



# ANNUAL REPORT 2003

 **REJLERS**

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## FINANCIAL INFORMATION FOR THE 2004 FINANCIAL YEAR

The Annual Report and other reports can be ordered from Rejlerkoncernen AB, Box 49061, SE-10028 Stockholm. Tel +46 (0)8-692 10 00, or from the company's web site [www.rejlers.se](http://www.rejlers.se).

For the 2004 financial year, the company will publish financial reports as follows:

Interim Report for Q1 2004: 21 April 2004

Interim Report for Q2 2004: 10 August 2004

Interim Report for Q3 2004: 2 November 2004

The publication date for the 2004 Press Release will be announced later.

By Rejlers, the Group, or the Company in this Annual Report are meant Rejlerkoncernen AB (publ).

# The Past Year

Sales increased by 9 percent

The number of employees on an annual basis increased by 13 percent calculated at year-end

Rejlers' B-share was listed on the Nordic Growth Market (NGM)

The Rejler Group acquired a further 10 percent of Rejlers Invest Oy

Establishment in Estonia

Establishment in Linköping

Change of generation within the main owner family

## Results and Key Ratios of the Rejler Group

SEK million	2003	2002	2001	2000	1999
Income	<b>254.3</b>	233.4	201.6	169.9	148.9
Operating profit	<b>9.3</b>	9.3	7.4	41.8	1.7
Profit after net financial items	<b>9.2</b>	10.5	8.4	40.9	1.0
Shareholders' equity	<b>63.2</b>	56.8	49.9	45.0	19.7
Total assets	<b>118.5</b>	110.9	119.6	109.1	74.1
Operating margin, %	<b>3.7</b>	4.0	3.7	24.4	1.1
Equity/assets ratio, %	<b>53.3</b>	51.2	41.7	41.2	26.6
Earnings per share, SEK	<b>3.06</b>	3.99	2.87	16.89	0.12



Rejlers is an independent, knowledge-based group within electrical engineering, energy, mechanical engineering, automation, IT and telecom. The operations are conducted in the Group companies, Rejlers Ingenjörer AB, ComIT Rejlers AB, Rejlers International AB, Rejlers Energitjänster AB, Rejlers OÜ, and also the associated companies Mirakelbolaget HB and Rejlers Invest Oy. Rejlers has been listed on NGM Equity since May 2003.

# A Statement from the Chief Executive Officer

*During 2003, Rejlers prepared for continued strategic acquisitions and further expansion. Take-over of Epsilon High Tech in Linköping, an acquisition in Estonia, an establishment in Denmark and an increase of the ownership share in Rejlers Invest Oy were important components of Rejlers' strategy. The goal is to attain 1 000 employees and one billion in sales.*



In May 2003, Rejlers' B-share was listed on the Nordic Growth Market. The timing of the listing was fortunate. After insignificant initial instability, the share price rose from SEK 25 to SEK 36 at the turn of the year. Liquidity has been good, with relatively extensive, consistent trade. Our sights are aimed at the O-list, when both Rejlers and the market consider the time to be appropriate.

The Group achieved a satisfactory profit for 2003. This was accomplished through advantageous balance between bold investment in expansion and development on the one hand, and continual trimming of the organisation and operational direction on the other. My intention is that Rejlers shall continue to increase profitability in the future, and that our development plan for growth shall be carried through at the same time.

The international improvement in the business climate, which I predicted in the listing prospectus, is being fulfilled. However, with some delay in Europe, which was not expected. In the USA, the improvement in the business climate has gone faster.

In Sweden, our trade organisation, Svensk Teknik and Design, STD, and the National Institute of Economic Research (Konjunkturinstitutet) predict increased investment ambitions by industry, and increased infrastructure investments, but with a continued weak construction market.

Rejlers is primarily affected by the industrial business climate, and by investment in infrastructure. Rejlers also has a stable position within the construction sector during a weak business climate.

Regionally, the metropolitan regions are the most profitable for Rejlers. But it is important nevertheless to participate in the growth which is ongoing in medium-size towns.

In order that a region can gain momentum, a strong university is required, with close contact with the business community. In such places Rejlers is established and shall remain established. Linköping/Norrköping, Gävle and Västerås are examples of towns in which Rejlers employs about thirty engineers. Växjö, Karlstad, Kalmar, Luleå, Skövde and Uppsala are also towns with colleges or universities, in which Rejlers has offices with further development potential.

IT competence and access to programs and computer power are becoming ever more decisive for the competitiveness of a company. Within the Rejler Group, programs have been developed for supporting customer assignments and for rationalising operations. One result of this is that Rejlers now markets about ten programs with annual sales of SEK 15 million. For example, Rejlers sells the Candela program, which documents street lighting, primarily with municipal purchasers.

Rejlers Energitjänster AB has found its place in the market in a very short time. Correct positioning, skilful management and the company's personnel have given good profitability, and contribute to a very great extent to the satisfactory profit of the Group.

For Rejlers International AB, the establishment in Denmark is the first concrete project. The company expresses Rejlers' determination to act internationally with controlled profitability. The Nordic approach is now being consistently fulfilled, and establishment in the eastern Baltic states fits this strategy well. Norway is waiting in the wings, in what way, the future will show.

Rejlers considers it to be natural to have a qualified project management resource within its operations. Assignments for the Øresund Bridge and Southern Link in Stockholm constitute considerable progress within Rejpro, where Rejlers project managers are concentrated.

My vision is of a Rejlers which attracts ever increasing interest from important customer categories. At the same time the best technical competence of the country shall be attracted to working in Rejlers.

Rejlers willingly identifies its competitors. Among those closest are ÅF and SWECO. We also encounter Ramböll, Carl Bro and WSP in many assignments, as we do Semcon and Teleca.

It is stimulating to compete when you can identify and map out your opponents. I look forward with interest and confidence to more clashes with our competent competitors during 2004.

Rejlers gained a health diploma within Korpen's programme during 2003 and were proclaimed one of the five most health-oriented companies in the country. In Rejlers, health-promoting input and the desire to give help with sickness and injury are manifested in concrete action. To be in good health also involves having a good working environment, good working terms, the correct salary and reasonable conditions for active leisure. These measures also improve conditions which give a good situation at home. Rejlers wants holistic involvement in the wellbeing of its personnel. The health aspect is as important and as profitable as is investment in quality and environment. One krona invested gives four in return. This might be considered obvious. It has now been stated.

Finally, I would like to express my thanks for the confidence shown in me in having the opportunity to manage Rejlers with its wonderfully positive personnel, enthusiastic customers, and now also, four to five hundred shareholders.

Stockholm 2004  
Peter Rejler

# Business Concept, Goals, Strategies

Rejlers is a technical knowledge group, which offers services within the areas of competence of: electrical engineering, energy, automation, IT, telecom and mechanical engineering.

The Group ensures that the demands of its customers are fulfilled, and provides added value in each respective service or product through good ethics, secure quality, a safe environment, and dynamic employee development.

Through this way of working, long-term customer relations are secured, and conditions for good profitability are created.



## **Vision**

Rejlers shall be seen as the obvious alternative among Nordic consulting engineers as regards investment object, technical advisor and employer.

## **General goals**

Rejlers long-term and general goals are to create and realise value for customers, shareholders and employees. Total yield for shareholders, which consists of dividends and increase in share value, shall be at a level comparable to that of the best Nordic consulting engineers.

## **Basic strategies**

Realisation of vision and general goals shall be made within the framework of the business concept, and be based on resulting formulated strategies.

## **Analysis of the surrounding world**

The surrounding world shall be subjected to continual analysis. The focus shall be on monitoring and following up changes and trends in society and in the business community. This is so that a high level of preparedness can be maintained for the repositioning of the Group's resources, whether it applies to establishment of new areas of competence or relocation to more expansive areas.



