsourcing continued to be positive. As early as the 1990s, Proffice was among the pioneers in the staffing sector of contract solutions – outsourcing, as it is now called. We believe that there is a great deal of development potential in this area where we take over and handle the support operations of companies and organisations and run them more efficiently. To broaden our customer offer to also include call centre solutions, in 2003, we increased our holding in one of the most modern call centre companies in the Nordic region – ProffCom.

ProffCom offers complete customer service solutions and helpdesk functions as well as telemarketing and market research. Clients include mail-order firms, energy companies, travel agencies, IT and telecoms companies and publications for subscription commissions.

The acquisition is in line with Proffice's strategy for growth in outsourcing, and distinct synergy effects in both the range of services and infrastructure have already been created over the past year. Outsourcing is a growing market segment – and is expected to continue to grow. The degree of penetration in the Nordic region is still low, compared with the rest of Europe and the USA. Another advantage is that outsourcing agreements have long terms, providing Proffice with a more stable income.

Over the past year, sales initiatives throughout the operation have been intensified and the number of calls on customers continues to grow. Every third minute, one of our sales personnel visits a company in the Nordic region. These frequent calls are important, not only in the short term where new sales are a priority, but also the close relationship we form with clients and the market gives us the local knowledge we need to develop our offer. Our sales initiatives have created the basis for the formation of a large number of framework agreements with major companies and organisations in the Nordic region. These agreements will have an extremely positive impact on earnings when the market starts to pick up. We



06:31

Before being driven out into the Oslo traffic, the city bus must be washed on the outside and cleaned on the inside. As well as transporting thousands of people, the bus will serve as a mobile commercial for Proffice throughout the day. Proffice's logo and message are painted all over the bus.

are particularly pleased about the central agreement with government departments and public authorities in Sweden for temporary staffing services. We are looking forward to continuing to develop the public sector with our clients.

Despite the fact that we have focused intently on measures to reduce costs and improve efficiency over the past year, we are not about to rest on our laurels. On the contrary, we have always been well ahead of the field and a driving force for improvement in our markets. Proffice is an entrepreneurial company with the will to change and build anew. In our position as long-term partner to our clients we have, thanks to the breadth and depth of our offer, both the mandate and the opportunity to satisfy our customers' need for competence provision – throughout the business cycle. And the closer we get to our customers, the stronger the driving force to develop our offer.

We believe that the need for new and adapted solutions will increase over the next few years. New requirements create new demands. An example of this includes the changes to the Swedish health insurance system which increase the responsibility of employers for their staff and, as a consequence, the employers' need to handle sick lists and rehabilitation. Another likely trend is that mobility and the need for flexibility, both on the part of employers and employees, will continue to grow – and with the expansion of the EU the benefits, to an increasing extent, will take place across national boundaries.

Proffice's vision is to be the most attractive and effective meeting-place for competence in the Nordic region. With our established position in the market, the broad range of services we offer, our strong local presence and decentralised organisation, Proffice currently enjoys a strong position – and we are well equipped for the future. We will continue to strengthen our customers' ability to compete by being sensitive to their needs and, at the same time, keeping one step ahead of the field with effective staffing solutions.



With our current infrastructure, we can deal with an increase in volume of approximately 20 per cent without being forced to make additional investments – and that will give us a powerful lever and potential when we see an upturn in the market.

Finally, I would like to thank all our customers and shareholders for the confidence you have shown in the company. Special thanks also go to every one of Proffice's 10,000 employees who – in a market that has been anything but easy – have shown enormous commitment throughout the year. Commitment that has strengthened Proffice for the future.

Stockholm, February 2004

Alf Johansson, CEO

BUSINESS

Our goal at Proffice is to always be the first choice of customers regarding staffing issues. With one of the broadest and most highly-qualified offers on the market, we are the driving force behind the development of the Nordic staffing market.

Strong presence throughout the Nordic region

In 2003, Proffice consolidated its position further in the Nordic market – our market share increased to 18 per cent.

CLOSE CO-OPERATION—AND A COMPREHENSIVE OFFER

Our customers have a continuous – and growing – need to develop their organisations. Through times of boom and bust, expansion and consolidation, the ability to adapt is vital to ensure an efficient organisation with the right employees.

Proffice aims to be the effective meeting-place for competence. Our aim is to cover all our customers' needs as far as the provision of competence is concerned. We work hard to be a long-term partner who does not simply follow clients as they develop – but gets fully involved and acts as a driving force.

Hence our comprehensive offer. Our broad range of services in Temporary Staffing, Recruitment, Outsourcing, and Career & Development means that we can keep pace with our customers over time. We also offer a complete spectrum of skills, including both generalists and specialists, to meet the needs of our customers.

Our comprehensive offer brings us closer to our clients, creating suitable conditions for deep and long-term customer relations that provide us with an excellent knowledge of our clients' operations. This is why we are always able to offer the staffing solutions that best match the needs of the customer, an absolutely crucial factor when it comes to quality and customer satisfaction.

07:39

Marie Jensen, hired through Proffice's Malmö office, travels to her job at the Øresundsbro Consortium where she sells passes to commuters crossing the bridge over the sound.

NEW WAYS OF DOING BUSINESS

Our goal at Proffice is to be the first choice of customers: we always aim to create the best customer value. The spirit of enterprise that has characterised Proffice since its inception has been a major contributory factor to the leading position held by Proffice today.

Ours is a dynamic market. The labour market is constantly changing and producing new demands. Here at Proffice we

are constantly seeing new opportunities, new services, new categories of competence, new forms of organisation and new ways of doing business. And the spirit of enterprise keeps urging us on. At all times, Proffice aims to be the driving force in our sector in the development of new services and concepts.

Ours has proved to be one of the most dynamic staffing companies in Life Sciences and we now occupy a strong, established position in this area. We are trail-blazers in the outsourcing sector, too, and over the past year we have grown even stronger in this area. Proffice has also pioneered a number of new competence areas in temporary staffing. And we shall continue to break new ground.

ONE OF THE LEADING PLAYERS

The Nordic perspective is central to all our work. Proffice aims to be one of the two largest players in the Nordic region in each area of activity. In this region, we have a total – and growing – market share of 18 per cent. Two years ago it was 16 per cent, and six years ago 9 per cent.


PROFFICE VALUES

FREEDOM OF ACTION The ability to create and offer freedom of action is a cornerstone of our operation. With our help, customers can change and consolidate their organisation in a straightforward way. Our employees have the freedom of action to experience working in different sectors, receive career support or sandwich other forms of personal development with their work.


 A woman with short blonde hair, wearing a dark coat and a red patterned scarf, is walking across a large, paved city square. In the background, there is a large, ornate building with many arched windows and a flagpole with a Norwegian flag. The sun is shining brightly, creating a warm, golden light across the scene.

08:03

Morning has broken in Oslo. The sun is shining and Hege Rydland, one of Proffice's management-for-hire-consultants, is on her way to work. At the moment she is working on a project as financial and office manager at Human-Etisk Forbund, the humanitarian and ethical association. The client has undergone major reorganisation in which Hege, with her vast experience in financial control and optimising process efficiency, has played an important role in the work.


 A close-up shot of a hand holding a newspaper. The newspaper is open to a page with several job advertisements. The text is partially legible, showing various job titles and descriptions.

◀ 08:20

Another job advertisement from Proffice recruitment. By advertising in the daily press, Proffice reaches its intended candidates – and strengthens the Proffice brand in the process.

08:21 ▶

A first-class customer service is at the top of the agenda of Proffice's call centres. Anna Gustafsson is a communicator in Proffice's call centre in Avesta. Together with all her Proffice colleagues in the Nordic region, Anna handled 18,900,000 calls in 2003.



BUSINESS CONCEPT Proffice provides its customers and employees with development opportunities and freedom of action by being the most attractive and efficient meeting-place for competence. Proffice provides for the specific wishes of its customers and employees by offering competence solutions both in the short and long term.

08:41
Yet another business call from overseas visitors at Bonnier's head office. The receptionist is a hired consultant from Proffice.

Our goal at Proffice is to achieve average organic growth in the markets in which we are active, at least on a par with the growth rate of the sector as a whole. The vigorous growth of the company means that in 2003 – for the fifth year in a row – Proffice was listed as one of the fastest growing companies in Europe by Growth Plus.

This dramatic growth can be explained by several interacting factors. At an early stage, we secured a prominent position in the development of the staffing market, among other means, by broadening our offer to include most professional categories. Several years ago, we also extended our range by offering recruitment, outsourcing and career development in addition to temporary staffing. At the same time, the company grew geographically and Proffice now has good coverage in Sweden, Norway, Denmark and Finland.

CERTIFIED PROCESSES

Quality shall permeate everything we do. The service as a whole, as well as the details, shall be just that little bit better, planned just that little bit more carefully and delivered just that little bit more quickly than our competitors. It is this approach that has made us leaders in terms of quality. Several of the companies within the Group have been certified in accordance with ISO 9001 for some time now. Our quality work is of the highest priority and we are constantly working to develop and improve ourselves. We regularly conduct opin-

ion polls among our customers and employees. Surveys show that we have been successful in fulfilling our ambitions: the quality of our services is considered to be high compared with other players in the sector.

OUR EFFORTS REWARDED BY SATISFIED CUSTOMERS

The high expectations we have of ourselves in terms of quality are an important tool in the battle for market share and are greatly appreciated by our customers.

Over the past three years in Norway, for example, our staffing operation has increased its market share by an average of one percentage point per annum.

Customers particularly value our consultants' competence and experience, but also the initiatives for following up and evaluating assignments once they have been implemented. Our growing market share, together with customer satisfaction, has created an extremely solid basis for continued expansion. And our initiatives for improving quality still further will continue.

SIGNIFICANT MARKET POTENTIAL

Over the past few years, the staffing sector in Europe has continued to grow. Development is being driven by a series of factors, the most important of which is deregulation of the labour market and an overall increase in demand for flexibility and mobility in the workforce

The market in the Nordic countries and Great Britain is almost completely deregulated while in other countries, such as Belgium, France and Germany, restrictions are still in existence depending on the line of business, purpose and period of employment concerned.

Conditions for continued growth in the European staffing sector are considered to be extremely good. Some of the factors which indicate this include:

- Shortage of the right competence at the right time.
- Shorter product cycles.
- Increased need for flexibility in companies.
- Increased demand among individuals for flexibility and freedom of choice.
- The focusing of client companies on their core business.
- An increasingly service-oriented economy requiring more personnel.
- Greater demand for shared service centres, such as payroll centres, call centres and financial functions.
- Increased mobility of employees.
- Future shortage of labour.

PROFFICE VALUES

DRIVING FORCE The labour market is becoming increasingly flexible, and knowledge-based companies are proliferating. In these turbulent times we need to keep the initiative, stay abreast of developments and promote development in a positive direction. With a corporate culture that encourages our employees to take the initiative themselves, we are increasing the opportunities we have for developing new, successful services and concepts.

The number of people employed in staffing companies continues to be appreciably lower in the Nordic region than in the rest of the European market. One of the reasons for this is that the Nordic labour markets were deregulated comparatively late. The degree of penetration in the Nordic countries varies from 0.3 per cent in Denmark and Finland, to 0.7 per cent in Sweden and Norway, compared with an average of 2 per cent in the other EU countries. The potential for growth in relation to the EU average is, therefore, three to four times as great in Sweden and Norway, and approximately six to seven times as much in Finland and Denmark.

GROWTH POTENTIAL

	Degree of penetration (%)	Growth potential (times)
Sweden	0.7	3–4
Norway	0.7	3–4
Finland	0.3	6–7
Denmark	0.3	6–7
Average for the rest of Europe	2.0	

The number of people employed in staffing companies continues to be considerably lower in the Nordic region than in the rest of the European market.

PROFFICE VALUES

CLOSENESS Creating real customer value requires closeness and sensitivity. This is why we are investing in an extensive network of local offices that know their own market and their employees.

GREAT POTENTIAL FOR GROWTH

Proffice can see the potential for growth in many areas. In temporary staffing, we can add new professional categories and create new concepts. But also in the Recruitment, Outsourcing and Career & Development areas of activity, we can see enormous potential for growth.

Since its launch in 1997, Proffice Care has been a pioneering player in the market and currently offers highly advanced services including complete operation teams and overall responsibility for staffing entire nursing wards.

Outsourcing is another area in which demand for our services continues to grow. An increasing number of companies are seeing the benefits of handing over responsibility for functions that do not form part of their core business to outside suppliers. Internal services, financial administration, telephony solutions and payroll management are examples of functions for which there is an increasing demand. Outsourcing's share of Proffice's total turnover has steadily increased over the past few years and the acquisition in 2003 of ProffCom, the call centre company, has strengthened us further in this area.

**09:23**

A customer's balance account is reconciled by Solveig Sundqvist at Proffice Outsourcing's Accounting Center in Stockholm.



09:42

Erik Soxbo is a laboratory engineer, employed by Proffice and hired out to Amersham, the BioTech company in Uppsala. Erik's duties include product manufacture, collating statistics and conducting research in ongoing projects. The collaboration between Amersham and Proffice has been going since 2001 and includes a large number of personnel categories. Apart from laboratory engineers like Erik, for example, Amersham hires buyers and research engineers from Proffice.

EMPLOYEES

Our values – courage, closeness, freedom of action and driving force – guide us in everything we do. Our entrepreneurial spirit and Nordic origin are other qualities that set us apart.

We offer flexibility and development

Our vision is for Proffice to be the most attractive and efficient meeting-place for competence in the Nordic region. As an employer, this imposes big demands on us to attract, develop and retain our employees.

A HIGHLY REWARDING CHALLENGE

We choose our employees with great care. Our customers engage Proffice to provide them with the right form of competence, and the input of the individual employee is a crucial factor in the success of a staffing commission. This is why we also make huge demands of our consultants and office workers. Proffice employees must be capable of working independently, every day. In fact, we believe that responsibility and development go hand in hand with a sense of well-being and success. Decentralisation and allowing the employees working most closely with customers to make as many decisions themselves as possible, produces a superior and more effective solution as a whole. That is our conviction.

Decentralisation is one of Proffice's strengths and our customers' key to flexibility and freedom of action. As far as our employees are concerned, this means greater opportunities than usual for personal development. Surveys among employees also show that those working for us appreciate the combination of responsibility and freedom. And, in the long run, satisfied employees lead to satisfied customers. We want Proffice to be the obvious choice for people who want greater freedom of action.

A MODERN APPROACH TO WORKING LIFE

The typical Proffice customer is a company or organisation with a modern, healthy approach to business, in which the ability to act is the first consideration. Similarly, the typical

Proffice consultant has a modern, healthy approach to his or her career. He or she will have the freedom to experience working in different sectors, receive career support or sandwich other forms of personal development with their work. The time has long gone when you could expect to undergo training just once in your life and then work for the same company or organisation until your retirement age. Proffice practises a modern form of leadership whereby employees are coached in personal development and taking the initiative.

DIVERSITY MAKES PROFFICE UNIQUE

Proffice is a Nordic company with strong, firmly-established roots. We have more than 10,000 employees distributed throughout the Nordic region.

Over the years, a broadening of the range of occupational categories has occurred and, today, Proffice receives commissions within most professions (more information can be found on pages 18–20).

However, diversity is about a great deal more to us than just competence. We are actively involved in creating diversity and making use of all the knowledge and experience available in the labour market. At Proffice, the proportion of professionally-active people originating from non-Nordic countries is higher than in the labour market as a whole. And that proportion will probably continue to grow. Workers from other countries will be playing an increasingly important role over the next few decades, as the proportion of professionally-active people in the total population of the Nordic region declines. This scenario creates enormous opportunities for us to consolidate our position as an effective link with working life.

10:15

Erik at Proffice Selection in Vestfold rings Anne, a candidate for a post and tells her that she has been given the job. A few hours later they are to meet a client together.

MISSION To increase job satisfaction and career opportunities for the professionally-active population.

CENTRAL ROLE IN THE LABOUR MARKET — AND SOCIETY AS A WHOLE

Proffice is actively working to increase the proportion of professionally-active people in the labour market. An example of this is our investment in older, competent and experienced

people who are excluded from the labour market – or are seeking greater independence. Working for Proffice creates completely new opportunities for controlling the relationship between work and leisure. This initiative also satisfies our customers’ need to strengthen their operations with employees who have a great deal of professional experience.

EMPLOYEES ORGANISE FUND-RAISING FOR CHILDREN OF THE WORLD

Yet again, in 2003, Proffice actively participated in fund-raising work for Children of the World, a charitable campaign run in collaboration with Radiohjälpen, the Swedish radio station. All over Sweden, Proffice employees organised their time and commitments to collect money for the charity. This initiative is part of Proffice’s ambition to contribute to the development of a society in which individuals, companies and organisations adopt a more responsible attitude to social needs.

KL 10:47
Tomas Magnusson, IT consultant at Proffice in Gävle, answers a query concerning broadband subscriptions offered by his client.

OUR VALUES — AN IMPORTANT PART OF OUR OPERATIONS

A company with sound and firmly-established values has greater potential for attracting competent employees and winning the loyalty of its customers. At Proffice, we have chosen to call these values our guiding stars – Courage, Closeness, Freedom of Action and Driving Force – and we are actively working with these to create a fundamental, shared value system among our employees and customers.