### **Customer structure**

Rejlers shall have a customer structure consisting of a well-balanced customer base, with differentiated sensitivity to business conditions. The customers shall represent a broad spectrum of sectors, and shall be within both safe and established activities and future oriented and innovative activities.

### **Business relations**

Rejlers shall work to construct long-term, value-creating business relations with its customers. By completing assignments in time, and at the right price and quality, the value of the service as perceived by the customer shall increase. Each employee shall show both technical and social competence in relations with customers.

### **Brand**

The Rejlers' brand shall be well known. The surrounding world's perception as to what Rejlers is and stands for is of crucial importance for the future development of the company. Customers, employees and other interested parties also have the right to know which values form the basis of our activities and which benefits the company's activities generate.

The image of the brand shall be exposed and strengthened through advertising, seminars, lectures, trade fairs and press releases. Market communication is mainly directed towards prioritised target groups within the Group's areas of competence.

### **Administration**

The Group's administration shall be simple, clear and efficient. It shall be pliable and flexible as regards changes in customer and market situations, and shall continually offer the consultants qualified support as regards internal processes.

### **Competitors**

Developments in the Group's leading competitors and their behaviour on the market shall be continually monitored.

### **Positioning**

Positioning in the market shall be made through the Group's local offices and shall be directed towards the sectors and areas of competence which are dominant in each respective region.

### **Strategic sub-goals**

In order to ensure long-term goals and visions, Rejlers has fixed prioritised stage goals and milestones for 2004.

### **Acquisitions and growth**

Acquisition of the remaining share of Rejlers Invest Oy is high on the list of priorities. Near the top of the list are also continued strategic acquisitions in Sweden, and continued organic growth of about 5 percent. Expansion in Estonia and Denmark is also important as regards investment in the Nordic area and the eastern Baltic states.

### **Profitability**

Strong investment in efficient resource planning within all parts of the Group, and the introduction of a new system for project reporting and follow-up shall lead to an improved debiting ratio and thus improved profitability.



# Rejlers' Position



The technical consultants' sector is very large. In Sweden alone there are 5 000 companies, which have total sales of between SEK 20 and 25 billion. Despite the fact that the number of companies involved is still very large, consolidation has been ongoing in the sector over a long period of time. Above all, the larger companies have grown primarily by means of acquisitions. Foreign companies have purchased some large Swedish consultancies, and there is continual speculation regarding new bids. The trend towards creating ever-larger units is clear. This is partly due to growth in the home market being low, while the number of international assignments is growing. In international terms the potential is considerable, but technical, language and cultural differences are obstacles along this route. However, these can be surmounted through acquiring and establishing companies abroad. A large, strong home base makes expansion easier.

## **Expansion reduces costs**

Large units also increase the capacity for cost savings. New IT systems are becoming an evermore important part of work, which in turn means an increasingly high level of cost for new acquisition

and updating of the old systems. Competitiveness is improved by spreading the cost over several individuals.

For many years, Rejlers has had the ambition of becoming an important player in the technical consultancy market within the Nordic area. By taking an active role in the consolidation phase which the sector is going through, opportunities are being created for continued growth. Rejlers' vision of strong establishment eastwards is being realised via acquisition of companies in Finland and Estonia. Development has gone at high speed, and establishment in infrastructure and industry will require considerable input from locally-based technical consultants.

## **Independent technical consultancy**

Rejlers' brand is historically connected with electricity. Rejlers have been, and still are, Sweden's largest independent consultant electrical engineers. But Rejlers are not only consultant electrical engineers. Over the last 50 years, Rejlers has been a respected name within industrial engineering. This covers all electrical installations, energy solutions, automation systems and machine design and production/maintenance engineering. At present, industry is responsible for 40 percent of Rejlers' sales. The ties within industrial engineering are deep rooted. The objective is to increase the company's market share within this segment through acquisition and organic growth.

Expansion shall be mainly within Finland, Sweden, the eastern Baltic states and Denmark. Rejlers' other areas of engineering also have a bright future through a well worked-out growth strategy.

## **Continued optimism**

Svensk Teknik and Design, STD, which is the Swedish consulting engineers' trade association, say that the Nordic economies are consistently following the same pattern. International assignments can therefore play a more important role for Nordic consulting engineers. After a very weak Nordic increase of Gross Domestic Product during 2003, improvements to moderate levels are expected during 2004-2005. Only Finland is different, with a growth rate of 3.4-3.8 percent. There are strong indications that the economic climate will continue to be difficult, but that the coming 3-year period will be considerably better than the previous one.

## **Market overview**

High expectations regarding the growth of the Øresund region during 2003 had to be postponed. The Stockholm region was affected by a harder



business climate in 2003. The earlier decline within IT and the telecom sector also affected other sectors. The Göteborg region showed positive trends with net immigration, which increased during the first half of 2003. Parallel with this, the negative employment trend also turned.

Rejlers is active in the metropolitan regions, within all areas of competence, and has thus been able to keep employment at a good level. The somewhat weak market within the property area continues, but there are brighter areas in Malmö and Göteborg.

In the Øresund region, the primary market is found within larger industrial projects and infrastructure. The Øresund Bridge Consortium is still a large orderer, as are Danisco, Sandvik, Tetra Pak and Trelleborg.

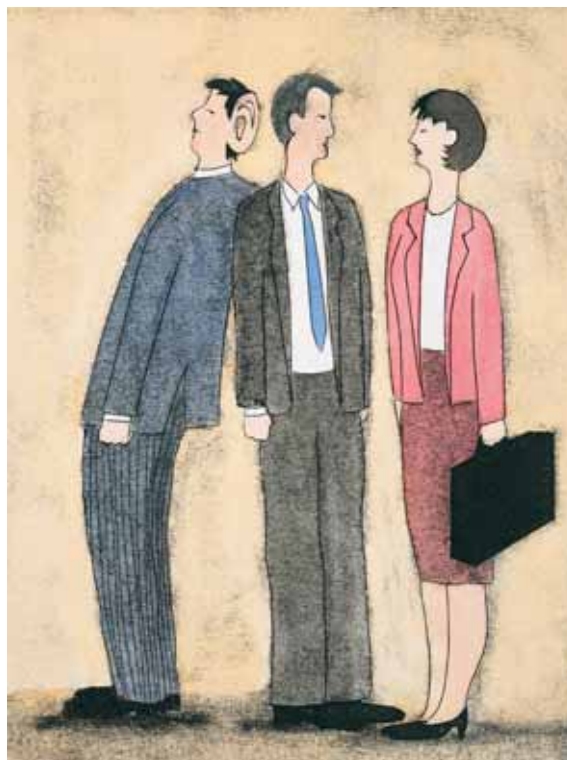
In Stockholm, there is a large market and potential within expansion of the region's infrastructure. The network companies within the region also purchase project planning and preparation of consultants to a large extent, which strengthens Rejlers' position in this segment.

In Göteborg, projects, above all in property installations are an important component within Rejlers. Railway technology has a very strong position, and continually takes an increasing market share of the national market.

### **Industrial projects**

Rejlers' establishment in other regions of the country is primarily historically conditioned, and directed towards industrial companies and towards electricity generating plants and energy plants.

The market for the various areas of competence varies strongly, creating requirements concerning flexibility as regards resource and market planning.



Industrial projects are a growing market in which Rejlers, through broad competence and experience, is making breakthroughs in areas which are partly new, such as production control and maintenance. The primary market in industrially strong regions is found here, with towns such as Gävle, Luleå, Karlstad and Västerås at the centre.

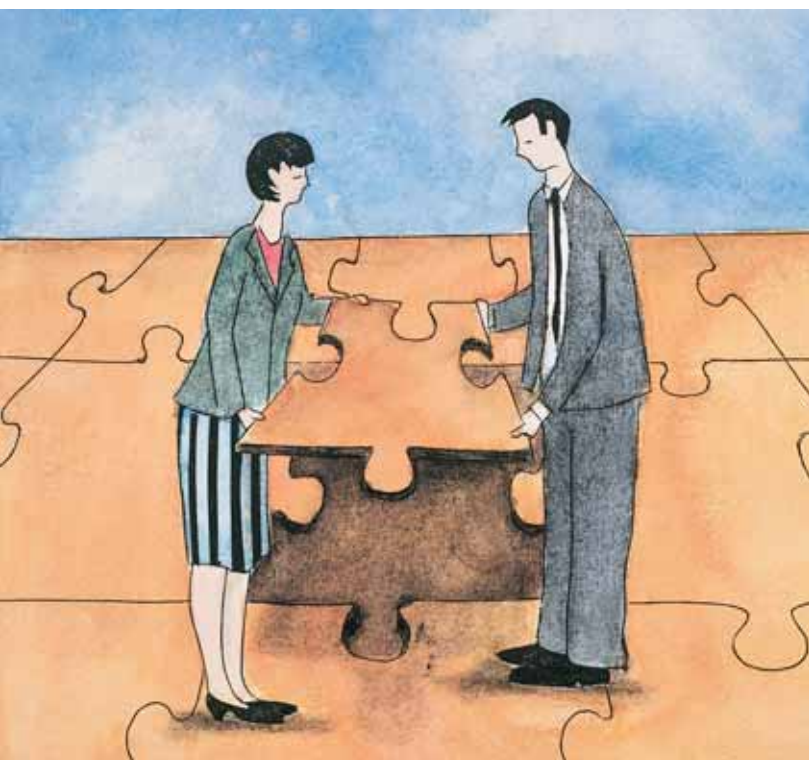
### **Electrical power and energy**

The widespread power disruptions of electricity supply experienced in large parts of the country during the last few winters have created a growing market within the electricity network area. The large companies are increasing investment in the networks, and reorganisation and efficiencies are being carried through.

The sector has also begun the transition to monthly reading and invoicing, resulting in increased demand for services. Here there are good prerequisites for stable employment for several years to come. In many municipalities there is also a growing market for the expansion of broadband networks.

### **Mechanical engineering**

Building up the area of competence in mechanical engineering has brought a larger customer base with an improved employment level. Investment and establishment are ongoing within several regions, in towns such as Skövde, Linköping, Västerås, Karlstad, Gävle and Luleå. Framework agreements have been concluded with a large number of customers, and there is a countrywide agreement with Volvo. Customers are found within both the engineering industry and the process industry. Prerequisites for continued good development are considerable, but their time frame is dependent on an improved business climate.



# Rejlers' Employees

Rejlers' assets are the know-how and cooperative competence of its employees. Within the Group, work is steadily ongoing in offering that support which is required in order to improve the opportunities for everyone to carry out fully satisfactory work.

The number of employees, on an annual basis at year-end, totalled 359 (318), an increase of 13 percent compared with 2002. Acquired operations contributed 9 percent of the increase in personnel.

Oscillation in the business climate, company acquisitions or other conditions can mean that a company must increase or decrease its number of employees. 2003 was a year with both growth and reductions. At the same time as the Rejler Group had expansive areas and regions, there were also areas and regions in which it was necessary to implement structural change.

## Information and resource planning

In this type of process of change, it is important that all personnel in the Group receive quick, correct information. This makes it easier to create understanding as regards necessary changes, and also as regards the way in which changes are carried out. A great deal of energy has therefore been put into having good internal dialogues about these processes of change, both with employees and their union representatives.

In order to maintain stability and knowledge in an organisation with the relatively high tempo of Rejlers, careful resource planning is required as regards appointment of managerial personnel. Rejlers' method is to have a high proportion of internal recruitment. The Group thus has a goal of having two managers out of three recruited internally. In order to achieve this goal, there has to be a base of internal management candidates. Each year,

the Group therefore maps out the background of office and business area, competence and development possibilities of its personnel. Increased recruitment from universities and colleges is also a prerequisite for ensuring a long-term supply of competent personnel at all levels.

Continually working with personnel, who are the assets and core value of the Group, involves care of value. For Rejlers, care of personnel value means communicating measurable and clear goals at all levels within the Group. This also involves a decentralised organisation with extensive delegation of decision-making and responsibility. A prerequisite for this is open and honest dialogue without prestige between employees at all levels, and cost awareness as regards the Group's activities.

## The Rejlers' school

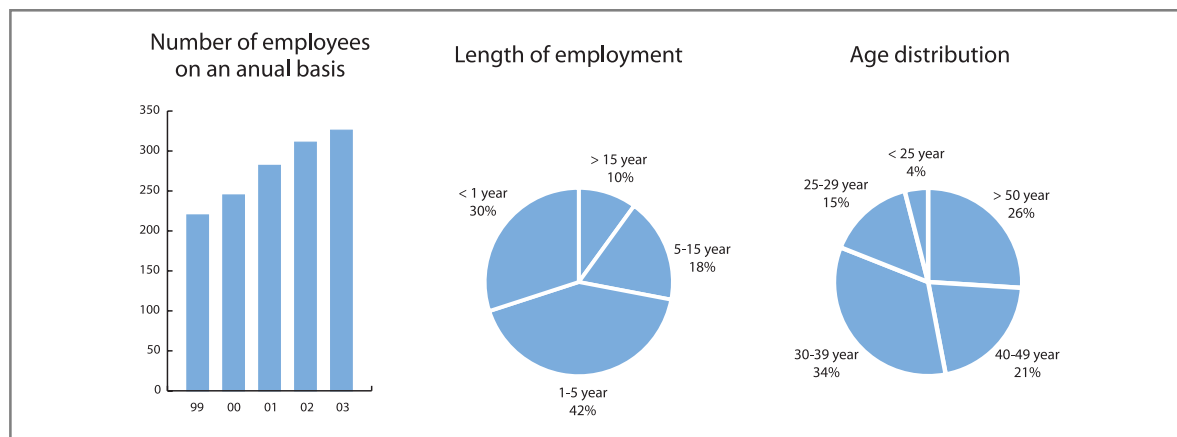
Continual further education is a prerequisite for engineers and consultants. The Rejlers' school gives training for all personnel, and covers such things as marketing, assignment processes, project finance, contract law and business economics.

The programme of the school is adapted to each individual, and is a continuous process in which the employee never "finishes".

Tailored training is adapted for the company's managers in relation to existing knowledge and experience. Subjects included are behavioural science, personnel management, labour law, profitability control and sales technology.

## Recruitment and careers

Rejlers strives to be an attractive and sought-after workplace. The company works actively to give information to students and those who are newly qualified in colleges and universities regarding the



possibilities the Group can offer. For new employees, the company has introduced a sponsor system, in which an employee takes on the role of tutor.

Internal recruitment and the internal career route are part of the Group's recruitment policy. In Rejlers there are two possibilities as regards a career, either a normal managerial career in line with personal responsibility, or a technical career as project manager or chief engineer, which can be combined with technical responsibility.



### Balanced scorecard

"Balanced scorecards" are used within the company at all levels as an aid for the employee to follow his/her development and the development of the company.

The four parameters which are worked through and which include as many measurable factors as possible are

- Development perspective, the personal development of the employee
- Process perspective, how the work is carried out
- Customer perspective, the customer's view of Rejlers
- Financial perspective, result and financial follow-up

The balanced scorecard is followed up with development discussions which are carried out between the employee and his/her immediate superior.



### Working environment and health

Working environment and health work in Rejlers are intended to offer the employee a healthy life and a safe workplace.

Through this work, the risk of mental and physical ill health is reduced, for example, being burnt out. Intensive input is made through close cooperation with the corporate health care to prevent long-term reporting in sick and to identify cases of risk for that type of reporting in sick.

Rejlers has been health-certified by Korpen during 2003. The health certification means that the company has established both short-term and long-term action plans for the health of its employees.

On the basis of these action plans, and on health criteria established by Korpen, certification is established annually.