OUR RESPONSIBILITY TO EMPLOYEES

Proffice aims to offer the best career opportunities and the most competitive terms at all times. All Proffice’s newly-appointed staff undergo an introductory programme. The competence of our employees is developed through assignments with their clients, various projects, new work tasks, seminars and close and frequent contact with their immediate superiors. Our aim at Proffice is for the employment conditions, rights and development opportunities of women and men to be equal throughout the company. Proffice’s senior management is responsible for ensuring that active and goal-oriented work is run in co-operation with our employees. The Swedish Act concerning Equality between Men and Women forms the framework for this work and, in an equal opportunities plan, Proffice formulates the goals and activities considered to be of greatest urgency. Proffice wishes to make it absolutely clear that abusive treatment of any kind cannot and will not be tolerated within our organisation. Proffice plans and organises the work within the Group to prevent abusive behaviour as far as possible.

PROFFICE’S VALUES

COURAGE Courage is needed in times of great change to dare to try new paths, to dare to be inquisitive and to dare to move in a new direction. Our employees and customers are encouraged to do just that. And that is what has made Proffice what it is today.

In accordance with legislation concerning the working environment and rehabilitation regulations, Proffice aims to work to create a healthy working environment. Through previous rehabilitation initiatives, and active and preventative measures such as a good working environment and keep-fit measures, Proffice will strive for low absence due to illness, and the good health and well-being of its employees. If Proffice is unable to offer suitable work within the company due to the nature of an injury, the company will support and guide employees in the direction of new goals and participation in alternative employment outside Proffice. During the year concerned, through its work with Handelshögskolan (the School of Economics and Business Administration) in Stockholm, Proffice has devised a managerial development programme for the whole Group: Proffice Business Academy. The purpose of the programme is to further develop Proffice as a business-oriented and teaching organisation. We also want to develop clear leadership, secure the potential for the internal recruitment of managers and strengthen the network between managers with the Proffice Group. The programme is aimed at existing and potential managers at Proffice, as well as key personnel. In 2003, the first batch of around thirty employees took part in the Proffice Business Academy programme.

EMPLOYEE FACTS		
	2003	2002
Average number of full-year employees	6,607	6,943
Average number of office employees	541	529
Average number of consultants	6,066	6,414
Percentage of women	56	58
Percentage of men	44	42



11:07

One of Proffice's clients in Finland has just received a large, important order. Now the tempo at the production plant in Pirkanmaa has to be cranked up, which is why the client is calling Proffice. Proffice in Finland works with both temporary staffing and recruitment to the industrial sector; among others, and can produce candidates at short notice with the specialist competence required. Proffice's close relationships with clients make it easy for us to introduce the best candidates for each individual assignment.



◀ 11:13

Our client needs a cold-buffet manager quickly at their restaurant out in Kastrup. Consultancy manager, Dennis Rasmussen, soon finds a consultant who can take on the job the same day.

11:22 ▶

Jan Jörgensen, senior coach at Tennebø & Partners in Oslo, coaches one of his clients, a chief executive officer, before a major project for change. Tennebø & Partners, one of Norway's leading consultancy firms in Career & Development, works with several major companies in Norway.



STRUCTURE

Accessibility and the ability to inspire confidence at personal meetings are crucial for customer satisfaction and their experience of quality. Proffice's powerful offer is based on an organisation that is strong on resources though decentralised.

Strong local presence builds customer relations

Proffice is represented by more than 10,000 employees in most large and medium-sized towns in the Nordic region. We always strive to be close to our customers, both in terms of the personal relationship we form with our clients and in the purely geographical meaning of the word. Our organisation and leadership is built on far-reaching decentralisation which facilitates local presence and growth.

THE PERSONAL MEETING IS CRUCIAL

We practise a visionary form of leadership with plenty of scope for personal responsibility. Closeness to our customers is one of our most obvious factors for success, which is why it is also important for us to make decisions close to our customers. An important part of our work involves building close customer relations. Our investment in continuity and close relationships means that we can offer the solution that creates the greatest customer value every time.

As competition has intensified, the importance of the sales organisation has increased. Over the past year, Proffice continued to work intensively to increase the efficiency of our sales work. This is all about building up long-term confidence while bringing a sale to a swift conclusion. With our well-trained sales personnel, numerous sales meetings and increased contact with customers, we saw our competitiveness become even stronger in 2003.

STRONG PRESENCE AND LONG-STANDING COLLABORATION

We meet our customers through an efficient network. Our organisation is decentralised and we have a well-developed network of offices throughout the Nordic region.

Proffice has a total of 4,000 customers in Sweden, 2,000 in Norway, and 500 each in Denmark and Finland.

Most of the major companies in the Nordic region are among our customers. We are also regularly engaged by small and medium-sized companies. Proffice works in close collaboration with the public sector and our presence in this area is increasing.

CLOSENESS COMBINED WITH LARGE-SCALE OPERATIONS

In line with our principle of closeness, business development takes place at a local level as well as centrally. This means that new areas of competence can quickly develop wherever the need arises. Once an area of competence has been established, it can easily be integrated with other parts of the organisation. Growth takes place through launching new operations, opening new offices or through acquisitions.

At the same time, it is important to take advantage of the economies of scale offered by taking care of certain functions centrally. This is why we have joint systems for bookings, marketing and finance.

Activities are run from a business and management system based on three cornerstones: to nurture and develop the brand, to optimise and maximise the efficiency of the operations of each individual office, and to exploit the economies of scale of the Group.

BALANCED SCORECARD FOR QUICK AND EFFICIENT FOLLOW-UP

ProCard forms the core of the Proffice management philosophy. The balanced scorecard ensures that control within the Group is constantly focused on our strategic goals. Using ProCard, our goals can be communicated in an efficient way within the Group, while understanding and knowledge of how we create real value can be disseminated.

Using ProCard, we follow up our strategic development in three different areas of focus – Business, Employees and Structure. In each and every one of these three areas of focus, we set long-term, strategic goals as well as short-term operational goals. ProCard includes all companies in the Group.

IT SUPPORT INCREASES EFFICIENCY AND STRENGTHENS BUSINESS TRANSACTIONS

Through our efficient business and systems support, we create the best possible value for our customers and employees. All our offices have access to the whole of the customer and candidate bank. When our customers require a particular

competence, their needs are matched online with the candidates available. The competence of the candidates has already been ascertained with the help of tests and references.

Our business system facilitates the continuous development of existing operations and comparisons between various parts, but is also an essential prerequisite for rapid and profitable growth. Acquired operations can be incorporated quickly into the Proffice brand and make use of systems support, resulting in increased efficiency and increased economies of scale.

PROFFICE DIALOGUE — CUSTOMERS AND EMPLOYEES

ASSESS PROFFICE

Every year, Proffice conducts a survey among customers and employees called ProfficeDialogue. The purpose of the survey is to measure the attitudes and values of the employees as well as gather information about how our customers view Proffice as a supplier and a partner.

The results of the 2003 survey show that customer satisfaction has continued to increase in many areas.

In some of the most important categories – satisfaction with our employees' work for customers – we earned extremely high marks. On average, customers are favourably or extremely favourably disposed to Proffice, and more than four out of five would definitely recommend Proffice to other companies. An equally high proportion of employees have a positive or extremely positive image of Proffice.

STRONG BRAND WITH NORDIC CHARACTER

Proffice has a strong and well-known brand. We will continue to work on strengthening our brand which is a strategic asset for us. The brand must clearly communicate our offer and emphasise our most distinctive features – in our relationship with our customers and our employees. The fact that Proffice is perceived to be an attractive and interesting employer is an essential factor for success. This means that we must always take into consideration the views of a wide range of interested groups on what our brand represents and how we should live up to this.

To increase familiarity with the brand in the long term, we are working simultaneously in several different media. During the year, for example, Proffice presented the weather forecast on TV4 in Sweden and advertised on radio P4 in Norway.

ETHICAL BUSINESS

— INCREASINGLY A FACTOR FOR SUCCESS

As far as we are concerned, business ethics are about more than just following best business practice. From time to time,

PROFFICE AB			
SWEDEN	NORWAY	DENMARK	FINLAND
Proffice Sverige AB Temporary staffing Recruitment Proffice Care AB Temporary staffing Recruitment Outsourcing Proffice Outsourcing AB Outsourcing ProffCom AB Outsourcing Antenn Consulting AB Career & Development	Proffice AS Temporary staffing Recruitment Outsourcing RC Consultants AS Technical staffing solutions Advisory services Tennebo & Partners AS Career & Development Proffice Care AS Temporary staffing Recruitment ProffCom AS Outsourcing	Proffice A/S Temporary staffing Recruitment Outsourcing Proffice Care A/S Temporary staffing Recruitment Outsourcing ProffCom Communication-center A/S Outsourcing	Proffice Finland Oy Temporary staffing Recruitment FAST Henkilöstöpalvelut Oy Temporary staffing Recruitment ProffCom Communication-center Oy Outsourcing

Important operating companies.

it is also about turning down business. For example, we do not work with companies or organisations that violate the basic labour market conventions of the ILO (International Labour Organisation), the UN declaration on human rights or the recommendations of Agenda 21.

We also refuse to be associated with any form of ethnic discrimination. In cases where the customer seeking to hire staff has certain wishes or requirements concerning the ethnic origin of potential employees, we choose to turn down the assignment. As far as we are concerned, the competence of the individual is the crucial factor when deciding whether or not a candidate is suitable for a job.

CONCERN FOR THE ENVIRONMENT IS SELF-EVIDENT

Proffice's environmental work comes from an overall perspective based on the cyclical principle. We shall actively work to contribute to ecologically-sustainable development, and we endeavour to pursue our business activities with the least possible negative effect on the environment. This means that our overall environmental goals are to economise on natural resources and minimise the company's use of non-renewable resources. Our environmental work is based on the gradual adaptation of our activities to ensure they have as little impact on the environment as possible.

Our intention is for our environmental work to be integrated into our daily work and we take the environment into consideration with every decision we make. This is why we have guidelines and procedures to ensure all our employees are able to take the environment into consideration when making decisions.

GOALS, STRATEGIES AND OUTCOME

Goals

Proffice shall be perceived to be the strategic partner regarding staffing issues and be the leading supplier of flexible staffing solutions of a high quality. Proffice shall also be the sector's most attractive employer. Our goals are divided into three areas of focus:

BUSINESS

- We are one of the two largest players in the Nordic region in the fields of temporary staffing, recruitment, outsourcing and career and development programmes. Our average organic growth in the markets in which Proffice is active is at least on a par with the growth rate of the sector as a whole.
- Our return on capital is higher than average for comparable activities, with an average long-term margin of at least 6 per cent before amortisation of goodwill.
- We shall be the first choice of our customers and offer them superior added value.
- We shall be perceived to be the driving force in our sector in the development of new services and concepts.
- Quality shall permeate everything we do.

KL 12:45

Proffice's recruitment consultant in Gothenburg is making a return visit to a client three months after taking on a candidate. It's now time to assess the appointment.

EMPLOYEES

- We are the obvious choice for those who wish to increase their freedom of action
- We contribute to the increased quality of life of our employees.
- In everything we do, we shall be guided by our values: courage, closeness, freedom of action and driving force.
- We will offer continuous competence development to thereby ensure that we are stimulating employers and can offer our customers competent staff.

STRUCTURE

- We have a clear and decentralised organisation. Our leadership is visionary, while there is plenty of scope for personal responsibility.
- Through our efficient business and systems support,

we create the best possible value for our customers and employees.

- Our customers have local as well as global needs. We meet them through an effective network with wide geographical distribution throughout the Nordic region, 24-hour access and the option of booking our services on the Internet.
- Our well-established brand guarantees quality and commitment.

Financial goals

Proffice's overall financial goals are to provide shareholders with good growth in value and a high level of dividend. Profit and cash flow growth are the most important factors for securing a good total return on capital. The goal of the Board of Directors is that, in the course of a business cycle, Proffice shall achieve a margin of at least six per cent before goodwill amortisation. Our organic growth in the markets in which Proffice is active shall be at least on a par with the growth rate of the sector as a whole. To this may be added growth through acquisitions as part of Proffice's expansion strategy.

Strategies

CUSTOMER FOCUS

The most important factor for success for Proffice is to be in close contact with existing as well as future customers at all times. Our aim is to offer well-adapted, flexible staffing solutions and to actively participate in the customer's process of change. We will achieve this by operating the best sales organisation, the most effective matching of skills with customer requirements, and the best consultants. Our primary focus will also continue to be on the most strategically important customers.

OPERATIONAL EFFICIENCY

We aim to offer our customers the best in terms of value added by providing services in a cost-efficient way, adapted to suit the needs of the customer. We create suitable conditions for this to happen by minimising administrative and other expenditure through the adoption of efficient process-

es and routines. Every krona invested has to be justified in terms of increased customer benefits or reduced costs. Our method for operational efficiency is based on process controls and the customer value-based development of operations.

MARKET EXPANSION IN THE NORDIC REGION — ORGANIC AND THROUGH ACQUISITIONS

We shall continue to expand and be one of the two leading companies in the sector with a complete range of the company's services in all markets in the Nordic region. We will achieve this through organic growth and acquisitions.

ATTRACTIVE EMPLOYER

In order to be able to develop and expand the business, it is important for our employees to want to continue to develop in their work for our customers and within Proffice. In our efforts to attract the best employees, it is important to stimulate and encourage personal initiative and to offer the best career opportunities and competitive terms. Proffice's goal is to satisfy the competence needs expressed by our customers in order to develop our employees and commissions. To guarantee the quality of our training initiatives, Proffice works with a number of different training institutions, such as Handelshögskolan (the School of Economics and Business Administration) in Stockholm and Folkuniversitetet.

CONCEPT DEVELOPMENT

Our present activities will continue to be offered while new staffing services are developed. In recent years, we have developed new concepts in, for example, the healthcare sector, schools, industry and biotechnology.

PARTNER STRATEGY

We aim to further develop collaboration with our knowledge-based partners. In this way, we will secure our specialist competence and be able to offer our customers overall solutions in technology, operations, services and staffing.

QUALITY-CONSCIOUSNESS

Our quality work is enormously important to us and we are constantly working to develop and improve ourselves. Part of this work involves continuously simplifying and improving our systems and routines. Several of the Group's companies have been certified in accordance with ISO 9001 for some time now. In addition, our staffing system has further sharpened our ability to match customer requirements with Proffice employee competence.

Performance 2003

Net turnover increased by 3 per cent to MSEK 3,145 (3,066). Growth in comparable units was 0 per cent. Temporary staffing accounted for 79 (82) per cent of net turnover while Outsourcing accounted for 12 (8) per cent and Recruitment, including Career & Development, accounted for 9 (10) per cent. During the year, turnover for operations in Sweden amounted to MSEK 1,770 (1,894). In Norway, net turnover amounted to MSEK 1,119 (936). In Denmark, net turnover amounted to MSEK 183 (174) and in Finland turnover was MSEK 73 (62).

Loss for the year amounted to MSEK –55 (43), corresponding to a margin before goodwill amortisation of –1.7 (1.4) per cent. Operating loss amounted to MSEK –99 (4), corresponding to an operating margin of –3.1 (0.1) per cent. Income after net financial items amounted to MSEK –104 (20). Profit for the year amounted to MSEK –75 (–2).

Proffice has good geographical coverage in the Nordic region. During the year, Proffice increased its market share in the Nordic region to 18 per cent, and we increased or maintained our market share in all our geographical markets. Proffice is the third largest staffing company in the Nordic region after Manpower and Adecco.

The year was characterised by poor economic growth which chiefly affected operations in temporary staffing and recruitment. To meet current demand in these areas, Proffice has further adapted the size of the organisation and refined corporate areas of activity to achieve increased customer focus.

The purpose of modifications to the organisation is to recreate optimum conditions for a long-term profit margin (EBITA) of at least 6 per cent.

Demand in the Outsourcing area of activity has continued to be good and Proffice decided to further invest in this area by acquiring ProffCom. ProffCom offers complete, high-tech customer service solutions and helpdesk functions as well as telephone services, telemarketing and market research throughout the Nordic region. Through the acquisition, the Outsourcing area of activity increased turnover for the year by 54 per cent to MSEK 377.

THREE-YEAR SUMMARY

MSEK (unless otherwise specified)	2003	2001	2000
Net turnover	3,145	3,066	2,770
Profit/loss after financial items	–104	20	30
Average full-year employees	6,607	6,943	6,968
Earnings per share (SEK)	–1.12	–0.03	0.16

Sweden

DEVELOPMENTS OVER THE PAST YEAR

- Shrinking market (–6 per cent)
- Extremely weak development in the Stockholm region
- Full impact of the agreement between the labour market’s parties squeezed the margins
- Stop on recruitment in county councils reduced demand within healthcare sector
- Marked growth in the Industry and Logistics area of competence
- New major commission and framework agreement
- Chosen supplier to government departments and public authorities
- New managing director at Proffice Care AB
- New management at Antenn Consulting AB
- Staff reductions

THE SWEDISH MARKET

The staffing companies’ share of the total labour market is relatively low. Private employment services (recruitment) were first permitted in 1993 and, in the same year, the remain-

ing time and needs restrictions concerning temporary staffing were abolished. According to the trade association, the staffing sector employs more than 40,000 people, which corresponds to 0.7 per cent of the population fit for work.

COMPETITION AND MARKET SHARE

There are about 400 staffing companies in Sweden, of which approximately 250 have at least 10 employees. The four largest companies (Manpower, Proffice, Adecco and Poolia) account for more than 75 per cent of the market. In 2003, total turnover of the staffing sector in Sweden was estimated at MSEK 8,500. Of this, temporary staffing accounted for almost 90 per cent and recruitment and outsourcing for about five per cent each.