### Employee data

As of 1 March 2004, the Rejler Group had 359 employees on an annual basis, in Sweden, and some 140 through the partly owned company in Finland. The average age in the Group is 41, which is a good balance between younger and older consultants.

During 2003, turnover of personnel was about 11 percent, which is a reduction compared with 2002.

Rejlers' goal is that turnover of personnel should not exceed 10 percent.

Of the Group's employees, 85 percent are men and 15 percent are women. The profession is traditionally male dominated, but the gender equality policy of the company is directed at increasing the proportion of women employed.

# Rejlers' System

## Internal system for supporting activities

Running a company with good profitability in general, and a knowledge-based company such as Rejlers in particular, places considerable demands on functioning internal processes and systems. The activity must be efficient at the same time as the company's costs must be kept down.

Rejlers' position in the market also puts the company in a zone in which competitiveness and cost-chasing are hardest. Therefore, the externally directed assignment activity is necessary, and must be efficient. Often the internal processes and support systems must take second place to daily activities, but this is not the case in Rejlers.

Development of the support system and processes are ongoing continuously, and guarantee that assignments are carried out in an optimal way. The gain is cost efficiency and satisfied customers.



### Internal support system

All of the Rejler Group's local offices are connected with VPN systems and network operatives. Report, the Group's Intranet, is the collective platform for the internal system. Rejlers' consultants use the portal on a daily basis as a source of information in which news and formulae are presented continuously. By subscribing to various news groups, the quantity of information can be selected or broadened. There is no obstacle for all employees to get published and thus no obstacle for anyone to read the information. On the Intranet there is the central register of all employees. Here the consultants are themselves

responsible for their information. Here also are all the consultants' CVs. In searching through the competence tree, those who are responsible for assignments and colleagues can find exactly the right competence which is required in the activity which will accompany the tender.

Customer and market work are also followed up via the Intranet with a flexible and easily handled customer support system.

The Group's business system ensures, partly via the Intranet and partly via an external web interface, time reporting, project reporting, invoicing and financial follow-ups.

The involvement of employees and their interest in the activities are satisfied with selected "barometer values" from the business system.

One of the most important support systems which is reached via the portal is the "Operational Handbook", the Group's digital manual for quality work and environmental work. Access to the collected documentation is found here, which enable external and internal activities to actually function.

An important part of the Intranet is its role as forum for work environment and health questions. Rejlers' investment in health and wellbeing is emphasised on its own health pages. Here, the active participants fill in their own training cards, and thus participate in raffling of health resources and sports equipment.

### Rejlers' Project

Efficient project organisation and follow-up are decisive for a successful completion of both small and large projects. The latest edition to the support system for consultants in Rejlers is the internally developed Rejlers Project. The system combines the business system, PX-Control with the Operational Handbook in a web-based application.

Finance, timetable planning and project administration are reported and are accessible for the project group or profit centre.

### Communications

The employees' communications, both internally and to the surrounding world, are conducted through standard e-mail programs. Electronic calendars and systems for the allocation of resources to employees are found here.

Customers, capital interests and job applicants come into contact with Rejlers via the Group's web portal.

# External system for sales to customers

Rejlers System – is a collective term for software systems developed by the Rejler Group. Many of the systems are commercial results of internally developed support systems for the Group.

Other systems are results and processing of developed systems for customers' accounts. The systems are marketed and sold by the Group's companies.

## Operators' systems

PC Operator is a result of cooperation with various interested parties over many years, primarily within the water supply and sewage system sector and process industry. The system is an intelligent operator interface (SCADA), report handling, database storage and control and monitoring of machinery, equipment and processes. The system is now undergoing an extensive development, which will result in, among other things, a web-based solution. The system has been sold in over 2000 licenses.

## PI Book

Project Information & Booking. An e-commerce system for planning, booking and purchase of services, focussing on personal input.

PI Book makes it easy to find the right resource for a specific assignment. Competence can be looked for



in the consultant database and be booked directly in the personal calendar.

PI Book also gives specific assignment information, such as time worked, outlay and invoices, costs and income.

## Report

Report is the commercial version of the Group's Intranet. Adaptable for small and medium-sized companies. Report connects together various business systems, and gives easily accessible information to users and administrators.

## Maintenance

The Rejus product has grown out of a long tradition and genuine knowledge within maintenance for industrial plant. Rejus is a complete maintenance system with plant and article register, together with report and activity handling.

## Mirakel system

Rejlers developed the first computerised technical system for electrical plant and energy plant as far back as the 1960s. At present, Rejlers has about 40 percent of the market within the sector segment. There are models for documentation, calculation and inspection of electricity networks, street lighting and broadband networks, and for handling information which the Energy Authority requires for such things as network use models and disruption reporting.



# Rejlers' Projects

## Electrification of the Blekinge coast railway

The Blekinge coast railway is a single-track railway between Kristianstad and Karlskrona. At present, it is used by goods trains and the diesel powered inter-regional passenger trains, Kustpilen. In the near future, a railway plan will be established for electrification of the track.

During 2004, Banverket will produce construction documents for the electrification of the railway. The electrification work will be carried out between June 2005 and June 2007, and then the railway will be closed for passenger services. Electrically driven

trains can, according to present planning, start services on the track in the middle of 2007.

Rejlers' assignment has been to work out system documents during the spring of 2003 for the rebuilding of five railway depots along the route. The project will continue during 2004, with working out construction documents for them.

The assignment covers all technical aspects, track, electricity, signalling and telecom. Ground project planning and geotechnical work is included.

Rejlers will carry out the assignment as main consultant for Banverket with Tyréns as sub-consultant for track, ground and geotechnics.

## The Navet project in Kungälv, Mimers Hus



Photo: Wingårdh

Kungälv municipality is building a new upper secondary school, Mimers Hus, with a main library for the municipality and a new sports hall. The work will be carried out in three stages and it is planned that it will be completed in 2005. Each stage will be procured separately. Documents have been produced for controlled total contract.

Careful preliminary studies carried out together with the orderer and users mean that the detail level in several respects is more like a performance contract.

Rejlers has been responsible for all project planning of electrical work, telecom and data, and installations for fire alarm and entry monitoring in which modern technology and high accessibility have been key words.

Project planning of the power plant includes a new 400 V switchgear.

The documents for the bus system have been produced for LonWorks/EIB and mainly regulate the lighting installations.

Telecom project planning covers handling of fire, burglary, entry and property related installations in a joint computer platform. The computer network is designed as a joint property network in accordance with the requirements for Category 6, with about 1 800 connection points. Active equipment and local wireless networks have also been specified in the documents.

Project planning of fire alarm installations has been made with full monitoring in accordance with existing regulations (SBF:110), including control and operation of various fire ventilation objects, fans, doors, and sound and light installations.

Entry control installations, which cover such things as systems for evacuation alarms, assault alarms, emergency signals, goods alarms, personnel enumeration and time recording, will subsequently cover remote control of most of the municipality's schools.

The lift assignment includes a total of nine cable lifts and a lifting table for stage and orchestra.

The industrial kitchen project planning covers several training kitchens, school restaurants and commercial kitchens and cafés for about 2 000 people.

## Electrical network project planning and motorway construction



Photo: Staffan Gräns

Since 2002, Rejlers Ingenjörer have had a total assignment from Vattenfall Sveanät to be responsible for all planning and project planning at local network level, 0.4-20 kV, resulting from the motorway construction between Uppsala and Mehedeby.

The motorway construction is the longest of its type in Sweden with its 78 kilometres, including 9 intersections, 101 bridges and 3 lay-bys. When the route is opened for traffic in the autumn of 2007, the time gain between Gävle and Stockholm will be about 30 minutes.

The measures included in Rejlers' commitment have been:

56 line crossings, 20 new connections and 38 construction current deliveries. The consultants' input has covered everything from equipment to final projecting, including building permit documents and cost calculations.

During the project, the delivery of plans and completed documents has progressively turned into fully digital form.

Five consultants have put about 4 000 hours into the project.

The project is now continuing in an administrative phase in which Rejlers handles changes that occur and additions. In the execution phase, Rejlers will also work with Vattenfall's contractors.

## Rejlers automates rock-crushing plant in Norway

Each year, Franzefoss Pukk AS produces about 3 million tonnes of ballast, gravel and sand in the company's 17 plants in Norway. Examples of areas of use are asphalt, road construction, litter material, drainage, concrete foundation plates and production of soil.

Rejlers was assigned by Sandvik Rock Processing to project plan and draw up documents for the power supply and electrical installation of Franzefoss' new plant located in Lierskogen, north of Drammen. The assignment also included systemising and programming the automation system and its superior database and reporting system. The old plant, which dated back to 1957, had definitely outlived its usefulness. The development is one of the largest of its type in Northern Europe within the last ten years.

The new plant has a larger production capacity than did the old one. It is also expected to produce better products using a new type of automated setting regulation for the three Sandvik Hydrocone® crushers.

The operator controls and monitors the plant via three viewing screens located in an operator's cabin. The operator can perform such operations as producing a trend diagram for power, belt speed, level measurements and PID regulators, and also print out reports for production, operating time and power consumption.

A modified twelve-metre standard container is used for switchgear space, in which switchgear and control system are located. As the plant covers a large area, a field bus is used for collecting signals and controlling and reading such things as production meters, frequency converters and for band operation monitoring. The control system consists of 35 field bus nodes, and contains 600 digital inlets, 150 digital outlets, 50 analogue inlets, 20 analogue outlets, 25 high-speed computers and 70 ASi motor groups.



## Sandvik invests in employee safety



Nowadays, Swedish companies are obliged by law to secure established working environmental goals. This is done by means of clear routines and working methods in daily activities. Despite this, serious workplace accidents still occur – some fatal – within industry.

The reason for this, to a large extent, is due to deficiencies in routines, training and safety devices. If an accident occurs, the Managing Director, Production Manager or other person is considered responsible.

On account of this, Sandvik Materials Technology in Sandviken decided to carry out the sub-project “Break-lock-secure” as part of a larger context concerning safety at work and working environment. Rejlers in Gävle was offered the opportunity of participating in the project as a result of planned

development within the area of production and maintenance engineering, a supplement to the previously established plant operations within the areas of electrical engineering, automation and mechanical engineering.

At an early stage of the project, Rejlers received the assignment of carrying through a preparatory inventory of working routines and safety devices – starting locks, breakers and valves – regarding production equipment in all premises.

After an inventory was carried out Rejlers updated and implemented both “break-lock-secure” instructions and directions in consultation with operators and maintenance personnel. This information is displayed and clearly visible next to machinery and liners in order to be accessible for the personnel and for hired contractors. The Rejlers’ consultancy contribution in this part project for Sandvik Materials Technology has been ongoing for almost 1½ years and has resulted in the greater part of the factory area in Sandviken being documented.

Rejlers does not only see this assignment as an important and pioneering contribution within the industrial project technical area, but also as confirmation of the new view of the company regarding consultancy assignments for industry. The project has given a clear wider perspective and holistic concept, primarily with reference to production, an aspect which is perceived to be especially important nowadays.

In the future, focus will probably be moved further from hard parameters to soft ones in which working environment, working methods and safety will become ever more important components of a more rational production concept.

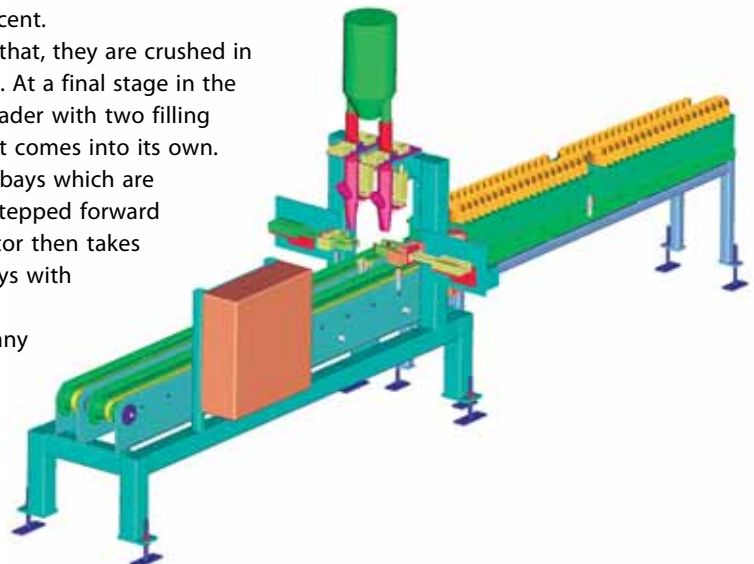
## A new bag-filler increased production at LKAB

In a cooperation project between Rejlers in Skövde and Luleå, the company has designed, built and delivered new bag-filling equipment for ore samples to LKAB in Malmberget. The old equipment, which had been there a long time, functioned imperfectly due to the dusty environment. With the new equipment, production of filled sample bags has increased by about 300 percent.

The ore samples are taken from core samples. After that, they are crushed in three stages down to a particle size of 0.5 millimetres. At a final stage in the crushing process, the ore samples arrive at a downloader with two filling apparatus. At this stage, Rejlers’ bag-filling equipment comes into its own.

The bag filler is, in principle, two parallel belts with bays which are loaded with empty sample bags. The bays are then stepped forward and filled automatically with ore samples. The operator then takes the sample bags for sending on, and also fills the bays with new bags.

The filling equipment is just one example of the many assignments with total equipment which are becoming increasingly common, and which are ideally suited to Rejlers’ concept of Industrial Projects.





## Green certificates (Elcertifikat) – good business with the right system

The Swedish Parliament voted to introduce a system of green certificates (elcertifikat) as from 1 May 2003. The intention of this was to stimulate renewable generation of electricity; sun, wind, waterpower and biofuel. The system affects suppliers of electricity, producers of electricity, network owners and electricity users.

The objective is to increase generation of electricity from renewable energy sources to four times the 1997 level. The expansion of generation of renewable electricity is intended to give a further 10 TWh by 2010.

The system involving green certificates (elcertifikat) means that, apart from the physical value of electricity, there is also an additional value in the form of a certificate (green certificate) confirming that electricity has been produced from renewable energy sources. The value represented by the green certificate can be sold by the holder of the certificate. Companies that sell electricity are under duty to ensure that a certain proportion of sales, a quota, will come from renewable energy sources.

A production plant can thus be paid for both the physical electricity generated and for the green certificates that the generation produces. This increased income is intended to stimulate producers of electricity to invest in renewable production.

The legislation arrived very quickly, and the market found that it had to implement all the systems required for the system to function in a very short time.