MARKET		PROFFICE	
Size of market (MSEK)	8,500	Net turnover (MSEK)	1,770
Degree of penetration (%)	0.7	Proportion of turnover (%)	56
		EBITA (MSEK)	–6*

*) Excluding parent company expenses.

Norway

DEVELOPMENTS OVER THE PAST YEAR

- Despite tough competition, Proffice succeeded in increasing its market share. The focus continues to be on staffing, selection, management-for-hire and outsourcing
- Stagnant market
- Several important agreements with gas, oil and energy companies for the RC Consultants company
- RC Consultants completed major projects, including lifting crane replacement in the offshore industry
- Adaptation of the organisations to prevailing market conditions including reduction in the number of office staff
- Take-over of one of the previously jointly-owned franchise companies

THE NORWEGIAN MARKET

The proportion of employees working for staffing companies in Norway is 0.7 per cent. In 2003, sector turnover amounted to approximately MSEK 4,700. Unemployment and the strong Norwegian krone were contributory factors to this reduction.

Traditionally speaking, consultants in Norway are only employed on an hourly basis, which means that consultants often have contact with several staffing companies at the same time.

COMPETITION AND MARKET SHARE

The Norwegian staffing market comprises about 150 companies. The market is dominated by a small number of major, nationwide players including Manpower, Adecco and Proffice. Proffice has approximately 23 per cent of market share, while Manpower and Adecco are the two largest players.

MARKET		PROFFICE	
Size of market (MSEK)	4,700	Net turnover (MSEK)	1,119
Degree of penetration (%)	0.7	Proportion of turnover (%)	36
		EBITA (MSEK)	20

Denmark

DEVELOPMENTS OVER THE PAST YEAR

- Stagnant market.
- New managing director at Proffice AS took up his duties on 1 January 2004.
- Adaptation of the organisations to prevailing market conditions including reduction in the number of office staff.
- Focused cultivation of the healthcare sector and Industry and Logistics.

THE DANISH MARKET

In Denmark there is a clear division between recruitment companies and other staffing companies. Today, there are more than 550 staffing companies, of which two-thirds are sole proprietorships. In 2003, the number of people employed in the staffing sector was more than 20,000. Traditionally speaking, consultants in Denmark are only employed on an hourly basis, which means that consultants often have contact with several staffing companies at the same time.

There was zero growth in the overall market in 2003. Turnover amounted to approximately MSEK 2 000.

COMPETITION AND MARKET SHARE

Major companies such as Adecco, Manpower and Tempteam dominate the market. A large number of small local niche companies are also in operation.

Proffice is one of the largest companies in the sector with a market share of 9 per cent.

MARKET		PROFFICE	
Size of market (MSEK)	2,000	Net turnover (MSEK)	183
Degree of penetration (%)	0.3	Proportion of turnover (%)	6
		EBITA (MSEK)	-15

Finland

DEVELOPMENTS OVER THE PAST YEAR

- Continued extremely tough competition with unchanged competition picture and zero growth
- Demand for staffing services on the office side was weak
- Increased focus on staffing within Industry and Logistics which developed well
- Change of management at Proffice Finland Oy
- Positive earnings trend

THE FINNISH MARKET

Staffing company activities in Finland include most categories of personnel. In 2003, the staffing sector employed approximately 33,000 people, of whom 60 per cent received their main income from the sector. This corresponds to approximately 0.3 per cent of the total population fit for work. In 2003, sector turnover remained unchanged at approximately MSEK 2,100. The number of companies that used the staffing services of staffing companies was approximately 9,000. Traditionally speaking, consultants in Finland are only employed

on an hourly basis, which means that consultants often have contact with several staffing companies at the same time.

COMPETITION AND MARKET SHARE

During the year, approximately 200 companies were actively engaged in this sector. Of these, approximately half are programme agencies that hire out artists. With market share of approximately three per cent, Proffice is one of the ten largest players in Finland. The staffing market in Finland is highly fragmented and the market leader, the Finnish company Eilakaisla, has approximately 10 per cent of market share.

MARKET		PROFFICE	
Size of market (MSEK)	2,100	Net turnover (MSEK)	73
Degree of penetration (%)	0.3	Proportion of turnover (%)	2
		EBITA (MSEK)	4

AREAS OF COMPETENCE

Our ambition is to have a comprehensive offer, whereby customers can rely on us to meet all their staffing needs at all times.

The effective meeting-place for competence

Proffice offers a broad spectrum of competence, both generalists and specialists, and a number of staff with experience gained in senior positions. By meeting major parts of our customers' needs, we can build in-depth and more long-term customer relations. This is an essential requirement for producing the solutions which best match the needs of the customer.

Our operation is divided into the following areas of competence in which we offer both temporary staffing and recruitment.

14:36
Maia Bruhn from Proffice's office in Umeå is visiting a client with the purpose of presenting the three final candidates for the post of new financial manager.

ASSISTANTS
Today, it is self-evident that the typical secretary/assistant is well-trained in a number of areas. The work has evolved to become more self-governing, the employee often having responsibility for his or her own projects. Proffice offers consultants at all levels, for example,

principal secretaries, project assistants, and secretaries to managers and chief executives.

BANKING AND FINANCE
Proffice Banking and Finance specialises in providing staff for banking, finance, treasury, corporate finance, insurance and credit. Our consultants and candidates have an extremely broad spectrum of experience. Professional categories include private and corporate advisors, credit officers, insurance officers, cash and customer service personnel, back-office personnel (securities, funds, currency, money market).

SHOPS AND TRADE
In the Shops and Trade competence area, we offer competent and experienced personnel for the retail trade, sales points and service operations. The consultants are carefully selected, bearing in mind the fact that social competence is an important criterion. Professional categories include shop managers, supervisors, shop sales staff, shop assistants, cash personnel, stock selectors, personnel for merchandise/goods demonstrations and regional managers.

ADMINISTRATION
Proffice business administration specialises in supplying competence in finance and accounts and provides, for example, accounts assistants, finance assistants, controllers, finance directors and chief accountants. In the public sector, we also provide staff including heads of department, financial administrators, controllers and accounts assistants.

SALES AND MARKETING
Sales and Marketing includes all areas in sales, marketing and information. Our employees have both broad and cutting-edge competence in this area. Professional categories include marketing managers, marketing assistants, project leaders, public relations officers, telemarketing personnel, appointments officers, product managers, web designers, sales personnel and sales managers.

HR (HUMAN RESOURCES) AND PAYROLL ADMINISTRATION
This area of competence offers managers, specialists and assistants covering the whole area of personnel and payroll administration. Our range of services includes staffing, recruitment and consultations. Our personnel specialists have a wide range of experience including competence development, recruitment and labour legislation. Our employees also include payroll administrators and payroll managers.

We also offer customers our CompetenceCoach service which supports the client in the process of developing and maintaining their internal competence. Our offer includes internal mentorship and trainee programmes, and training of our customers' superintendents and coaches. With Proffice's support, the customer can make better use of the knowledge that already exists within their organisation, reduce competence development costs and, at the same time, focus more closely on the goals of the operations. Examples of the services offered by CompetenceCoach are: Mentorship, Trainee, Superintendent and Managerial Development programmes as well as Management Support, Interview Techniques, Development Discussions, Leadership, Communication and Pedagogy.

15:03

Lena Georgsson has prepared a telephone conference for one of Accenture's consultancy teams. The lead time is short and everything has to work properly. Lena is employed by Proffice Outsourcing and is one of the three people running Accenture's service centre at Sveavägen, Stockholm. The centre is responsible, for example, for booking offices, meeting rooms and temporary communications solutions. Accenture's service centres are built identically all over the world to ensure their consultants can work efficiently at all times – no matter which office they happen to be in.



◀ 15:17

Proffice is on site, on the Norwegian oil platforms, through RCC, one of the leading players in advisory services, project management and staffing solutions to the oil and gas industries.

15:26 ▶

Jonas Lindahl is a communicator at ProffCom in Avesta, one of Proffice's call centres. Large geographical distances are of little significance in the context of customer services today. For example, Norwegian colleagues of Jonas in Oslo and Kristiansund run customer services and telemarketing for clients throughout Norway.



INDUSTRY AND LOGISTICS

In Industry and Logistics we offer competent and experienced personnel in areas such as warehousing, industry and service departments. Administrative professional categories include logistics, forwarding and purchasing agents and, on the blue-collar side, warehouse staff, truck-drivers, selectors and assemblers (electronic and mechanical). We also provide solutions with staff experienced in senior positions such as logistics and warehouse managers, and production managers, supervisors, technicians and planners. In Industry and Logistics we also offer engineering and project management competence in the form of outsourcing, advisory services and temporary staffing.

Within this area of competence in Denmark and Norway, we offer kitchen staff –“Canteen”– with, for example, dishwasher staff, cold-buffet managers and chefs.

15:30
Mimmi Engestang, one of Proffice's competence coaches, starts a training programme for mentors at a client company.

IT AND TECHNOLOGY

Rapid developments in IT mean that regular reviews of an organisation's competence are essential. Proffice offers staffing and recruitment of IT personnel for the majority of positions. Among other tasks, our consultants are called on to take care of helpdesks, take responsibility for PC requirements, make applications and set up networks. Some of the professional categories included in this group are systems programmers, project managers and network technicians, as well as competence in the oil and gas industries, for example, which are engaged in complex project assignments. In the course of these assignments, we also undertake complex projects that may involve replacing lifting cranes on oil-rigs and other areas of business.

CUSTOMER SERVICE

This area of competence includes telephony, customer service, reception, mailroom, and internal service. Customer Service works with several different customer-specific solutions for short and long-term commissions. Professional categories include telephonists, telemarketing, receptionists, customer service and helpdesk, office messengers, conference and exhibition hosts.

LIFE SCIENCE

The pharmaceuticals industry and biotechnology areas are expected to show strong growth. The market for recruitment and staffing in this sector is already huge and all the indications are that the supply of services within this area will continue to grow. Life Science amasses competence in fields such as bioengineering, pharmaceuticals and medical engineering. We staff and recruit clinical trials managers, biomedical analysts/laboratory assistants, chemists, laboratory engineers, process technicians and product managers.

MANAGEMENT/MANAGEMENT FOR HIRE

Proffice hires out and recruits personnel for senior managerial positions. Our consultants are highly qualified and have a great deal of experience. Chief executive officers, sales/marketing directors, human resources/personnel directors, local authority managers, social services managers, unit managers, project managers, IT managers and business/organisation developers are examples of positions for which we provide personnel. Proffice Management also offers solutions for boards of directors or management groups.

HEALTHCARE

Healthcare sector services are chiefly managed by the Proffice Care company which operates in Sweden, Norway and Denmark. All of these markets have in common the fact that their need for qualified healthcare services is great, while their resources are straitened.

To meet the high demands made by Proffice Care's increasingly specialised clients, Proffice Care must attract capable and flexible personnel. To guarantee specialist competence and a high quality of service, Proffice Care focuses chiefly on two personnel categories, doctors and nurses. the two categories can also be brought together in, for example, the operation teams and diagnosis teams for which Proffice Care also acts as an agency. Proffice Care also provides for posts such as assistant nurses, medical secretaries, dentists, dental nurses and nursing instructors.

Proffice
Vestergade 29-31, 1.
1456 København K.

DANMARK



16:08

Helle Stensager, a recruitment consultant in Copenhagen, is sorting out the day's pile of incoming mail. Proffice has been advertising on behalf of a client who needs to recruit a salesperson. Helle is about to go through the applications that have come in the post, and conduct a search in Proffice's candidate bank. Of course, Helle can also fall back on an informal network which is often an extremely useful aid in the recruitment process.

Proffice

◀ 16:15

One of Proffice's clients needs a new member of staff for one of their customer centres outside Oslo, and the client is extremely anxious about getting exactly the right candidate! Proffice has a well-established recruitment process, and can therefore offer a guarantee: if the candidate leaves his or her post within four months due to a failure to meet agreed requirements, Proffice will conduct a new recruitment process free of charge.

16:21 ▶

Jonas Møller, one of Proffice's sales personnel in Oslo is on his way to visit a client. Using one of Proffice's electric cars, he makes his way quickly and efficiently through the city traffic.



TEMPORARY STAFFING

We assist our customers by providing them with competent personnel where they are needed, when they are needed and for as long as they are needed.

Closer relationships and longer assignments

Temporary staffing forms the basis of Proffice's operations and corresponded to 79 per cent of turnover in 2003.

GETTING CLOSER TO OUR CUSTOMERS

Temporary staffing means that we assist our customers by providing them with competent personnel for short or long periods of time. Staffing periods can vary from a single day to several years. The current trend is for longer commissions – more than half of our assignments exceed three months in duration, and only 15 per cent are shorter than a month. The move towards longer commissions brings with it a number of advantages: our relationship with our customers is deepened, putting us in a better position to anticipate and meet their needs. Longer commissions mean that the administrative expenses involved in each assignment are kept relatively low.

16:42
Gunn Kristin, working in Proffice's major client department in Oslo, posts an offer to provide telephone switchboard and officer services for a major company.

PROFFICE HAS BREADTH
All areas of competence offer temporary staffing. New staffing solutions are being developed continuously in close co-operation with our customers.

QUALITY AND FOLLOW-UP
Quality work is extremely important to us. To ensure that every assignment is staffed with the right people, with the right degree of competence and at the right point of time, we create a detailed requirement profile; our consultancy managers invest a great deal of effort in producing company profiles and service descriptions.
Our consultancy managers also occupy a key position when it comes to following up and evaluating an assignment. Each commission is followed up on site, on the customer's premises, and the customer's viewpoints and suggestions for improvements are incorporated in Proffice's improvement work. A natural part of this process involves relaying any feedback to the consultant.

CONTINUED DEVELOPMENT
In recent years, the proportion of specialists and highly-qualified personnel among Proffice's consultants has increased.
The company is continuously extending the number of professional areas covered.

FUTURE PROSPECTS
It is difficult to judge when the demand for temporary staffing is likely to increase. More than anything else, it will be determined by developments in the economy as a whole.
In the immediate future, we anticipate increased demand in the public sector in Sweden as well as industry and logistics throughout the Nordic region. We also anticipate an increased demand for complex staffing solutions in the form of responsibility for staffing complete shifts in industry and responsibility for complex projects within the oil industry.



16:56
Susanne Jensen, consultancy manager in Århus, books an interview for the following day. One of her clients needs reinforcements for next week.

OUTSOURCING

Through Outsourcing, Proffice takes responsibility for complete functions, in other words, staffing, management, administration, development and personnel care. Customers can then focus on their core business and, at the same time, reduce their costs.

Development driven by the need for greater efficiency

STRONG DEVELOPMENT

Proffice's first outsourcing commission started in 1991. Today we offer a range of different solutions – depending on the customer's needs, whether or not we take over functions on the customer's premises (InHouse) or in one of our centres. The functions we take over first-hand include telephony, customer service, reception, office service, post service, goods reception, conference service, payroll administration, and purchasing and finance functions. Major clients include Volvo, Pfizer, Saab Aerospace, TeliaSonera and Accenture. Major new customers in 2003 include Svenskt Näringsliv (Confederation of Swedish Enterprise), Osram and Valeo.

In summer 2003, ProffCom, the Nordic call centre company, was acquired. Outsourcing represents 12 per cent of Proffice's total turnover, and the number of employees totals 1,100.

FLEXIBILITY, SECURITY AND FREEDOM OF ACTION

Outsourcing solutions create opportunities for both the customer and the employee. The customer is able to concentrate on his or her core business and free up personnel resources as well as premises. As far as the employee is concerned, outsourcing creates greater opportunities for varied work, freedom of choice and personal development. Using outsourcing solutions often leads to reduced costs for the customer, especially when you take into consideration the degree of service and competence on offer.

In addition, the customer has access to Proffice's specialist competence at all times, and the increased flexibility means that the right staffing is always available no matter how great the workload.

INHOUSE SOLUTIONS

We offer InHouse solutions to companies that wish to keep their business-supporting functions in-house. Proffice takes responsibility for ordinary activities and ensures the right competence is in the right place at the right time.

Our managers have extensive experience and provide

change and service-oriented leadership to the functions for which they assume responsibility. Employees are given new opportunities for personal development within their areas of competence.

CENTER SOLUTIONS

In Gothenburg, Norrköping, Stockholm and Falun, our Payroll Centers handle wages and salaries for some 70 companies employing a total of 40,000 personnel. Wage management is something that lends itself to being run as a large-scale operation but, in order to achieve this, advanced support systems and major personnel resources are required – something which most companies lack today.

Our Accounting Centers take care of the financial administration of our clients. Proffice takes responsibility for the complete chain – from the scanning in of invoices and current accounts to annual accounts and financial reports. We also take responsibility for ensuring fees and taxes are reported in the accounts and paid on time. The Accounting Centers have powerful systems support which creates economies of scale.

Our Callcenter operations, provided via ProffCom, offer complete high-tech customer service solutions and helpdesk functions such as telephone services, telemarketing and market research throughout the Nordic region.


OTHER COMMISSIONS

Other commissions include the medical information service in Region Skåne, Sweden, which is handled by around 50 nurses from Proffice Care.

Proffice Care has also developed a solution for case note management which makes it possible for healthcare providers to contract out this administration to external suppliers.