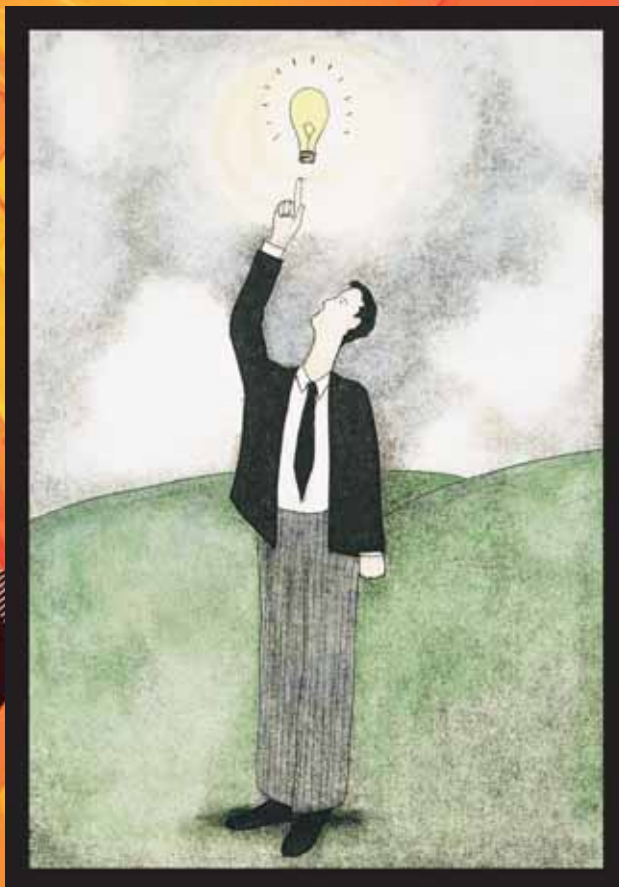
Rejlers Energitjänster rapidly carried out an adaptation of its systems. Its services could be offered to producers of renewable electrical energy with considerable success. The requirements for having electricity plant classified as renewable are that the electricity will be metered on an hourly basis, and reported every 24 hours to authorities and other players. The metering equipment must have a high degree of exactitude, which must be verified.

Rejlers Energitjänster was able to offer a total solution of such quality that the small producers' interest association, SERO, recommended Rejlers' solution. This meant that the association's members and other producers could utilise the advantages of the system very quickly, and so benefit from the new legislation. Within a short time, over 30 production plants were equipped with new metering points for gross metering.



Photo: B Lundkvist

# Rejlers Ingenjörer



Net sales increased by 9 percent to SEK 241.7 million (SEK 222.5 m).

The operating margin was 3.8 percent (4.0%). The company had 336 employees on an annual basis at 14 locations at year-end.

### **The past year**

2003 was dramatic from an international perspective. A strike of oil workers in Venezuela, which caused rising oil prices. The war in Iraq, which began in March after a long and politically tense escalation. The lung disease, SARS, which ravaged through Asia and spread disquiet throughout the world.

It is unavoidable that such events also have negative consequences for the Swedish engineering consultancy sector. The export industry, which is one of the sector's largest orderers, is dependent on stable and advantageous exchange rates against the euro and the dollar. The construction and property branch is dependent on a controllable interest-rate level in order to manage the costs of construction. These customer segments, which are so important for Rejlers, entered a difficult period during 2003. Largely thanks to projects commenced during 2002, and with forms of cooperation which were well established with key customers, the first half year did, nevertheless, show a good result in level with budget.

### **Company acquisition**

In July, Epsilon High Tech AB's operations in Linköping were acquired and amalgamated into Rejlers Ingenjörer AB. With a workforce of 15, this was the beginning of Rejlers' office establishment in Linköping.

The considerable decline in incoming orders occurred at the very beginning of the third quarter. Generally, only the infrastructure project involving the Øresund Bridge and the development of the Swedish railway network continued in undiminished volume. A summary of the third quarter shows that orders received, degree of utilisation and result are the lowest of the last five years.

### **Stiffening competition**

Competition stiffened in pace with the slowdown and declining intake of orders in the industrial sector. Prices were under considerable pressure, not only from domestic competitors but also from foreign engineering companies, which gained market share within industrial product development with low fee levels.

The reduced volume of investment contributed to lay-offs and consolidation measures within the entire engineering consultancy sector, and this included Rejlers. It also contributed to certain customers within the industrial and energy sector increasingly choosing to carry out project planning and development projects with their own personnel. The market situation of the construction and property sector showed increasing uncertainty regarding

the immediate future. During the fourth quarter, the decline levelled out.

In November, Brocon Consulting in Linköping was acquired and incorporated into the Linköping office. The intake of orders stabilised and increased during November and December.

In summary, 2003 was an acceptable year with regard to the economic conditions at the time and the adverse marketing situation which resulted. Of several progress factors, increased sales investment and rapidly executed programmes of measures were the most important.

### **Market and customer structure**

The main customer categories are industries, construction and property companies, infrastructure owners and network owners within electricity distribution and telecom.

Within the industrial sector there is a broad, business cycle-sensitive customer base, with a variation of lines of business from foods, pharmaceuticals and chemistry to nuclear power, vehicles, engineering, steel, mines and paper and pulp.

The largest industrial customers are Sandvik, Stora Enso, Danisco, Astra Zeneca, Volvo, Westinghouse, Tetra Pak, SSAB, Dellner, ABB, Metso, OKG and Ringhals. Within the customer segment electricity generation and energy plants, Vattenfall, Fortum and a large number of our smaller municipality-owned electricity and energy plants constitute the customer base.

### **Ports and property companies**

Banverket's regional property departments, Stockholm's lokaltrafik, the Swedish National Road Administration and the Øresund Bridge are the largest orders among infrastructure owners. Skanova, Flextronics, together with local government owners of broadband networks, are the largest customers within the telecom sector. The local government-owned property companies and ports in Malmö,



Göteborg and Stockholm, together with Vasakronan and Specialfastigheter form the main body of Rejlers' customers within the construction and property sector.

The seven largest customers are responsible for 1/5 of Rejlers Ingenjörers total sales, the public sector is responsible for 30 percent of total sales and the largest single customer is responsible for 4 percent. These are figures which accord with the Group's goal of limiting existing risks in having over-representation by a few, large orderers.

### Assignments

During the year, Skanova has been the largest orderer within business area Telecom. This has primarily consisted of services for network planning and network design both for ground and overhead networks. Additionally, the continued expansion of the Swedish broadband network has generated many project management assignments from the country's local authority-owned network companies.

As a result of the new legislation concerning requirements for reading and metering management of electricity meters, consultancy services in this area and in connection with it have constituted a large part of the core activities of business area Electrical Power and Energy. Additionally, design, project

planning and preparation of electricity distribution networks, transformer stations and relay protection plant has constituted a large part of activities.

The business area Construction and Real Estate has increased market share for electricity audit inspections (EN inspections) with qualified engineers and an efficient administrative system. A number of project planning assignments have been carried out for police and prison establishment authorities using advanced competence within the areas of alarm, entry and security systems. The large-scale power interruption experienced during the year generated assignments in the form of surveys regarding auxiliary power and uninterruptable power. The health care sector and the school/education sector have been the dominant orderers of project planning assignments regarding electrical installation, lighting, telecom and computer networks.

### BEST project planning

In the infrastructure projects, the business area Railway Technology has profiled itself as one of Sweden's leading BEST project planners. The concept involves total commitment regarding project planning of construction (ground and track), electrical engineering, signals and telecom. Large assignments during the year have been the Bohusbanan railway, the Blekinge kustbana railway, the Citybana railway in Stockholm and project planning of trolley buses for Landskrona Municipality.

During 2003, Rejlers was also a supplier of consultancy services both to the Øresund Bridge Consortium involving planning the Øresund Bridge technical system, which also included advanced project management assignments for the REJPRO business area, and also to the Stockholm Real Estate and Traffic Administration in the street lighting project.

### Break and lock

The business areas Industrial Electrical Engineering and Automation, and Mechanical Engineering have carried out a number of cross-technical projects covering all engineering disciplines within Rejlers. Among these was the technical handling of Rexam's move of a beverage can plant from Malmö to Naro Forminsk in Russia. Another large, cross-technical project is the analysis, inventory and establishment of break-and-lock instructions for all production equipment at Sandvik AB in Sandviken. The project arose as a direct result of the more stringent application of work environment legislation. Additionally, Rejlers has carried out energy surveys of water, steam, cooling, heat, electrical engineering and ventilation at Pfizer/Pharmacia in Helsingborg. During 2003, Rejlers also increased its market share of maintenance of technical supply systems and production processes within the industrial sector. Apart from the maintenance system, REJUS, developed in-house, the assignment has involved consultancy services within the establishment of maintenance routines, handling and safety instructions, machine register, routines for periodic maintenance, action programmes and CE marking.