THE FUTURE

A growing number of companies are discovering the benefits of outsourcing functions apart from their core business to outside suppliers. There is much to indicate continued positive development in this area of activity.



17:35

Stefan Otterbeck, recruitment consultant at Proffice, is in the final stages of a recruitment process – he is discussing the three final candidates' profiles with a Proffice colleague. In a few days' time, the candidates are to meet the client for the first time. Over several intensive weeks, the candidates have undergone a methodical assessment process involving industrial-psychological tests, in-depth interviews and references being taken. Now remains, possibly, the toughest stage of all: in one week's time, the client have to decide on one of the candidates.



◀ 17:47

Proffice Finland is advertising the post of management secretary to Capman Capital Management. After going through Proffice's scrupulous selection process, Capman Capital Management decides to appoint Anneli Lautanen. Proffice can put yet another successful recruitment assignment to one side.

17:58 ▶

Helena Lindefors goes through the results of an OPQ (Occupational Personality Questionnaire) test. Proffice has a well-developed recruitment methodology in which personality tests – such as OPQ – are an important aid. The test is often used for recruiting managerial appointments and qualified specialists.



Freedom of action and flexibility increase security

Proffice has many years' experience in recruitment. Recruitment activities, including Career & Development currently account for 9 per cent of Proffice turnover. Recruitment assignments cover all areas of competence and, in staffing terms, vary in size from single individuals to hundreds of employees.

CUSTOMERS DECIDE FOR THEMSELVES

Our customers decide for themselves whether or not to engage us for the whole recruitment process or to assist them with only parts of it. Once Proffice has found the right candidate, the customer can choose whether to recruit the person directly or hire the staff for a period of time before an engagement is made. With Hire-Engage, over a period of generally three to six months, the customer can assure him or herself that the candidate is right for the job. During the temporary staffing period, Proffice takes full responsibility as employer and, during that period, the customer has the opportunity to engage the candidate whenever he or she chooses.

With so-called straight recruitment, staff are recruited direct. Here, too, Proffice can offer extra security. If, during the period agreed, the customer or the person recruited chooses to cut short the appointment, the Proffice recruitment guarantee will kick in and Proffice will present a new candidate at no extra cost.

In recent years, Proffice has refined its selection processes and has noted an increased demand for personal assessments. In many cases, the client will have identified a number of final candidates him or herself but needs support in making the definitive choice. Proffice's recruitment consultants offer, then, a detailed foundation for decision-making based on industrial-psychological tests, in-depth interviews and reference controls.

LONG EXPERIENCE

Our recruitment consultants have experience and specialist knowledge of many different areas of business, which means that they can quickly make a professional assessment of the customer's needs. The thoroughly-considered recruitment process used by Proffice is continuously being developed and refined.

We collect details of applicants seeking work through us.

We have a large recruitment database with qualified candidates for future recruitment commissions.

ESTABLISHED PROCESS OFFERS EXTRA SECURITY

The Proffice recruitment process has been extremely well thought out. The stages of the process are:

- *Drawing up a company profile and requirements profile.* We place a great deal of emphasis on producing a full description of the company, the service in question and the customer's requirements.
- *Search.* This involves searching through the Proffice candidate bank and advertising on the Proffice website. Posts are advertised in newspapers and the specialist press, and on a selection of external websites.
- *Selection process.* Interviews are conducted with the support of industrial-psychological tests and are validated with scrupulous reference controls.
- *Presentation.* The most suitable candidates are introduced to the customer.
- *Employment and follow-up.* Following the appointment of the candidate, Proffice maintains regular contact with both the employer and the new employee to ensure that both parties are satisfied with the arrangement.

MARKET BEING DEVELOPED

We are constantly developing our recruitment services: as we extend our areas of competence, we make appropriate modifications to our temporary staffing and recruitment processes.

FUTURE PROSPECTS

The recruitment sector is sensitive to changes in the economy and, consequently, has shown poor growth over the past few years. Many smaller players have ceased trading and the shrinking market means that even established players are finding that prices are being squeezed. At present, Proffice can see no clear evidence of an imminent upturn in the market. We do, however, believe that an improvement in the economy will lead to increased activity in the labour market and bring with it an increase in the volume of commissions.

CAREER & DEVELOPMENT

Companies implementing major processes for change often risk losing valuable competence. Proffice helps them attain the right degree of competence in relation to their vision and market position.

The right degree of competence at the right time

Corporate development and changes in competence are well-established activities within Proffice, operating in Sweden and Norway through wholly-owned consultancy companies Antenn Consulting and Tennebø & Partners.

LONG-TERM SUPPLY OF COMPETENCE

Continuous development and adaptation to the business world imposes major demands on the organisation of a company. To plan – and firmly establish – changes is far-reaching work that is important for the long-term success of a company.

18:43

Proffice consultant Anna Svartström is leaving her office in the centre of Helsinki. She is currently working on an assignment for a client who is in the process of implementing a new financial system.

In this instance, the commitment and familiarity employees have with the business is crucial, as is the management of the organisation.

Antenn Consulting and Tennebø & Partners work on bringing together the client company's business objectives and competence requirements with suitable employees.

Our consultants help client companies to realise their business and HR strategies, communicating change, defining competence requirements and supporting the work involved in shaping a changed organisation. This takes place in a continuous process which also includes instruction, training and coaching of managers, employee support, competence development and support in the creation of external solutions for staff.

PROJECTS INCLUDE:

- Career development programmes for employees conducted in-house and through outplacement. Utilised when the operations of a company and the competence of an individual are mismatched.
- Support for senior management in staffing an organisation during a process of change based on the business goals and the customer's requirements of the operation.
- Outplacement programmes for employees leaving a company in the event of closure or reorganisation. Programmes

are run for both white- and blue-collar workers and ordinarily run for six to twelve months.

- Individual outplacement of managers and specialists.
- Coaching managers to communicate vision and lead during periods of change.
- Individual coaching programmes for employees, among other objectives, to increase motivation and raise awareness of the company's goals.
- In-house career development programmes, so-called competence or resource centres.

ANTENN CONSULTING

Antenn Consulting is one of the foremost consultancy firms in Sweden specialising in outplacement/competence exchange. Major initiatives have been launched in corporate development and competence change through the development of services in close collaboration with client companies. Antenn Consulting has more than 100 employees.

TENNEBØ & PARTNERS

Tennebø & Partners work with many of the largest companies in Norway and are partners in Arbora-Global Career Partners. Together with Antenn Consulting, the Norwegian company is continuously developing methods and joint arrangements with customers.

CONTINUED GROWTH THROUGHOUT THE YEAR

A number of major agreements were formed with existing and new customers during the year. Several thousand people underwent Antenn's outplacement programme and nearly 2,000 employees have been included in Antenn's project for change.

THE FUTURE

Up until now, the weak economy has not affected demand for development services or support programmes, and the market is considered to still be good. The need for efficiency measures within companies and organisations is still considered to be great, a fact which has emerged in a number of studies.

19:01

Johan Pegelow, client manager for one of Antenn's major employment conversion projects, is holding a project presentation in Gothenburg. The project has been extremely successful: over the past year, more than 90 per cent of the more than 1,000 participants have found a new job or a different solution. And they are not on their own; since the beginning of 1991, Antenn has had more than 25,000 participants pass through its career development programme.

◀ 19:15

Proffice Care's doctor arrives – as he does every week – at Linnégården home for the elderly in central Stockholm. It's time to do the rounds. The nurses have made a careful list of the residents he is to see. Many of the residents at Linnégården are unable to attend a health centre themselves, which is why Proffice Care's doctor makes a home visit once a week.

19:27 ▶

Four new order-takers, please! One of Proffice's Danish clients has been running a major advertising campaign on TV and the response has been extremely good. Now they need more staff! After a quick search in the candidate bank, Proffice has produced a number of candidates and is soon able to give four candidates the go-ahead. Just 15 minutes later, Proffice calls the client to tell them who to expect the following morning.

THE PROFFICE SHARE AND FIVE-YEAR SUMMARY

QUOTATION

Proffice's shares have been listed on the O-list of the Stockholm Stock Exchange since 11 October 1999. The introduction price was SEK 21. The share is traded in blocks of 400 shares and the abbreviated name is PROE B.

On 12 June 2003, Proffice appointed a market maker for the company share within the framework of the Stockholm Stock Exchange's market maker system. The purpose of this action is to promote the liquidity of the share.

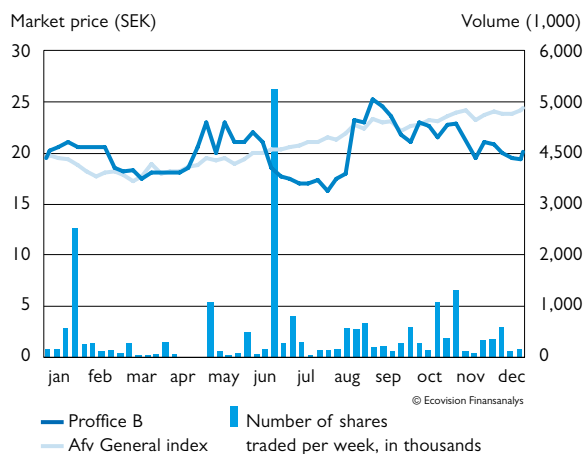
OPTIONS

In 2000, Proffice implemented an options programme on market conditions directed at the staff. The options fell due without value in May 2003.

DIVIDEND POLICY

The goal of the Board of Directors is that dividends shall correspond to at least 50 per cent of Group profit after tax on average over time. For the financial year 2003, the Board of Directors proposes that no dividend be paid to shareholders.

DEVELOPMENT OF THE PROFFICE SHARE 2003



In 2003, the Proffice share price rose by 5 per cent. During the same period, Affärsvärlden's General index rose by 30 per cent. The highest price paid during the year for the Proffice share was SEK 26.40 on 25 August, while the lowest quotation during the year was SEK 16.00 on 13 March. At the end of the year, the Proffice share was quoted at SEK 20.10, which corresponds to a market value of MSEK 1,300.

In 2003, a total of 21,600,000 Proffice shares were traded and an average of 87,000 shares were traded per day, which represents an increase of 9 per cent compared with 2002.

FIVE-YEAR SUMMARY

MSEK (unless otherwise specified)	2003	2002	2001	2000	1999
Net turnover	3,145	3,066	2,770	2,348	1,388
Operating profit before amortisation of goodwill	-55	43	42	146	65
Operating profit	-99	4	11	126	55
Profit after financial items	-104	20	30	134	54
Net change in turnover (%)	2.6	10.7	18.0	69.2	62.0
Gross margin (%)	-1.0	2.0	2.1	6.6	5.5
Operating margin before amortisation of goodwill (%)	-1.7	1.4	1.5	6.2	4.7
Operating margin (%)	-3.1	0.1	0.4	5.4	4
Profit margin (%)	-3.3	0.7	1.1	5.7	3.9
Return on operative capital (%)	-48.2	1.9	6.3	98.4	79.8
Return on shareholders' equity (%)	-23.3	-0.5	2.7	25.6	18.1
Total assets	976	1,014	1,120	968	632
Shareholders' equity	264	381	395	409	279
Equity/assets ratio (%)	27.2	37.8	36.8	42.9	44.1
Net operating capital	-117	-11	-106	-24	-33
Net operating capital/turnover (%)	-3.7	-0.3	-3.8	-1.0	-2.4
Operative capital	166	244	172	180	76
Operative capital/turnover (%)	-5.3	8	6.1	7.7	5.5
Net debt/equity ratio	-0.2	-0.3	-0.6	-0.5	-0.7
Net interest coverage ratio	4.8	7.7	6.5	45.7	12.5
Cash flow from current operations before changes in working capital	-18	33	44	131	59
Average number of employees	6,607	6,943	6,968	7,088	3,847
Net turnover per employee (SEK thousand)	476	442	398	331	361
Value added per full-year employee (SEK thousand)	415	382	342	299	308
Number of shares at year-end (thousand)	66,960	66,960	66,960	66,960*	62,960*
Average number of shares (thousand)	66,960	66,960	66,960	65,798*	57,720*

* Recalculated for share split 4:1.

ANALYSTS MONITORING PROFFICE ON A REGULAR BASIS

Company	Name	Telephone
Alfred Berg, Stockholm	Jacob Wall	+ 46 8 5723 6059
Carnegie, Stockholm	Charlotte Widmark	+ 46 8 676 87 87
Credit Agricole Indosuez		
Cheuvreux Nordic, Stockholm	Niklas Ekman	+ 46 8 723 51 75
Danske Equities, Copenhagen	Søren Samsøe	+ 45 33 440 448
Deutsche Bank, Stockholm	Mattias Karlkjell	+ 46 8 463 55 19
Enskilda Securities, Stockholm	Andreas Joelsson	+ 46 8 5222 9618
Enskilda Securities, Stockholm	Cecilia Lannebo	+ 46 8 5222 9500
Kaupthing, Stockholm	Lars Frick	+ 46 8 791 48 55
Nordea Securities, Stockholm	Stefan Andersson	+ 46 8 5349 2286
Swedbank Markets, Stockholm	Stefan Stjernholm	+ 46 8 5859 1448

SHARE DATA ^{a)}

Key ratios	2003	2002	2001	2000	1999	1998	1997	1996	1995
Earnings per share (SEK)	-1.12	-0.03	0.16	1.31	0.62	0.46	-0.23	0.13	0.13
Equity per share (SEK)	3.94	5.69	5.90	6.11	4.43	1.69	0.62	0.96	0.27
Cash flow per share (SEK)	0.06	-1.63	0.13	0.3	2.18	0.77	-0.32	0.55	0.2
Dividend per share (SEK)	0 ¹⁾	0.25	1	0.25	0.5	0.125	-	-	-
Year-end market price	20.10	19.20	38.50	67.25	39.25				
Average no. of shares traded per day (thousand)	87	80	146	152	380				

^{a)} Adjusted for share splitting.¹⁾ Proposed dividend.

DISTRIBUTION OF SHARES 31-12-2003

Holding	No. of shareholders	No. of A shares	No. of B shares	Holding (%)	Votes (%)
1–500	2,265	0	566,013	0.85	0.55
501–1,000	643	0	551,097	0.82	0.54
1,001–2,000	350	0	574,721	0.86	0.56
2,001–5,000	182	0	627,554	0.94	0.61
5,001–10,000	80	0	599,698	0.90	0.58
10,001–20,000	54	0	761,300	1.14	0.74
20,001–50,000	20	0	632,128	0.94	0.61
50,001–100,000	17	0	1,325,300	1.98	1.29
100,001–500,000	33	0	7,994,723	11.94	7.76
500,001–1,000,000	7	0	5,451,015	8.14	5.29
1,000,001–5,000,000	15	0	32,141,301	48.00	31.22
5,000,001–10,000,000	0	0	0	0.00	0.00
10,000,001–	1	4,000,000	11,735,150	23.50	50.25
Total	3,667	4,000,000	62,960,000	100.00	100.00

LARGEST SHAREHOLDERS 31-12-2003

Shareholder	No. of A shares	No. of B shares	Capital (%)	Votes (%)
Christer Hägglund through companies	4,000,000	11,735,150	23.50	50.25
Handelsbanken funds	0	5,800,063	8.66	5.63
SEB funds	0	4,827,402	7.21	4.69
Lannebo funds	0	4,818,361	7.20	4.68
Alecta	0	4,035,746	6.03	3.92
Livförsäkringsbolaget Skandia	0	3,019,400	4.51	2.93
SIS Segaintersettle AG	0	3,012,400	4.50	2.93
AMF Pension funds	0	2,356,200	3.52	2.29
JP Morgan Chase Bank	0	1,900,600	2.84	1.85
State Street Bank and Trust Co	0	1,539,103	2.30	1.49
Other shareholders (3,657)	0	19,915,575	29.74	19.34
Total	4,000,000	62,960,000	100.00	100.00

Of the total of 3,667 shareholders, 3,528 are registered in Sweden with a capital share of 56 per cent and 138 shareholders are registered outside Sweden with a capital share of 21 per cent, apart from the principal shareholder Christer Hägglund's ownership through companies with a capital share of 23 per cent.

NUMBER OF SHARES AND VOTES

Type of share, voting strength	No. of shares	No. of votes	Percentage of all shares	Percentage of all votes
A unrestricted, 10 votes	4,000,000	40,000,000	6.0	38.9
B unrestricted, 1 vote	62,960,000	62,960,000	94.0	61.1
Total	66,960,000	102,960,000	100.0	100.0

CHANGES TO THE SHARE CAPITAL

Year	Transaction	Increase in share capital (SEK)	Changes in no. of A shares	Changes in no. of A shares	Total no. of shares	Share capital (SEK)	Nominal amount of shares (SEK)
1963	Formation of the company	50,000	-	500	500	50,000	100
1995	Bonus issue 1:1	50,000	-	500	1,000	100,000	100
1996	New share issue ¹⁾	25,000	-	250	1,250	125,000	100
1997	New share issue ²⁾	1,000	-	10	1,260	126,000	100
1998	Sub-division of shares	-	156	-156	1,260	126,000	100
1998	Bonus issue 99:1	12,474,000	15,444	109,296	126,000	12,600,000	100
1998	Split 10:1	-	140,400	993,600	1,260,000	12,600,000	10
1998	New share issue ³⁾	800,000	-	80,000	1,340,000	13,400,000	10
1998	New share issue ⁴⁾	200,000	-	20,000	1,360,000	13,600,000	10
1999	Split 10:1	-	1,404,000	10,836,000	13,600,000	13,600,000	1
1999	Restamping of shares	-	-560,000	560,000	13,600,000	13,600,000	1
1999	New share issue	1,900,000	-	1,900,000	15,500,000	15,500,000	1
1999	Conversion of convertible loan ⁵⁾	240,000	-	240,000	15,740,000	15,740,000	1
2000	Redemption of options ⁶⁾	1,000,000	-	1,000,000	16,740,000	16,740,000	1
2001	Split 4:1	-	3,000,000	47,220,000	66,960,000	16,740,000	0.25
Total		16,740,000	4,000,000	62,960,000			

¹⁾ Rights issue directed at Nordic Capital Partners AS at the price of SEK 145,000 per share, corresponding to approximately SEK 3.66 per share after a bonus issue and share split in 1998, and a share split in 1999 and 2000.

²⁾ Rights issue directed at the then Board members Håkan Ramsin and Ingemar Hedberg, as well as Katarina Engdahl, at a price of SEK 145,000 per share, corresponding to approximately SEK 3.66 per share after a bonus issue and share split in 1998, and share split in 1999 and 2000.

³⁾ Rights issue directed at SEB Funds at a rate of SEK 317 per share, corresponding to approximately SEK 7.93 per share after share split in 1999 and 2000.

⁴⁾ Rights issue directed at employees in Norway at a rate of SEK 317 per share, corresponding to approximately SEK 7.93 per share after share split in 1999 and 2000.

⁵⁾ Issued to certain senior executives.

⁶⁾ Subscription for options issued to the staff in 1998.

Board of Directors



URBAN JANSSON
Halmstad, born 1945
Education: Diploma in Economics
Chairman of Proffice AB since 1998
Other directorships: Chairman of Drott, Plantasjen A/S among others
Board member of Addtech, Ahlstrom Corp, Anoto Group, Eniro, SEB among others
Shareholding in Proffice: 150,000 B-shares

SYLVIA KRISTENSEN
Stockholm, born 1948
Employee representative
Education: Economist
Board member of Proffice AB since 1999
Shareholding in Proffice: 0



GUNILLA WIKMAN
Stockholm, born 1959
Head of Group Communications, SEB
Education: Master of Business and Administration
Board member of Proffice AB since 2000
Shareholding in Proffice: 0

ROLAND NILSSON
Bromma, born 1950
Chief Executive Officer of Wedins Skor & Accessoarer AB
Education: Master of Engineering
Board member of Proffice AB since 1999
Other directorships: Chairman of A-Com AB, Frango AB, MZ Travel AB, Board member of Dometic AB, Drott AB, Clair International AB
Shareholding in Proffice: 10,800 B-shares



JOEL MÖLLER
Täby, born 1942
Employee representative
Education: Master of Political Sciences
Board member of Proffice AB since 2000
Shareholding in Proffice: 2,000 B-shares

CHRISTER SANDAHL
Stockholm, born 1944
Executive Chairman of MyTravel Northern Europe AB
Education: Economist
Board member of Proffice AB since 1992
Other directorships: Board member of MyTravel Group PLC, Ving, Sunwing, Always, Saga, Spies, Tjäreborg, Cyber Com Consulting Group and Rival AB
Shareholding in Proffice: 100,000 B-shares



CHRISTER HÄGGLUND
Djursholm, born 1953
Board member, Proffice AB since 1990
Education: Master of Business and Administration
Other directorships Board member of Rival AB
Shareholding in Proffice: 4,000,000 A-shares and 11,735,150 B-shares

ALF JOHANSSON
Vallentuna, born 1956
Chief Executive Officer, Proffice AB
Education: Master of Business and Administration
Board member of Proffice AB since 2000
Other directorships: Deputy Director of Vallentuna Elverk AB
Shareholding in Proffice: 478,400 B-shares

Group Management



ALF JOHANSSON

Chief Executive Officer, Proffice AB
Born 1956, employed by Proffice 1997
Education: Master of Business and Administration
Shareholding in Proffice: 478,400 B-shares



NICLAS HANDEFAST

Vice Managing Director, Proffice AB
Born 1965, employed by Proffice 1997
Education: Master of Business and Administration
Shareholding in Proffice: 350,000 B-shares



FREDRIK LINDGREN

Chief Financial Officer, Proffice AB
Born 1970, employed by Proffice 2003
Education: Master of Business and Administration
Shareholding in Proffice: 0



HANS UHRUS

Senior Vice President Corporate Communications, Proffice AB
Born 1958, employed by Proffice 1994
Education: Master of Business and Administration
Shareholding in Proffice: 36,000 B-shares

Management Subsidiary companies

GÖRAN ARNELL

Managing Director, Proffice Sverige AB
Born 1961, employed by Proffice 1999
Education: Engineer
Shareholding in Proffice: 1,000 B-shares

PER BERGERUD

Managing Director, Proffice AS
Born 1956, employed by Proffice 2000
Education: Business economist
Shareholding in Proffice: 1,400 B-shares

VILHELM BOAS

Managing Director, ProffCom Holding A/S
Born 1956, employed by Proffice 2003
Education: Master of Business and Administration
Shareholding in Proffice: 0

ANDERS GUSTAFSSON

Managing Director, Antenn Consulting AB
As from March 2004
Born 1968, employed by Proffice 2000
Education: Market economist
Shareholding in Proffice: 0

ELISABET KEUSSEN

Managing Director, Proffice Care AB
Born 1964, employed by Proffice 1997
Education: Cand. Phil.
Shareholding in Proffice: 1,000 B-shares

PETER KLARIS

Managing Director, Proffice A/S
Born 1958, employed by Proffice 2004
Education: Master of Business and Administration
Shareholding in Proffice: 0

HERNAN RUIZ

Managing Director, Proffice Outsourcing AB
Born 1968, employed by Proffice 2001
Education: Master of Business and Administration
Shareholding in Proffice: 160 B-shares

HARRI SJÖHOLM

Managing Director, FAST Henkilöstöpalvelut Oy
Born 1954, consultant at Proffice since 2001
Education: Mag. Phil.
Shareholding in Proffice: 0

STEIN TENNEBØ

Managing Director, Tennebø & Partners AS
Born 1952, employed by Proffice 2000
Education: ThD, MBA
Shareholding in Proffice: 1,000 B-shares

EGIL TJELTA

Managing Director, RC Consultants AS
Born 1945, employed by Proffice 2000
Education: Lic. Phil.
Shareholding in Proffice: 0

AUDITORS

TORBJÖRN HANSON

Stockholm, born 1943
Authorised Public Accountant Ernst & Young AB
Auditor at Proffice since 1999

JOHAN KAIJSER

Stockholm, born 1951
Authorised Public Accountant Ernst & Young AB
Auditor at Proffice since 1991



Dear shareholders,

Commitment and reliance are the cornerstones of Proffice's operation. A close and trusting business relationship with our customers has been – and continues to be – a crucial condition for our success.

Our aim is for commitment and reliance to characterise Proffice's relations with shareholders and investors. This is where Proffice's communication with the business world plays an important role. It must be characterised by clarity, promptness and relevance – qualities that have always been given a high priority at Proffice.

But apart from describing how the operation is developing, we must also give a clear picture of how Proffice is managed, chiefly from the shareholders' perspective. How do we work within the Board of Directors and the Board's committees? According to which principles and policies is the company being run? With the ambition of achieving greater transparency, we have also described in greater detail in the annual report how Proffice works with issues concerning corporate governance.

Stockholm, February 2004
Urban Jansson
Chairman of the Board

ASSIGNMENT OF RESPONSIBILITIES
AND BASIC GUIDELINES

The management and internal controls within the Proffice Group are divided between the shareholders at the Annual General Meeting, the Board of Directors and the Chief Executive Officer in accordance with the Swedish Companies Act and the articles of association of the company.

The Proffice Board has overall responsibility for operations. The Board is responsible for the administration of the company in accordance with the Swedish Companies Act and makes decisions concerning the overall strategies of the company. The Chief Executive Officer manages operations within the framework established by the Board. Responsibility for daily activities rests with the managing directors of each subsidiary and their operational managers.

Proffice strives to maintain extremely high business ethical standards. Among other things, Proffice refuses to work with companies or organisations that violate the basic labour market conventions of the ILO (International Labour Organisation), the UN declaration on human rights or the recommendations of Agenda 21. Proffice actively works to promote equality and prevent abusive treatment of employees, and refuses to accept any form of ethnic discrimination.

REPORTS AND INFORMATION

Proffice aims to maintain a high level of communication with the company's various stakeholder groups. The company has an information policy that controls the information issued by the company and ensures the company follows current regulations and recommendations.

Through the CEO and Senior Vice President Corporate Communications, the management is responsible for the company's contact with the capital market, media and other stakeholder groups. In issues of ownership, the company is represented by the Chairman of the Board.

Proffice produces the annual report, interim reports and other current information in accordance with Swedish law and practice. The reports are published in Swedish and English, and distributed to the shareholders and other parties who have declared their interest in these to the company. Reports and press releases can be accessed on the company's websites www.proffice.se and www.proffice.com.

Proffice reports registered people with a position of insight in Proffice to Finansinspektionen (the Swedish Financial Supervisory Authority). The following individuals in Proffice are peo-

ple considered to always be in a position of insight: board members, CEO, COO, CFO, Senior VP Corporate Communications and the company's auditors. The company also defines an additional group of officers as people with positions of insight.

ANNUAL GENERAL MEETING

All shareholders registered in the shareholders' register and who notify the company of their participation in accordance with issued notice, are entitled to participate in discussions at general meetings. The Annual General Meeting in 2004 will take place on 29 March. At the Annual General Meeting in 2003, shareholders corresponding to 51 per cent of the capital and 68 per cent of the votes participated.

NOMINATION OF BOARD MEMBERS

At Proffice's Annual General Meeting in 2003 it was decided that, in the final quarter of the year, the three largest shareholders should each appoint a representative for the Nomination committee who, under the management of the Chairman of the Board should put forward a recommendation to the Board. The recommendation will be presented at the Annual General Meeting on 29 March 2004 for its decision.

The members of the Nomination committee are Urban Jansson (Chairman of the Board), Christer Hägglund (owner of Christiania Compagnie B.V., the principal owner of Proffice), Johan Lannebo (Lannebo Funds) and Kjell Norling (Handelsbanken Asset Management).

In accordance with the articles of association, the Board of Directors of Proffice must consist of three, and at most eight, members. The Chief Executive Officer is a member of the Board. During nomination of the members of the Board, candidates are assessed according to their familiarity with the sector, their experience as a Board member, knowledge of the labour market and other conditions in the countries in which Proffice runs its operations.

THE WORK OF THE BOARD

At the Annual General Meeting in 2003 Urban Jansson, Christer Hägglund, Alf Johansson, Roland Nilsson, Christer Sandahl and Gunilla Wikman were re-elected as members of the Board. Sylvia Kristensen and Joel Möller are employee representatives. The Board is composed of members who are, or represent, major shareholders in Proffice and independent members. The Board is responsible for ensuring the requirement of the Stockholm Stock Exchange for independent members is met.

The Board has established rules of procedure with instructions concerning the division of duties between the Board of Directors and the CEO, as well as instructions for financial reporting. The Board is responsible for making decisions concerning

the Group's overall strategy and acquisitions. The Board is also responsible for the administration of the Group in accordance with the Companies Act in Sweden. In accordance with the rules of procedure, the Board must convene at least seven times a year.

The Board has overall responsibility for the company's system of internal controls, the aim of which is to secure the shareholders' investments and the Group's assets, to ensure appropriate accounts are maintained and that the financial information used within the operation and for publication is reliable. The system is designed to ensure efficiency within the operation as well as compliance with Swedish law and regulations. The internal control system cannot, however, provide an absolute guarantee against significant discrepancies or losses.

In 2003, the Board held its board meeting following its election on the same day as the Annual General Meeting at which customary decisions, such as the election of a chairman and authorised signatories, took place. Two members of the Board signed for the company jointly. The CEO is entitled to sign for the company at all times concerning current management measures.

In 2003, the Board of Directors held nine minuted meetings. The Board dealt with fixed items that arose at each Board meeting such as market conditions, financial reporting and investments. Other issues discussed by the Board during the year included market trends, company acquisitions, financial policy and the collective agreement. In addition, issues discussed at selected board meetings include annual accounts, interim reports, budgets and overall issues such as strategy and business world analysis. At Board meetings where annual reports are discussed, Proffice's auditors go through their observations concerning the financial audit of the Proffice Group. An annual evaluation of the Board's work is also conducted.

THE DUTIES OF THE CHAIRMAN

The Chairman of the Board is responsible for managing the Board's work and keeping all other members up-to-date with the information they require to ensure the quality of the Board's work is maintained and exercised in accordance with the Companies Act in Sweden. The Chairman represents the company in issues of ownership.

COMPENSATION COMMITTEE

The Board has appointed a compensation committee comprising the Chairman of the Board, Urban Jansson, together with Board members Christer Hägglund and CEO Alf Johansson.

The task of the compensation committee is to establish the salary and other remuneration payable to the CEO, and the policies concerning salaries and other remuneration payable to other Group Management members and managing direc-



22:41

DHL's warehouse is buzzing with activity late into the evening. For the past two years, Proffice has been one of DHL's preferred suppliers offering, among other services, extra personnel at times when the workload is particularly heavy. Nichlas, order selector and truck-driver, is one of Proffice's consultants and often to be seen on site.



◀ 22:57

It will soon be time to report to night duty. Else Frisk, Proffice Care's hospital nurse, stepped in at short notice when a nurse fell ill in the neurology department at Rigshospital in Copenhagen. Evening duty passed smoothly. Among her duties, Else made preparations for the night and gave the patients their medication. By 23.30, it's time for night duty to take over.

tors of the subsidiaries, which must be submitted to the Board for their information or approval. The compensation committee must review the conditions of employment of the senior executives regularly and provide reports on this to the Board. Salaries and other remuneration paid to the executives directly under the CEO must be reported to and approved by the compensation committee. The CEO is not to participate in the work of the compensation committee when remuneration of the CEO is under discussion.

Three meetings were held in 2003. A standard review of the conditions and structure was implemented and, furthermore, an incentives programme was reported and discussed.

AUDIT COMMITTEE

The Board of Directors has appointed an audit committee consisting of the Chairman of the Board, Urban Jansson, and Board member, Christer Hägglund.

On behalf of the Board, the audit committee is responsible for following up the auditing of the company and the Group, and making recommendations to the Annual General Meeting regarding the election of auditors. The CEO and CFO shall regularly act as additional members of this committee in order to support its work.

The committee has held three meetings in which urgent accounting and financial control issues were discussed, including adaptation of the consolidated accounts to ifrs (International Financial Reporting Standards).

THE CEO AND GROUP MANAGEMENT

The Chief Executive Officer manages operations within the framework established by the Board. He compiles essential information and the basis for decision-making before Board meetings, submits reports and presents justified proposals for resolution. Every month, the Chief Executive Officer provides the Board members with the information they require to monitor the position, activities and development of the company and Group, as well as providing the Chairman with up-to-date information about the operation.

Group Management consists of the CEO, COO, CFO and Senior VP Corporate Communications.

EXTERNAL AUDIT

External auditors are appointed by the Board of Directors, on the recommendation of the audit committee, for a period of four years. Proffice is obliged to have one or two auditors depending on the decision of the Annual General Meeting.

At the Annual General Meeting in 2003, Torbjörn Hanson and Johan Kaijser of Ernst & Young AB were appointed as auditors until the end of the Annual General Meeting held in

the fourth financial year after the election of the auditors, in other words, the Annual General Meeting in 2007. Fees of MSEK 3 were paid to the auditors for the financial year 2003, of which MSEK 2 referred to auditing work and MSEK 1 to other services. More detailed information concerning auditors' fees can be found in note 7.

RISK MANAGEMENT

The company has a number of methods for continuously monitoring and controlling the risks associated with achieving the goals of the company. The Board assists the management by identifying and evaluating major risks associated with the Group's activities in a co-ordinated manner. The Board is also responsible for assessing and ensuring the operational agenda is focused on the most critical risks involved.

CORPORATE REMUNERATION POLICY

Fees are paid to the Chairman of the Board and its members in accordance with the decision of the Annual General Meeting. Separate fees are not paid for committee work. The employee representatives do not receive a Board fee.

Remuneration of the Chief Executive Officer and other Group Management members is made up of a basic salary, variable remuneration, other benefits, a pension, financial instruments and more. The other Group Management members are the three individuals who, together with the Chief Executive Officer, form the Group Management. See page 31 for the composition of the Group Management.

The apportionment of the basic salary and variable remuneration must be in proportion to the responsibility and authority of the officer concerned. In the case of the Chief Executive Officer, the variable remuneration has an upper limit of 50 per cent of the basic salary while, for other Group Management members, the variable remuneration is limited to a maximum of 30 per cent of the basic salary. Variable remuneration is based on performance in relation to individually set goals.

Retirement benefits and remuneration in the form of financial instruments, etc, and other benefits to the Chief Executive Officer and other Group Management members are paid as part of the total remuneration.

OWNERSHIP INTERESTS OF THE BOARD AND GROUP MANAGEMENT

Information concerning Board and Group Management shareholdings in Proffice as at 31 December 2003 is presented on pages 30 and 31.

REMUNERATION OF THE BOARD, CEO AND MANAGEMENT

See note 6.