Photo: OKG AB

### The future

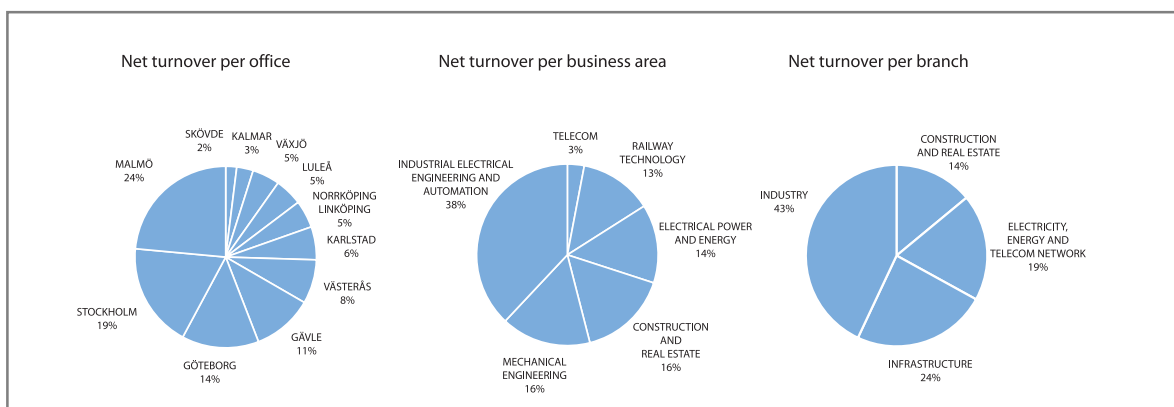
Conditions during the next few years are expected to be positive for technical consultants. Rejlers is continually working with developing the positions of the business areas, both within existing market segments and production areas and new ones. In the Group there is a well-developed process for growth work. The key words are prudence and care. With a process-oriented operating system accessible on the Intranet, all employees have access to the Group's controlling documents. A well-developed customer support system gives support to both short-term and long-term marketing work.

The market shows a clear trend towards more integrated cooperation projects, in which the joint long-term nature of commitments from both customers and suppliers is in focus. The relationships change from project information to customer information, in which customer benefit receives the decisive value. Using Rejlers' broad competence profile and efficient organisation, it is possible to react rapidly and put together project organisations with the appropriate competence profile for the customer.

### Growth

The engineering consultancy sector creates values which last. The engineering consultant influences planning, function, finance and technology regarding practically all physical investment in our society. A growing and increasingly extensive role for the sector in general, and Rejlers in particular, consists in also participating in research and development.

In order to keep up with structural changes within the order stage, Rejlers is continually working with value-creation renewal of the company's competence. Rejlers has a well-differentiated and balanced customer base, which covers many business areas. This strategy makes operations less business cycle-sensitive. Although the greater part of activities is directed towards more mature markets, there are also growth areas in which the sector history of the Group gives a good starting point. The sector history and the customer-oriented organisation give Rejlers leading positions within profitable growth segments, primarily within cross-technical project management assignments, BEST projection for railways, collection systems for energy metering, industrial IT, logistics and maintenance and production technology.



# Rejlers EnergiTjänster



Sales amounted to SEK 10.1 million. The operating margin was 20 percent. The company has twelve employees in Motala.

### **The market**

The market as a whole showed positive development, at the same time as interest in the company's product portfolio "Complete Services" has increased. During the year an agreement was reached with the Swedish national energy associations' organisation, SERO, and this led to a considerable increase in the demand for the product Complete Metering for metering of generation for green certificates. This resulted in the company constructing some 30 new metering points for "gross metering" of hydroelectric power stations and wind power plants, and also agreements with a large number of owners of production plants.

Demand for Complete Time Settlement Services increased towards the end of the year and resulted in a number of new customer contracts.

### **Partnerships**

Investment has also been made in establishing partnerships with leading suppliers of collection systems in order, jointly, to broaden product offerings and attain increased market penetration. The company's motto, "several manufacturers, one supplier" is receiving increased reception in the market. Via the concept, Complete Measurement Value, Rejlers EnergiTjänster can offer solutions which take advantage of investment already carried out and at the same time integrates new technology into customer plants.

The energy services also participated in a number of exhibitions in connection with seminars prior to the new legal requirements.

The market for Complete Template Service for electricity trading and network companies showed positive signs at the end of the year. The number of enquiries increased strongly, and the result of these will show through at the beginning of 2004.

### **The customers**

The company has broadened its customer base through cooperation with SERO, which gave new customers within electricity production, and as a result of this, also a number of new industrial customers. The network companies constitute the core of the customer base, but an increase has also occurred within Swedish electricity trading companies. Customers range from Jukkasjärvi and Kiruna in the very north of Sweden, to Simrishamn at the southern tip. As regards the service Complete Measurement Value, the customers are to be found in both large and small companies, with Fortum, Sydkraft and Vattenfall on the one hand, and Carlfors Bruk and Borggårds Kraft on the other. Among other companies can be mentioned Jönköpings Energinät, Sollentuna Energi, Knivsta-bostäder and Energibolaget i Sverige.

### **Developments**

In order to strengthen and prepare activities prior to the introduction of requirements regarding automatic metering value connection, the company has recruited new personnel with good knowledge of the sector and metering technology during the year, and trimmed and developed its own operational systems. Considerable investment was commenced during the year in order also to develop the service platform and adapt it to the new requirements which will be made on the players in the market.

New web applications were launched during the year and were received positively by the company's customers. An increase in the product offering with service of outsourcing character has also been initiated.

### **The future**

Increased demand for the company's offering of Complete Services can be expected from the market during coming years. The new requirements placed on players within the energy sector in connection with the metering reforms which will take place will require increased resources. Rejlers EnergiTjänster expects that demand for qualified services and cost-efficient solutions will remain for a very long time, even after the electricity trading and electricity network companies have launched their own systems after 2009.

# ComIT Rejlers

PIBook





Sales increased by 4 percent to SEK 5.3 million (SEK 5.1 m). The operating margin was 0 percent. The company has five employees in Stockholm and Växjö.

A success for ComIT Rejlers AB, which received much attention, was the sale of the PI-Book program to the Karolinska University Hospital. The order is confirmation of the fact that PI-Book has considerable market potential. The Karolinska uses the program to manage various units within the hospital from a pool of personnel. Requirements for resource and competence are matched against the pool. The PI-Book selects and allocates nurses, assistant nurses and medical secretaries to the departments, clinics and laboratories. At the same time, PI-Book plans duty timetables.

Originally PI-Book was produced to allocate consultants with various types of competence to varying assignments over time, in the same way. The system includes in-built project follow-up and possibilities of electronic invoicing over the network.

#### **Interactive Intranet**

During the year, ComIT has developed another product with considerable general usefulness. This is a portal upon which both interactive Intranets and interactive homepages can be constructed. As with PI-Book, the program is developed in dot.net.

ComIT is a certified Microsoft partner. ComIT is also a certified Citrix programmer, and our consultants construct Citrix solutions for various customers, for example, the Swedish Civil Aviation Administration

Arlanda and the Swedish National Road Administration, Region Stockholm.

#### **Road information technology systems**

During the year, ComIT has developed and delivered a web-based reporting system to the Swedish National Road Administration and Trafik Stockholm. The system is an aid for system maintenance, and covers systems for traffic information technology and communications.