Report of the Directors

The Board of Directors and the CEO of Proffice AB (publ), corporate registration number 55 60 89-6572, are pleased to present the following Annual Report and consolidated accounts for the financial year 2003.

Since 11 October 1999, the B-shares in Proffice AB have been listed on the O-list of the Stockholm Stock Exchange (PROE B).

GROUP STRUCTURE

Proffice AB is the parent company of the Proffice Group that carries on activities in Denmark, Finland, Norway and Sweden. The Danish operation is pursued through Proffice A/S, Proffice Care A/S and ProffCom Communicationcenter A/S, and the Finnish operation through Proffice Finland Oy, Fast Henkilöstöpalvelut Oy and ProffCom Oy. The operation in Norway is mainly conducted through Proffice AS, RC Consultants AS, Tennebø & Partners AS and ProffCom AS, while the Swedish operation is mainly conducted through Proffice Sverige AB, Proffice Outsourcing AB, Proffice Salary Production Systems AB, Antenn Consulting AB, Proffice Care AB and ProffCom AB.

INFORMATION ABOUT OPERATIONS

■ **The Nordic region** For the third year in succession economic development in the Nordic region was poor. The year was characterised by a weak labour market in which demand for labour was low.

Changes in the exchange rate had a negative effect of MSEK 76 on net Group turnover compared with the previous year. This was principally caused by the weakening of the Norwegian krone in relation to the Swedish krona.

These business world factors mean that Proffice showed no growth in 2003 for comparable units. Including the acquisition of ProffCom, which was acquired during the third quarter, growth was 3 per cent.

The impact of this weak development has been felt particularly acutely in the Temporary Staffing and Recruitment areas of activity. The Outsourcing and Career & Development areas of activity have continued to be successful.

Operations in Sweden constituted 56 (62) per cent of Group turnover. Norway was responsible for 36 (30) per cent of Group turnover. Denmark and Finland were responsible for 6 (6) per cent and 2 (2) per cent respectively of Group turnover.

Operating profit for the Group deteriorated in 2003. This was caused by poor market trends which resulted in a squeeze on prices and tighter margins. In addition, in Sweden, the staffing agreement formed between parties of the labour market that came into force on 1 July 2002 led to increased payroll expenses, which had a negative effect on margins throughout 2003. In order to deal with these effects and create suitable conditions for positive growth in profits, Proffice has adopted measures to reduce corporate expenditure. These cost reductions have been achieved chiefly by reducing the number of officer personnel and unoccupied consultants, as well as renegotiating agreements with suppliers in it, marketing and premises. Operating profit for 2003 includes restructuring costs of approximately MSEK 30.

■ **Sweden** In 2003, the staffing market was characterised by continued weak demand and showed negative growth. For Proffice, this resulted in a reduction in turnover of 7 per cent, compared with the previous year, and lower profitability.

Adaptations continued to be made to deal with the prevailing market situation, and involved laying off 150 employees in the fourth quarter.

The freeze put by county councils on hiring staff, introduced after summer 2003, has worsened conditions for Proffice's operations in the health-care sector. County councils have chiefly reduced the number of nursing staff hired although, to some extent, the hiring of doctors has also been affected. Proffice's belief that the market for care personnel has significant potential in the long term still holds true, and investment in this area continues.

Career & Development operations, now in their sixth financial year, con-

tinued to be successful in 2003 and new projects were launched.

Demand for outsourcing services continued to increase and several new contracts were signed, in the period concerned, principally in financial services and payroll management.

■ **Norway** Proffice's turnover in Norway increased by 20 per cent in 2003. Excluding exchange rate differences, the increase amounted to 27 per cent. The increase is chiefly attributable to the fact that Proffice has further consolidated its position as market leader in technical staffing solutions and advisory services to the oil and gas industries. Principally run by the subsidiary, RC Consultants, this operation is currently responsible for more than half of turnover in Norway.

Through this strong growth, Proffice has further consolidated its position and taken market share.

■ **Denmark** Proffice's turnover increased by 5 per cent in 2003 compared with the previous year. This growth is mainly attributable to the acquisition of ProffCom.

Development in the Temporary Staffing and Recruitment areas of activity continued to be sluggish. This was especially the case in the Industry and Logistics area of competence where turnover fell with a consequent negative impact on profits.

■ **Finland** Turnover increased by 18 per cent in 2003 compared with the previous year. This growth was chiefly produced by the operation in Tammerfors.

Proffice's market share amounted to approximately 3 per cent, making the company one of the ten largest players in the market.

Our goal of broadening our operations through acquisitions, in order to achieve greater market share and a complete range of services, remains.

ACQUISITIONS AND NEW COMPANIES

On 1 July 2003, we increased our holdings in ProffCom, the call centre company, bringing our participating interest up to 51 per cent. ProffCom had operations in all the countries of the Nordic region as well as Germany. Following negotiations the operation in Germany, which showed extremely poor growth, reverted to the vendor with effect from 1 July 2003. In accordance with the agreement, Proffice will acquire the remaining 49 per cent of the shares on 31 December 2006.

The acquisition is in line with Proffice's strategy for growth in outsourcing and our aim to produce clear synergy effects with other Proffice operations, both in terms of the range of services offered and infrastructure.

The vendor was Christiania Compagnie B.V., a company owned by Christer Häggglund, principal owner of Proffice AB. Against the background of this close relationship, the question of the possible acquisition of the board on the basis of the regulations that apply to this type of transaction was discussed. The board permitted a customary due diligence to be performed, obtained a valuation report and a legal examination from external consultants and solicitors. Christer Häggglund took part in the board's discussions concerning the transaction. Proffice already owned 16.5 per cent of the shares in ProffCom and has had a representative on ProffCom's board of directors for the past few years.

On signing the agreement, payment corresponding to MSEK 6 was made for 34.5 per cent of the shares. The purchase price for the remaining 49 per cent will be paid at the beginning of 2007, the calculations for which will be based on the average operating profit before goodwill amortisation in ProffCom from 1 July 2003 to 31 December 2006. This portion of the purchase price may amount to a maximum of MSEK 75. Against the background of ProffCom's results in 2003 and forecasts up to and including 2006, Proffice estimates that the purchase price for the remaining 49 per cent will be significantly less than this sum.

On 1 January 2000 the Antenn Consulting AB company was acquired.

The acquisition was implemented with an initial purchase price that was paid at the time of the acquisition and an additional purchase price

based on the profit trend from 2000 to 2002. A provision of MSEK 16 was made for a additional purchase price of this kind in 2003, of which MSEK 14 has been paid. The additional purchase price is reported as goodwill. The calculation for the additional purchase price is the subject of a dispute.

PERSONNEL

The average number of full-year employees in the Group amounted to 6,607 (6,943). Turnover per employee increased as a consequence of the fact that a larger proportion of turnover during the year was attributable to areas with higher billing rates. The continuation of optimisation work during the year led to a reduction in the number of staff employed in internal administration for comparable units.

The average number of full-year employees totalled 3,826 (4,542), in Sweden, 1,959 (1,795), in Norway, 444 (330) in Denmark and 378 (276) in Finland.

FUTURE TRENDS

During 2003, growth in the staffing markets of the Nordic region was lower than expected. In the long view, however, our assessment of the Nordic staffing market has remained unchanged. The degree of penetration is considerably lower than the average degree of penetration in the rest of Europe. The staffing market in the Nordic region is considered to have the potential to become four times greater than its current level.

NOTES TO THE PROFIT AND LOSS ACCOUNT

■ **Turnover trend** Turnover increased by 3 per cent to MSEK 3,145 (3,066). For comparable units, growth was 0 per cent.

Exchange rate changes – principally the weakening of the Norwegian krone compared with the Swedish krona – have had a negative effect of MSEK 76 on Group turnover. Excluding exchange rate changes, the increase in turnover amounted to 5 per cent.

Temporary staffing was responsible for 79 (82) per cent of turnover, Outsourcing for 12 (8) per cent while Recruitment and Career & Development were responsible for 9 (10) per cent.

During the period, turnover for operations in Sweden was MSEK 1,770 (1,894).

In Norway, turnover amounted to MSEK 1,119 (936). In Denmark, turnover was MSEK 183 (174) and in Finland MSEK 73 (62).

■ **Profit trends** Consolidated operating profit before goodwill amortisation amounted to MSEK –55 (43), corresponding to a margin of –1.7 (1.4) per cent.

The decrease in profit is a result of weak market trends in all countries of the Nordic region with a price squeeze and lower margins as a consequence. In addition, in Sweden, the staffing agreement formed between parties of the labour market that came into force on 1 July 2002 led to increased payroll expenses, which had a negative effect on margins throughout 2003.

The agreement is due to expire on the last day of April 2004 and is subject to renegotiation.

Operating profit for 2003 includes restructuring costs of approximately MSEK 30.

Operations in Sweden, excluding parent company costs, was responsible for MSEK –6 (87) of operating profit before goodwill. Operating profit before goodwill amounted to MSEK 20 (18) in Norway, MSEK –15 (–4) in Denmark and MSEK 4 (2) in Finland. Parent company operating costs amounted to MSEK –58 (–60).

Consolidated operating profit amounted to MSEK –99 (4), corresponding to an operating margin of –3.2 (0.1) per cent. Consolidated profit after net financial items amounted to MSEK –104 (20). Consolidated profit for the year amounted to MSEK –75 (–2).

NOTES TO THE BALANCE SHEET

■ **Assets and operative capital** Total Group assets amounted to MSEK 976 (1,014). Operative capital amounted to MSEK 166 (244). In 2003, Proffice intensified its focus on reducing capital tied up chiefly in accounts receivable.

■ **Financial position and liquidity** As at 31 December, liquid assets

amounted to MSEK 122 (131) corresponding to 4 (4) per cent of turnover for the year and the equity/assets ratio was 27 (38) per cent. Unappropriated liquid assets amounted to MSEK 212 (171), including unused credit undertakings.

Interest-bearing liabilities totalled MSEK 64 (1). The increase is chiefly attributable to existing liabilities in ProffCom at the time of the acquisition.

Consolidated shareholders' equity amounted to MSEK 264 (381) at the end of the period.

NOTES TO THE CASH FLOW STATEMENT

During the year, the consolidated change in liquid assets amounted to MSEK –9 (–103).

Cash flow from current operations was MSEK 77 (–55), of which changes in operating capital totalled MSEK 95 (–88).

Cash flow from investment activities was MSEK –53 (–45), of which investments in subsidiaries amounted to MSEK –31 (–35) and the acquisition of tangible fixed assets to MSEK –20 (–13) which are chiefly current investments.

Cash flow from financing activities was MSEK –20 (–8), of which dividends to shareholders amounted to MSEK –17 (–17).

BOARD WORK — CORPORATE GOVERNANCE

The Board of Directors of Proffice AB (publ) consists of seven members in addition to two employee representatives. For more information on corporate governance and board work, see pages 32–35.

REPORTING IN ACCORDANCE WITH IFRS

In 2005, Proffice will change over to reporting in accordance with IFRS (International Financial Reporting Standards). The change-over has been gradual, conducted over a number of years through the introduction of a series of recommendations from the Swedish Financial Accounting Standards Council which Proffice has observed in the preparation of the annual accounts. In 2003, the differences that exist between the current accounting principles and the future ifrs principles and their effect were identified. The IFRS principle likely to have the greatest effect on Proffice is that amortisation of goodwill according to plan will cease and an annual review of the residual value of goodwill according to plan will take place. With regard to pensions, we do not have the necessary documentation from Alecta, at present, to assess the effect this will have on Proffice.

The application of other IFRS principles is not expected to lead to any significant changes in Proffice's financial reporting.

PARENT COMPANY

The parent company's activities involve managing the Group and joint functions in finance, IT, purchases, company acquisitions and the dissemination of information. The parent company also runs specific joint development projects for the Group. Turnover was MSEK 29 (30) and only refers to internal invoicing of services. Profit after financial items amounted to MSEK –63 (–43). Unappropriated liquid funds were MSEK 60 (66), including unutilised credit undertakings of MSEK 60 (40).

PROPOSAL FOR THE DISTRIBUTION OF PROFIT

The following profit stands at the disposal of the Annual General Meeting:

Retained profit	SEK 34,782,829
Profit for the year	SEK –14,027,363
Total	SEK 20,755,466

The Board proposes that the Annual General Meeting should distribute the profit as follows:

A dividend to the shareholders of	SEK 0
To be brought forward to the next year	SEK 20,755,466

GROUP

The Group's unrestricted shareholders' equity was SEK –59,139,000 and no transfer to restricted reserves is proposed.

Profit and loss account

MSEK	Note	Group		Parent Company	
		2003	2002	2003	2002
Net turnover	2	3,145	3,066	29	30
<i>Operating costs:</i>					
Staff costs	4, 5, 6	-2,841	-2,650	-29	-26
Other external costs	7, 8	-337	-356	-54	-62
Depreciation of tangible fixed assets	13	-21	-17	-4	-2
Profit from associated companies		-1	0	-	-
Amortisation of goodwill	12	-44	-39	-	-
Operating profit		-99	4	-58	-60
<i>Result from financial investments</i>					
Result from shares and participations in Group companies and associated companies		0	-	-	0
Interest income and similar income statement items	10	13	19	8	18
Interest costs and similar income statement items	10	-18	-3	-13	-1
Result after financial items		-104	20	-63	-43
Appropriations	9	-	-	43	79
Profit before tax		-104	20	-20	36
Tax on current year's profit	11	18	-22	6	-10
Minority interests		11	0	-	-
PROFIT FOR THE YEAR		-75	-2	-14	26
Profit per share (SEK)		-1.12	-0.03	-	-
Profit per share after dilution (SEK)	26	-	-0.03	-	-

Balance Sheet

MSEK 31 December	Note	Group		Parent Company	
		2003	2002	2003	2002
ASSETS					
Fixed assets					
<i>Intangible fixed assets</i>					
Goodwill	12	291	278	-	-
Other intangible fixed assets		1	-	-	-
		292	278	-	-
<i>Tangible fixed assets</i>					
Equipment	13	40	29	8	6
		40	29	8	6
<i>Financial fixed assets</i>					
Participations in Group companies	14	-	-	324	144
Participations in associated companies	15	4	3	-	-
Participations in related companies	16	-	7	-	7
Deferred tax receivables	11	36	-	6	-
		40	10	330	151
Total fixed assets		372	317	338	157
Current assets					
<i>Current receivables</i>					
Accounts receivable		378	405	0	0
Receivables from Group companies		-	-	166	226
Receivables from associated companies		-	1	-	-
Other receivables		35	44	6	16
Prepaid expenses and accrued income	19	69	116	7	6
		482	566	179	248
Cash and bank		122	131	0	26
Total current assets		604	697	179	274
TOTAL ASSETS		976	1,014	517	431

Balance Sheet

MSEK 31 December	Note	Group		Parent Company	
		2003	2002	2003	2002
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity	20				
Restricted equity					
Share capital	21	17	17	17	17
Restricted funds		306	314	253	253
		323	331	270	270
Non-restricted equity					
Profit brought forward		16	52	35	25
Profit for the year		-75	-2	-14	26
		-59	50	21	51
Total shareholders' equity		264	381	291	321
Untaxed reserves	22	-	-	40	40
Minority interests		1	2	-	-
Provisions					
Provisions for deferred taxes	11	23	23	-	-
Total provisions		23	23	-	-
Long-term liabilities					
Other long-term liabilities		84	31	-	-
Other long-term liabilities to Group companies		-	-	-	1
Total long-term liabilities		84	31	-	1
Current liabilities					
Accounts payable		63	66	14	14
Liabilities to Group companies		-	-	164	48
Liabilities to associated companies		-	0	-	0
Income tax liabilities		19	11	0	0
Other liabilities		126	96	2	0
Accrued expenses and deferred income	23	396	404	6	7
Total current liabilities		604	577	186	69
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		976	1,014	517	431
Pledged assets	24	146	155	3	3
Contingent liabilities	25	61	12	59	-

Change in shareholders' equity

See note 20.

Cash flow statement

MSEK	Note	Group		Parent Company	
		2003	2002	2003	2002
Current operations					
Result after financial items		-104	20	-63	-43
<i>Adjustment for non-cash flow items</i>					
Reversed depreciation		65	56	4	2
Change in interest receivable		3	-	10	-27
Change in interest liability		9	-	37	37
Other items not included in cash flow		-2	-3	0	0
Paid taxes		11	-40	5	-17
Cash flow from current operations before changes in operating capital		-18	33	-7	-48
<i>Change in operating capital</i>					
Change in claims		93	28	16	-11
Change in liabilities		2	-116	9	19
Total change in operating capital		95	-88	25	8
Cash flow from current operations		77	-55	18	-40
<i>Investment activities</i>					
Acquisition of subsidiaries	18	-31	-35	-22	-4
Acquisition of shares in related companies		-	-	-	0
Acquisition of associated companies		-2	-	-	-
Purchase of tangible fixed assets		-20	-13	-5	-8
Sale of tangible fixed assets		-	3	-	-
Cash flow from investment activities		-53	-45	-27	-12
<i>Financing activities</i>					
Raised loans		-	9	-	-
Amortisation of loans		-3	0	-	-
Dividend		-17	-17	-17	-17
Group contribution		-	-	-	91
Cash flow from financing activities		-20	-8	-17	74
CASH FLOW FOR THE YEAR		4	-108	-26	22
Liquid funds at the opening of the year		131	234	26	4
Exchange rate difference in liquid funds		-13	5	-	-
Liquid funds at the closing of the year		122	131	0	26

Accounting principles and notes

Unless otherwise specified, figures in tables represent MSEK.

Note I

Accounting and valuation principles

This Annual Report has been prepared in accordance with the Annual Accounts Act and the recommendations of the Swedish Financial Accounting Standards Council. The same accounting principles as those used for the annual report in 2002 have been applied. On 1 January 2003, the following new recommendations of the Swedish Financial Accounting Standards Council came into force: RR 22 Drawing up financial reports, RR 24 Buildings held for investment purposes, RR 25 Segment reporting – industry segments and geographical areas, RR 26 Events after the balance sheet date, RR 27 Financial instruments: Information and classification, and RR 28 Government support. These have not had any significant effect on the reporting of the financial position and performance of the Group apart from affecting some supplementary information.

CONSOLIDATED ACCOUNTS

The consolidated accounts include the parent company Proffice AB, all companies in which Proffice AB, directly or indirectly, has more than 50 per cent of the voting power.

The Group accounts have been prepared in accordance with acquisition accounting.

Goodwill on consolidation will arise if the acquisition value of the shares is higher than the market value of the net assets of the acquired company. The amortisation period for goodwill is based on the estimated economic life, with an upper limit of 10 years. Goodwill is subject to annual examination when the value of future cash flow is taken into consideration.

Additional purchase prices are reported when they can be established with certainty. Any goodwill which then arises is amortised during the remaining amortisation period of the initial acquisition.

Associated companies are reported according to the equity method. Profit shares in the profits of the associated companies after net financial items are reported under the heading Result from participations in associated companies in the profit and loss account. The share of the tax costs of the associated companies is reported among the tax costs of the Group. Associated companies are defined as companies in which the direct or indirect ownership of the Group corresponds to a minimum of 20 per cent and maximum of 50 per cent.

MINORITY SHARE

Any minority share in shareholders' equity in subsidiaries is reported in a separate entry between provisions and shareholders' equity. Minority claims are reported when an agreement is made concerning the injection of additional capital in the event of any losses.

REVENUE RECOGNITION

Revenue recognition takes place at the time when the service is performed. Net turnover also includes turnover within franchise companies.

LOAN EXPENSES

Loan expenses are charged against profit for the period to which they refer.

PROVISIONS

Provisions are reported when the Group has a commitment due to an event taking place that occurred previously and when it is probable that it will be required in order to meet the commitment and when a reliable assessment of the amount can be made.

FRANCHISE ACCOUNTING

Franchise accounting is on a gross basis, which means that the whole amount invoiced to the customer is included in the net turnover of the company. The franchise operator's remuneration is reported as staff costs, which means that Proffice reports a profit from franchising operations corresponding to the contractual franchise fee that the franchise operator pays to Proffice.

LEASING

The company allocates assets in accordance with leasing agreements. Some of these leasing agreements are of a financial character but as these are of a lesser value and are only of short duration, all leasing agreements are reported as operational. Leasing fees are written off on a straight-line basis over the period of the lease.

CLAIMS AND LIABILITIES IN FOREIGN CURRENCIES

The foreign currency claims and liabilities of the Group companies are translated to local currencies by using the closing rate on the balance sheet date. Realised and unrealised translation differences are reported in the profit and loss account. Translation differences attributable to claims and liabilities relating to operations are reported net among other operating income or operating costs. Translation differences attributable to loans and investments in foreign currencies are reported as financial items.

TRANSLATION OF ACCOUNTS OF FOREIGN SUBSIDIARIES

The current rate method is used for translating the accounts of foreign subsidiaries for inclusion in the consolidated accounts. Translation differences that arise during translation of the balance sheet are recorded directly against shareholders' equity, which means that they do not affect the results for the current year.

FIXED ASSETS

Fixed assets are valued at their acquisition value with deductions for accumulated depreciation.

Depreciation is based on the estimated economic life. The following depreciation periods apply:

Computers	3 years	Furniture	5–10 years
Goodwill	10 years	Other equipment	4–5 years

The reported value of fixed assets is examined on a continuous basis for any reduction in value when events or changes in conditions indicate that the balance sheet value may not be recovered. If there are any indications to suggest that the balance sheet value will exceed the anticipated recoverable amount, the assets or cash-generated units will be written down to the recoverable amount. The recoverable amount for fixed assets corresponds to the highest net sale price and utilisation value. The utilisation value is estimated by means of the anticipated future cash flow being discounted to a net present value with a discounting factor before tax that reflects the market's current estimate of the money's time value and the risks that are attributable to the assets. The write-down is reported in the profit and loss statement.

TAX

Tax reported in the profit and loss statement is made up of current and deferred tax. Current tax is tax which will be paid or received for the current year. Deferred tax is calculated on the basis of temporary differences between the reported and written-down value of assets and liabilities in the balance sheet.

Deferred tax liabilities in deductible temporary differences and deficit deductions are only reported to the extent that it is likely that these will lead to lower tax payments in the future. The amount is based on the fiscal regulations that are determined or announced on the balance sheet date in each country.

RETIREMENT BENEFITS

Proffice offers its employees retirement benefits in accordance with the usual terms current in each country. This involves the ITP (supplementary pensions for salaried employees) plan or corresponding pension plans in Sweden and the insurance solutions current in the other countries concerned.

Within the Proffice Group, only fees-based or benefits-based pension plans that include several employers are available. At present, we have insufficient information from the insurer (Alecta) to be able to report these pension plans as benefit-determined.

Thus Proffice carries the total amount of pension fees for all pension plans in the financial year as an expense, in other words, fees-based as well as benefits-based pension plans. When, in future, Alecta is able to present the necessary information, these plans will be reported as benefits-determined, in other words, the benefits-determined commitment will be entered as a net liability after deductions for management assets.

Within the Group, only cost-based pension plans will be applied, which means that pension costs will be reported on continuous basis.

CASH FLOW ANALYSIS

Cash flow analysis has been drawn up in accordance with the indirect method.

Note 2 Distribution by segment

Group operations are managed and reported primarily by geographical unit.

January–December 2003 respectively December 2003	Sweden ¹	Norway	Denmark	Finland	Other/elim.	Group
Net turnover including franchise	1,770	1,119	183	73		3,145
Operating profit	–79	1	–22	1		–99
Depreciation	–27	–26	–9	–3	–	–65
Assets	1,060	365	147	37	–633	976
Liabilities	651	221	147	30	–338	711
Investments	59	19	56	4	8	146
of which intangible assets	35	2	37	3	0	77

January–December 2002 respectively December 2002

Net turnover including franchise	1,894	936	174	62		3,066
Operating profit	16	–2	–10	0		4
Depreciation	–23	–25	–6	–2	–	–56
Assets	1,091	390	65	25	–557	1,014
Liabilities	607	342	75	20	–413	631
Investments	14	14	13	3	–	44
of which intangible assets	3	10	11	4	–	28

¹⁾ Including parent company.

Distribution by area of activity

January–December 2003 respectively December 2003	Temporary Staffing	Recruitment and Career & Development	Outsourcing	Other	Group
Net turnover including franchise	2,475	293	377	0	3,145
Assets	802	177	185	–188	976
Investments	15	18	110	3	146
of which intangible assets	10	17	50	0	77

January–December 2002 respectively December 2002

Net turnover including franchise	2,515	306	245	0	3,066
Assets	921	238	46	–191	1,014
Investments	32	1	1	10	44
of which intangible assets	26	0	0	2	28

Net turnover franchise company ¹	2003	2002
Sweden	44	20
Norway	76	67
Total	120	87

¹⁾ The owners of the franchise companies have given Proffice AB an option to buy 50 per cent of the shares in the franchise companies on specific conditions. Should Proffice make use of the option, Proffice will have undertaken to acquire the remainder of the shares, at the request of the owners of the franchise companies, after a certain period of time has elapsed since the take-over of the shares.

Note 3 Intra-group purchases and sales

Of sales for the year, MSEK 120 (129) refers to sales to other companies within the Group and have been eliminated from net turnover.

Note 4 Average number of full-year employees

	2003		2002		Parent Company July–December 2003
	No. of employees	Of whom men	No. of employees	Of whom men	
Parent Company					
Sweden	17	13	16	12	Total Absence due to illness of employees' total regular working hours 1
Subsidiaries					Proportion of absence due to illness which refers to absence for a continuous period of 60 days or more 0
Sweden	3,809	1,380	4,526	1,533	Absence due to illness for men* 0
Norway	1,959	1,098	1,795	1,077	Absence due to illness for women* 2
Denmark	444	209	330	174	Absence due to illness for 29 year olds and younger* 3
Finland	378	218	276	124	Absence due to illness for 30–49 year olds* 0
Total, subsidiaries	6,590	2,905	6,927	2,908	Absence due to illness for 50 year olds and older* 1
Total, Group	6,607	2,918	6,943	2,920	

^{*)} As a percentage of the Group's total regular working hours.

Note 5 Salaries, other remuneration and social charges

	Group		Parent Company	
	2003	2002	2003	2002
Board of Directors and CEO				
– salaries and remuneration	16	18	3	5
– commission on profit	-	-	-	-
– social charges	4	4	1	2
– pension costs	4	2	0	1
Total	24	24	4	8
Other employees				
– salaries and remuneration	1,881	1,862	11	8
– social charges	492	542	3	3
– pension costs	100	81	2	1
Total	2,473	2,485	17	12
Sum total	2,497	2,509	21	20
Of which subsidiaries in Sweden and parent company				
– salaries and remuneration	1,063	1,133		
– social charges	356	389		
– pension costs	87	71		
Total	1,507	1,593		
Of which subsidiaries in Norway				
– salaries and remuneration	610	620		
– social charges	133	150		
– pension costs	4	3		
Total	747	773		
Of which subsidiaries in Denmark				
– salaries and remuneration	166	74		
– social charges	1	0		
– pension costs	1	1		
Total	168	75		
Of which subsidiaries in Finland				
– salaries and remuneration	42	37		
– social charges	2	1		
– pension costs	7	6		
Total	51	44		

Note 6 Salaries and remuneration paid to senior executives

A compensation committee appointed within the Group consists of the Chairman of the Board, CEO and an additional Board member (see page 33). The committee's task is to determine the salary and other forms of remuneration for the CEO, and the salary and remuneration policies for the other Group Management members, which must be reported to the Board for their information or approval. The term Group Management refers to the CEO, COO, CFO and Senior VP Corporate Communications.

In 2003, a total of SEK 600,000 was paid in the form of directors' fees, of which SEK 200,000 was paid to the Chairman of the Board. The CEO received a salary of SEK 1,947,000. No variable remuneration was paid in 2003. The CEO is entitled to 12 months' salary regardless of whether it is the company or the CEO that gives notice of termination. If the company gives notice of termination for any reason other than gross negligence, the CEO is entitled to severance pay that corresponds to one year's salary in addition to the salary received during the period of notice. The retirement age for the CEO is 65 years. Pension premiums amount to 25 per cent of the fixed annual salary. The CEO's pension benefits are premium-determined.

Remuneration paid to other Group Management members amounted to SEK 4,029,000. No variable remuneration was paid to other Group Management members in 2003. None of the Group Management members has a period of notice in excess of 12 months. Pension benefits for other officers of the company are largely in line with the general pension plan.

Note 7 Auditors' fees

	Group		Parent Company	
	2003	2002	2003	2002
Ordinary audit Ernst & Young	2	1	0	0
Ordinary audit, other	0	1	-	-
Consultation Ernst & Young	1	0	0	0
Total	3	2	0	0

Note 8 Leasing and rental agreements

Rental agreements are in operation for the premises used for our business activities. Valid rental agreements have been signed, adjusted to market conditions. Office machines, computers and private cars are leased in addition to premises. Information concerning agreed rental charges for the year and future years, with an indication of the periods during which they fall due for payment, is given below. The company does not allocate any assets of significance in accordance with financial leasing contracts.

	Group	Of which premises	Parent Company
Leasing and rental costs for the year amounted to	56	45	8
Charges due			
2004	61	47	1
2005	50	40	1
2006	29	27	0
2007 or later	35	34	0

Note 9 Appropriations

	Parent Company	
	2003	2002
Transfer to tax allocation reserve	-	-12
Group contributions paid	-10	-
Group contributions received	53	91
Total	43	79

Note 10 Interest and similar income statement items

	Group		Parent Company	
	2003	2002	2003	2002
Interest income	11	10	5	9
Interest expenses	-9	-3	-3	-1
Exchange rate differences	-7	9	-7	9
Total	-5	16	-5	17

Note 11 Tax

	Group		Parent Company	
	2003	2002	2003	2002
Current tax expense	-11	-17	0	-10
Deferred tax	29	-5	6	-
Participations in associated companies' profit	0	0	-	-
Tax income/expense	18	-22	6	-10

The difference between tax according to the current tax rate and reported tax expense.

	Group		Parent Company	
	2003	2002	2003	2002
Profit before tax	-104	20	-20	36
Tax according to current tax rate	29	-6	6	-10
Tax effects of non-deductible expenses	-13	-12	0	0
Adjustment for previous year's tax	-1	-5	0	0
Tax effects of unutilised deficit deduction	3	-	-	-
Other	0	1	0	0
Tax income/expense	18	-22	6	-10

Deferred tax liabilities and deferred tax claims are distributed as follows.

	Group	
	2003	2002
Deferred tax liabilities		
Tax allocation reserves	20	12
Other	3	11
Total	23	23
Deferred tax claims		
Fixed assets	0	1
Deficit deduction	36	0
Total	36	1

Note 11 **Cont. Tax**

Unreported tax benefits in future deductions for loss amounted to MSEK 4 (9). Deferred tax liabilities for reported untaxed reserves in the parent company amounted to MSEK 12 (12).

The current tax rate for the Group is 28 (28) per cent and 28 (28) per cent for the parent company.

Reporting of tax benefits in deficit deductions is based on the fact that Proffice considers it probable that sufficient taxable income will be achieved in the foreseeable future.

Note 12 **Goodwill**

	2003	2002
Opening accumulated acquisition value	398	359
Translation difference	-29	11
Company acquisitions	77	28
Closing accumulated acquisition value	446	398
Opening accumulated amortisation	-120	-78
Translation difference	10	-3
Company acquisitions	-1	-
Current year's amortisation	-44	-39
Closing accumulated amortisation	-155	-120
Book value	291	278
Distribution of consolidated goodwill		
Sweden	108	89
Norway	96	131
Denmark	68	38
Finland	19	20
Total	291	278

Note 14 **Participations in Group companies**

	2003	2002
Opening accumulated acquisition value	144	140
Acquisitions/shareholders' contribution	180	4
Closing book value	324	144

Parent Company holdings	Corporate-identity number	Registered office	Share of value (%)	Share of voting (%)	No. of shares	Book value 2003	Book value 2002
Antenn Consulting AB	556517-7143	Stockholm	100	100	100	46	30
Proffice Care AB	556543-1979	Stockholm	95	95	950	20	20
Proffice Danmark A/S	40 02 65 16	Copenhagen	100	100	500	23	1
Proffice Finland Oy	421 721	Helsinki	100	100	1,050	20	19
Proffice Norge AS	977 278 910	Oslo	100	100	65,000	197	71
Proffice Outsourcing AB	556579-1026	Stockholm	100	100	100	0	0
Proffice Sverige AB	556242-1718	Stockholm	100	100	10,000	0	0
Telekunskap Norden AB	556528-6043	Stockholm	100	100	1,000	0	0
YFS Sjukhem AB	556451-7968	Gothenburg	100	100	30,000	3	3
ProffCom Holding A/S	27 25 99 87	Copenhagen	51	51	3,060	15	0
Total						324	144
Subsidiary company major holdings in Group companies*							
Proffice Systems Production Salary AB	556520-5134	Stockholm	100	100			
Fast Henkilöstöpalvelut Oy	599 005	Tammerfors	100	100			
RC Consultants AS	966 588 152	Sandnes	100	100			

*) A complete list can be ordered from the company's headquarters.

The transaction structure for several of the acquisitions implemented by Proffice in recent years was drawn up in such a manner that Proffice initially acquired the majority of capital and votes in the company and has the option to acquire the remaining shares. In certain cases, the vendor also has the option to sell these shares. The acquisition price for the remaining shares is often established as a function of the company achieving a certain level of turnover and profit over a period of time.

In certain transactions where Proffice acquired 100 per cent of the shares in a company, the purchase price was paid in part by means of an additional purchase price which is based on the company achieving a certain level of turnover and profit over a period of time.

Note 13 **Equipment***

	Group		Parent Company	
	2003	2002	2003	2002
Opening accumulated acquisition value	95	79	8	0
Translation difference	-6	3	-	-
Company acquisitions	52	-	-	-
Acquisitions	18	16	5	8
Sales/disposals	-5	-3	-	0
Closing accumulated acquisition value	154	95	13	8
Opening accumulated depreciation	-66	-47	-2	0
Company acquisitions	-35	-	-	-
Translation difference	5	-3	-	-
Sales/disposals	3	1	1	0
Current year's depreciation	-21	-17	-4	-2
Closing accumulated depreciation	-114	-66	-5	-2
Book value	40	29	8	6

*) See also note 18.

Proffice estimates that the total cost of the acquisition of minority shares in subsidiaries and additional purchase prices, in accordance with agreements, will amount to MSEK 42. Anticipated payments per annum:

2004	MSEK 7
2005	MSEK 5
2006 and later	MSEK 30

Note 15 Participations in associated companies

	Registered office	Share of equity (%)	Share of voting power (%)	Book value 2003	Book value 2002
Proffice Pedagogen AB, 556529-5077*	Stockholm	50	50	-	1
Medpro AS, 981 678 575	Tingvoll	15	15	2	-
RC DEI AS, 976 655 052	Sandnes	50	50	2	2
RC Petroplan Ltd, 390 025 75	Guilford	50	50	0	0
Total				4	3

*) Wholly-owned company in 2003.

Note 16 Participations in related companies*

	Registered office	Share of equity (%)	Share of voting power (%)	Book value 2003	Book value 2002
Group holdings					
Iterium Net, 556575-7845	Stockholm	-	-	-	0
Old Holding A/S, 25133730	Copenhagen	-	-	-	7
Total					7
Of which parent company holdings					
Old Holding A/S, 25133730	Copenhagen	-	-	-	7

*) Companies disposed in 2003.

Note 17 Transactions with related companies

Proffice has certain agreements and commercial dealings with companies in which the principal owner of Proffice, Christer Häggglund, has a participating interest. All agreements and commercial dealings are based on terms adjusted to conditions on the market.

Proffice AB has a claim on Christiania Compagnie B.V. (one of Christer Häggglund's wholly-owned company) amounting to MSEK 1.4. The claim bears interest adjusted to market conditions and was settled at the beginning of 2004.

Proffice AB has an agreement with Proserva AB, a company in which Christiania Compagnie B.V. is the principal owner, concerning the management and support of it systems within the Proffice Group. The agreement is valid up to and including 31 December 2006. Invoicing from Proserva AB within the framework of this agreement amounted to MSEK 16 in 2003.

TRANSACTIONS IN CONNECTION WITH THE ACQUISITION OF PROFFCOM

On 1 July 2003, Proffice AB acquired 34.5 per cent of the shares in ProffCom Holding A/S. Proffice AB already owned 16.5 per cent of the shares and, therefore, currently owns 51 per cent of the shares in this company. The acquisition took place from Proffice's principal owner Christiania Compagnie B.V. The ProffCom Group had operations in all of the Nordic countries as well as Germany. The operation in Germany, which showed extremely poor growth, reverted to the vendor with effect from 1 July 2003. In accordance with the agreement, Proffice will acquire the remaining 49 per cent of the shares on 31 December 2006.

On signing the agreement, payment corresponding to MSEK 6 was made for 34.5 per cent of the shares. The purchase price for the remaining 49 per cent will be based on performance and will be paid in 2007. The purchase price for these shares may amount to a maximum of MSEK 75.

Proffice AB has a claim on Christiania Compagnie B.V. amounting to MSEK 9.4. The claim is attributable to a loss in ProffCom in 2003 which Christiania Compagnie B.V. undertook to cover. The claim bears interest adjusted to conditions on the market and was settled at the beginning of 2004.

ProffCom Holding A/S has a claim on Christiania Compagnie B.V. amounting to MSEK 10.7. The claim concerns ProffCom's German operation that reverted to Christiania Compagnie B.V. The claim bears interest adjusted to conditions on the market and was settled in the beginning of 2004.

See also Report of the Directors and note 14.

Note 18 Acquired assets and liabilities

	Group	
	2003	2002
Equipment	-17	-6
Current assets	-51	-12
Minority	-3	1
Long-term liabilities	64	0
Current liabilities	53	10
Total	46	-7
Goodwill	-77	-28
Purchase price paid	-31	-35
Liquid assets in the acquired company	0	0
Effect on consolidated liquid assets	-31	-35

Note 19 Prepaid expenses and accrued income

	Group		Parent Company	
	2003	2002	2003	2002
Prepaid rent	9	9	3	2
Prepaid leasing fees	0	0	-	-
Prepaid items, others	18	23	4	4
Accrued income	42	84	-	-
Total	69	116	7	6

Note 20 Changes in shareholders' equity

Group	Restricted equity		Unrestricted equity		Total shareholders' equity
	Share capital	Restricted reserved	Profit brought forward	Profit for the year	
Shareholders' equity 31 Dec 2001	17	302	65	11	395
Dividend	-	-	-17	-	-17
Translation difference	-	7	-2	-	5
Profit allocation	-	-	11	-11	0
Profit for the year	-	-	-	-2	-2
Adjustment between restricted and unrestricted equity	-	5	-5	-	0
Shareholders' equity 31 Dec 2002	17	314	52	-2	381
Shareholders' equity 31 Dec 2002	17	314	52	-2	381
Dividend	-	-	-17	-	-17
Translation difference	-	-8	-17	-	-25
Profit allocation	-	-	-2	2	0
Profit for the year	-	-	-	-75	-75
Shareholders' equity 31 Dec 2003	17	306	16	-75	264

The accumulated translation difference amounts to -19 (12) in restricted shareholders' equity and 6 (0) in unrestricted shareholders' equity.

Parent Company	Restricted equity			Unrestricted equity		Total shareholders' equity
	Share capital	Share premium reserve	Statutory reserve	Profit brought forward	Profit for the year	
Shareholders' equity 31 Dec 2001	17	235	18	26	16	312
Dividend	-	-	-	-17	-	-17
Profit allocation	-	-	-	16	-16	0
Profit for the year	-	-	-	-	26	26
Shareholders' equity 31 Dec 2002	17	235	18	25	26	321
Shareholders' equity 31 Dec 2002	17	235	18	26	26	322
Dividend	-	-	-	-17	-	-17
Profit allocation	-	-	-	26	-26	0
Profit for the year	-	-	-	-	-14	-14
Shareholders' equity 31 Dec 2003	17	235	18	35	-14	291

Note 21 Share capital

	A-shares		B-shares		Total	Total
	No. of shares	No. of votes	No. of shares	No. of votes	no. of shares	no. of shares
No. of shares at opening of year	4,000,000	40,000,000	62,960,000	62,960,000	66,960,000	102,960,000
No. of shares at closing of year	4,000,000	40,000,000	62,960,000	62,960,000	66,960,000	102,960,000
Reconciliation of share capital						
Total no. of shares	66,960,000					
Nominal value, SEK	0.25					
Total share capital	16,740,000					

Note 22 Untaxed reserves

	Parent Company	
	2003	2002
Tax allocation reserve, –99	2	2
Tax allocation reserve, –00	5	5
Tax allocation reserve, –01	13	13
Tax allocation reserve, –02	8	8
Tax allocation reserve, –03	12	12
Tax allocation reserve, –04	-	-
Total	40	40

Note 23 Accrued expenses and prepaid income

	Group		Parent Company	
	2003	2002	2003	2002
Holiday pay liability	139	102	3	3
Social security contributions	83	143	1	1
Accrued salaries	75	67	-	-
Accrued expenses, other	32	22	2	3
Income invoiced in advance	67	70	-	-
Total	396	404	6	7

Note 24 Pledged assets

	Group		Parent Company	
	2003	2002	2003	2002
For own liabilities				
Floating charges	64	44	2	2
Shares in subsidiaries	74	91	1	1
Accounts receivable	8	20	-	-
Total pledged assets	146	155	3	3

Note 25 Contingent liabilities

	Group		Parent Company	
	2003	2002	2003	2002
Guarantee in favour of ProffCom Holding A/S	55	-	55	-
Guarantee in favour of Proffice Care A/S	4	-	4	-
Guarantee in favour of ProffCom Valdemarsvik AB	2	4	-	-
Capital cover guarantee in favour of Proffice Pedagogen AB	-	2	-	-
Capital cover guarantee in favour of Capita Urval AB	-	2	-	-
Capital cover guarantee in favour of Sveriges Bemanningskontor AB	-	2	-	-
Conditional shareholders' contribution ACN AB	-	2	-	-
Total contingent liabilities	61	12	59	-

As stated in note 14 in connection with company acquisitions, commitments regarding supplementary purchase sums and the acquisition of minority shares in subsidiaries have been issued which may be utilised up to and including 2007.

Note 26 Options programme

An options programme available until 30 May 2003 which was not redeemed as the issue price exceeded the Proffice share price.

Number of options	396,200
Subscription period	3 June 2002–30 May 2003
Subscription terms	4 series B shares á SEK 68 for each option

Stockholm, 19 February 2004

Urban Jansson, *Chairman*

Christer Häggglund

Roland Nilsson

Gunilla Wikman

Christer Sandahl

Joel Möller

Sylvia Kristensen

Alf Johansson
CEO

Auditors' report

To the Annual General Meeting of Proffice AB (publ)
corporate identity no. 556089-6572

We have examined the Annual Report, consolidated financial statements and accounts as well as the administration of the Board of Directors and CEO of Proffice AB (publ) for the financial year 2003. The responsibility for the financial statements and for the administration rests with the Board of Directors and CEO. It is our responsibility to express our opinion on the Annual Report, consolidated financial statements and administration on the basis of our audit.

Our examination was performed in accordance with generally accepted auditing standards in Sweden. This means that we have planned and implemented our audit in order to ensure, as far as reasonable, that the Annual Report and the consolidated financial statements do not contain any material errors. An audit implies that a selected number of documents forming the basis of amounts and other information in the accounts is examined. An audit, furthermore, implies a test of the accounting principles and the Board's and the CEO's application of these, as well as an evaluation of the total information contained in the Annual Report and the consolidated accounts. We have examined essential decisions, measures and circumstances in the company in order to be able to assess whether or not any member of the Board of Directors or the CEO is liable for damages towards the company. We have also examined whether or not any member of the Board of Directors or the CEO has acted in violation of the Companies Act, the Act on Annual Accounts or the by-laws of the company. We consider that our audit gives us reasonable grounds for our opinion expressed below.

The Annual Report and the consolidated financial statements have been drawn up in compliance with the Act on Annual Accounts, thus presenting a fair picture of the result and position of the company in accordance with generally accepted auditing standards in Sweden.

We therefore recommend that the Annual General Meeting should take the following measures: adopt the profit and loss account and balance sheet of the parent company and the Group; distribute the profit in the parent company according to the proposal in the Report of the Directors and discharge the members of the Board of Directors and the CEO from personal liability for the financial year.

Stockholm, 19 February 2004

Torbjörn Hanson
Authorised Public Accountant
Ernst & Young AB

Johan Kaijser
Authorised Public Accountant
Ernst & Young AB

Definitions

EMPLOYEES

Average number of full-year employees Total number of hours worked during the year within the Group divided by the normal number of hours worked per year per full-year employee.

Value added per full-year employee Added value (operating profit plus staff costs) divided by the average number of full-year employees.

DATA PER SHARE

Profit per share The profit for the year divided by the average number of shares. The average number of shares has been calculated as a weighted average of the number of shares outstanding during the year, taking into account the point in time when the rights issue was carried out during the year.

Shareholders' equity per share Shareholders' equity divided by the number of shares at the end of the period.

Cash flow per share The cash flow for the year divided by the average number of shares.

CAPITAL STRUCTURE

Net operating capital Non interest-bearing current assets less non interest-bearing current liabilities.

Operative capital Total assets less non interest-bearing liabilities, short-term investments and financial fixed assets.

Net interest-bearing liabilities Interest-bearing liabilities less short-term investments.

Net debt/equity ratio Net interest-bearing liabilities divided by shareholders' equity, including minority interests. A negative debt/equity ratio implies that short-term investments exceed interest-bearing liabilities.

Equity/assets ratio Shareholders' equity including minority interests divided by total assets.

Interest coverage ratio Profit after financial items plus reversed financial expenses divided by financial expenses.

MARGINS

Gross margin Profit before depreciation as a percentage of net turnover.

Margin before goodwill amortisation Profit before amortisation of goodwill as a percentage of net turnover.

Operating margin Operating profit as a percentage of net turnover.

Profit margin Profit after financial items as a percentage of net turnover.

DEGREE OF PENETRATION

Degree of penetration The number of people in the staffing sector as a proportion of the professionally-active population.

RETURN ON CAPITAL EMPLOYED

Return on operative capital Operating profit as a percentage of average operative capital.

Return on shareholders' equity Profit for the year as a percentage of average shareholders' equity.

History

It is an overcast afternoon in November as Berit Flodin sits in her basement office at typewriting agency, Snabbstenografen, typing clean copies of a number of letters for her customers. One of her most loyal clients arrives needing help with the translation of a few documents. He is agitated because his secretary has been taken ill and it is going to be extremely busy the following day in his office. After a brief discussion with Berit, they come to the conclusion that one of Berit's colleagues could just as easily sit and perform her transcription work on the customer's premises and, at the same time, assist him as his secretary. The temporary staffing company is born.

Proffice originated in Snabbstenografen which was founded in 1960 by Berit Flodin. The company offered typing agency services and later started hiring out secretaries in the Stockholm area.

The operation was run for many years by Berit and her husband Hans Hägglund and, with time, additional professional categories

were added, such as telephonists and administrative assistants. The company expanded geographically with establishments founded in Malmö in 1976, Uppsala 1986 and Gothenburg 1987.

By degrees, the operation expanded to include linguistic secretaries, word processors, temporary telephonists, temporary terminal operators and typing agency centres, and in 1987 they were all brought together under the Proffice umbrella.

The principal owner, Christer Hägglund, acquired Proffice in 1989 since when operations have expanded at a fast pace. In 1997, the Norwegian company Personellassistanse was acquired, and Proffice Care was launched. In 1998 operations were established in Denmark and, since the acquisition in 1999 of the Finnish company Office Team, the company has been operating in Finland.

Proffice has been listed on the Stockholm Stock Exchange since 1999.

Addresses

PROFFICE AB (PUBL)

Karlavägen 102, PO BOX 70368,
SE-107 24 Stockholm
Tel +46 8 787 17 00, Fax +46 8 553 419 15
www.proffice.com, info@proffice.com

INVESTOR RELATIONS

Hans Uhrus, hans.uhrus@proffice.com
Mobile +46 73 34 34 100, Tel +46 8 787 17 00

DENMARK

ProffCom Communicationcenter A/S

Bygmestervej 5
DK-2400 Copenhagen NV, Denmark
Tel +45 36 90 40 40, Fax +45 36 90 40 41
www.proffcom.dk, proffcom@proffcom.dk

Proffice A/S

Vestergade 29-31, I
DK-1456 Copenhagen K, Denmark
Tel +45 70 21 13 13, Fax +45 33 41 88 30
www.proffice.dk, info@proffice.dk

Proffice Care A/S

Nyhavn 63a, DK-1051 Copenhagen K, Denmark
Tel +45 33 32 79 95, Fax +45 33 32 79 94
www.profficecare.dk, info@profficecare.dk

FINLAND

FAST Henkilöstöpalvelut Oy

Näsilinnankatu 29, SF-33200 Tampere, Finland
Tel +358 3 2760 700, Fax +358 03 2760 701
www.fast-henkilostopalvelut.fi,
fast@fast-henkilostopalvelut.fi

ProffCom Communicationcenter Oy

Asemakuja 2C, SF-02770 Espoo, Finland
Tel +358 9 613 6000, Fax +358 9 613 6500
www.proffcom.fi, sales@proffcomfinland.fi

Proffice Finland Oy

Södra Esplanaden 24A
SF-00130 Helsingfors, Finland
Tel +358 9 8568 8800, Fax +358 9 8568 8860
www.profficefinland.fi, info@profficefinland.fi

NORWAY

ProffCom AS

Karoline Kristiansensvei 2, PO BOX 6691,
Etterstad, NO-0609 Oslo, Norway
Tel +47 21 50 55 50, Fax +47 21 50 55 51

Proffice AS

Prinsens gate 5, PB 828 Sentrum
NO-0104 Oslo, Norway
Tel +47 22 31 38 00, Fax +47 22 31 38 01
www.proffice.no, info@proffice.no

RC Consultants AS

Luramyrvæien 25B, PO BOX 1137,
NO-4391 Sandnes, Norway
Tel +47 51 63 88 00, Fax +47 51 63 16 10
www.rcc.no, post@rcc.no

Tennebø & Partners AS

Wergelandsveien 21, NO-0167 Oslo, Norway
Tel +47 22 56 52 00, Fax +47 22 56 73 76
www.tennebo.no, firma@tennebo.no

Proffice Care AS

Prinsens gate 5, PB 828 Sentrum
NO-0104 Oslo, Norway
Tel +47 22 31 38 00, Fax +47 22 31 38 01
info@proffice.no

SWEDEN

Antenn Consulting AB

Karlavägen 102, PO BOX 70368,
SE-107 24 Stockholm
Tel +46 8 545 167 60, Fax +46 8 545 167 67
www.antenn.se, consulting@antenn.se

ProffCom AB

Karlbergsvägen 77-81, PO BOX 811,
SE-101 36 Stockholm
Tel +46 8 503 070 00, Fax +46 8 503 070 21
www.proffcom.se, info@proffcom.se

Proffice Sverige AB

Karlavägen 102, PO BOX 70368,
SE-107 24 Stockholm
Tel +46 8 787 17 00, Fax +46 8 553 419 15
www.proffice.se, info@proffice.se

Proffice Care AB

Karlavägen 102, PO BOX 70368,
SE-107 24 Stockholm
Tel +46 8 787 17 00, Fax +46 8 553 419 15
www.profficecare.se, info@profficecare.se

Proffice Outsourcing AB

Karlavägen 102, PO BOX 70368,
SE-107 24 Stockholm
Tel +46 8 787 17 00, Fax +46 8 553 419 15
www.proffice.se, info@proffice.se

PROFFICE

www.proffice.com
+46 8 787 17 00