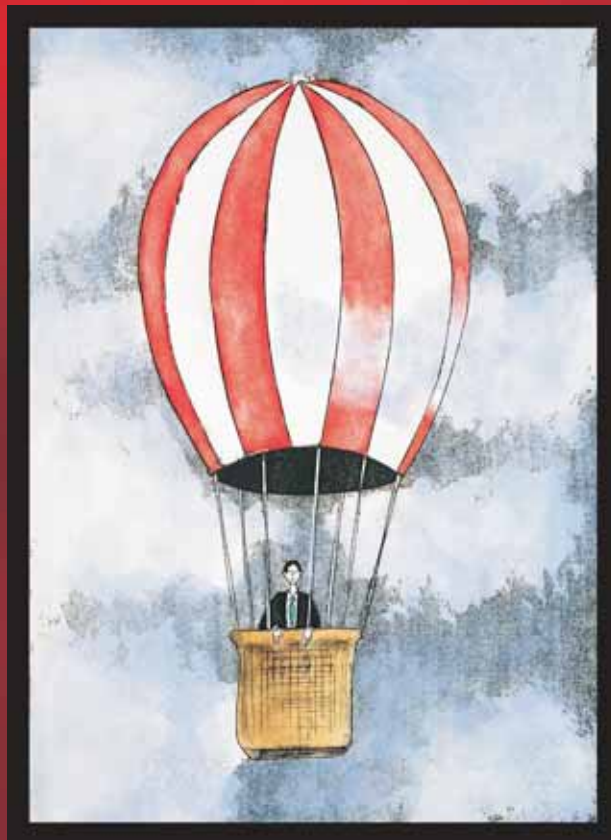
ComIT has considerable ongoing qualified assignments for the Swedish National Road Administration involving road information technology solutions for the Southern Link, the Norrort Section and the Northern Link. Important know-how that ComIT possesses is the construction and handling of MCS, Motorway Control Systems, which are applied to the above projects.

ComIT's program for control and monitoring of industrial processes, with 2 500 sold licences, has continued demand and a web-version is the next development step.

#### **The future**

During 2003, ComIT showed a zero result. This is satisfactory with reference to the high rate of development. The company hopes that the newly developed programs will find their place in the market during the year, and create the basis for progressively improved profitability within the company.

# Rejlers International



Rejlers International was formed in the spring of 2003 in order to coordinate Rejlers' international involvement. The company's activities involve establishing Rejlers in countries adjacent to Sweden, and to participate in various international assignments. These can be either related to the foreign assignments of Swedish customers or to large projects connected to aid organisations, for example, SIDA, the World Bank and EU institutions.

#### **Expansion in the Nordic area and the eastern Baltic states**

During 2003, Rejlers expanded activities in the Nordic area and the eastern Baltic states, partly through company acquisitions in Finland and Estonia, and partly through the decision to commence activities in Denmark. Through the large assignments that Rejlers has been given with the Øresund Bridge, it was a natural step to establish an office in the Copenhagen area.

Activities will be built up with five to ten engineers during the first two years of operation. Quality and environment work will be the primary activities of the office. Project management and process control of these assignments will be carried out with the support of efficient programs. Advice on management questions in a wider perspective will be included in the objectives of the office. This means organisational development of companies or parts of companies being included.

#### **Sights set on infrastructure**

Other areas of competence in Rejlers will be developed in pace with marketing and estimated demand. The Denmark office will have the support of activities in Sweden. Documentation of electrical and mechanical plant is also included in the programme. Another area of interest for the Denmark operation will be the construction of railway networks and other infrastructure.

Rejlers Danmark will be oriented towards government organisations and larger companies.

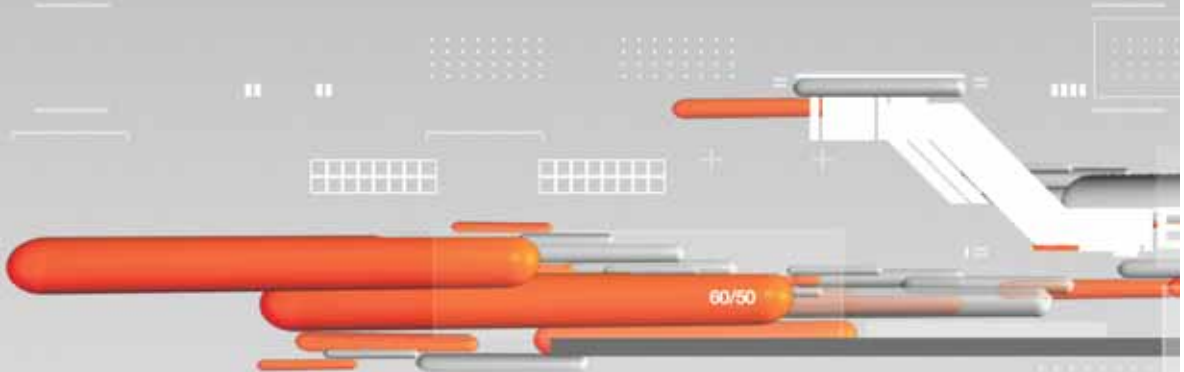
Denmark has a stable economy with a high rate of investment. The prospects of successfully expanding consultancy activities within Rejlers business areas are good.

Rejlers Sverige is primarily engaged in industrial and infrastructure in the Copenhagen area, via the Malmö office. Establishment in Copenhagen will strengthen the prospects for developing this activity.

#### **Future developments**

Establishment in Denmark can be seen as a starting point for future expansion southwards into Europe. The Feme Belt project which Rejlers hopes will materialise during this decade, could be a stage of such development.

# Rejlers OÜ



Activities in Rejlers OÜ commenced on 19 November 2003. The company has 6 employees in Otepää in Estonia.

### **Business concept**

Rejlers OÜ will offer cost-efficient services within digital documentation, and construction and maintenance of documentation in systems for administration of digital documentation in the Swedish and Baltic markets.

Long-term relations will be constructed with customers, involving quality and deliveries on time.

### **Activities**

Rejlers OÜ mainly offers competence within the technical area of document management. Assignments consist, to a large extent, of converting analogue documentation to digital format, in the form of screen or CAD files. Competence is available in normal CAD systems and program applications connected to them.

Specialised competence is to be found in a number of systems for digital plant documentation for electricity networks, including the Mirakel company's products, Mickel and Rakel, and the digital map management system, Cadra.

Supplementary services are offered with data input in various types of database and work processing.

### **The market**

The main market for the company is to be found in the Rejler Group's broad customer base. By offering cost-efficient solutions within the documentation area of the Group's collected assignment activities, the company contributes to competitive advantages for the various Group companies, and thus also contributes to cost savings for the Group's customers.

An important segment consists of the company's services within outsourcing of a company's total documentation or parts thereof.

The company can offer the market efficient and reliable plant documentation via modern system technology, in combination with the Internet and low cost.

### **The customers**

The customers include electricity plants and energy plants, industrial companies, property companies and municipal and government companies.

### **The future**

Activities in Rejlers OÜ have all the prospects of developing positively. Improvements in the business climate within the industrial and property sectors open the way for new investment, which in turn will bring increased activities within the documentation area.

A transition to digital reporting of line networks with large projects within the AM-FM-GIS area has been ongoing within the electricity generating plant and energy plant sectors for a long time.

Increased interest in maintenance questions within the industrial and property areas opens new opportunities for the company's activities. The entry of the eastern Baltic states into the EU, which will take place in the near future, means that a new, interesting market will be opened up. Large infrastructure projects are planned within the region, among other things.

The advantageous competitive situation, with low labour costs within the region, will also most probably produce increased investment within industry and other sectors.

With respect to the fact that the operation is newly established, prospects for achieving profitability are considered good.

# Mirakelbolaget



The company had sales of SEK 5.9 million (SEK 5.8 m) in 2003. The operating margin was 12 percent (15%). There are five employees located in Malmö and Stockholm.

### **Activities**

Mirakelbolaget develops and delivers programs for electricity network companies, consisting of network information systems for supporting the planning, operation and maintenance of the electricity networks. Programs for documentation and maintenance of street lighting installations and for broadband and signal networks are also developed.

### **Program offerings**

Rakel and Mickel, NIS systems for electricity networks, contain modules for the documentation, technical calculations of the network, financial plant register and interruption management involving operational statistics.

Candela and Vera, NIS systems for road and street lighting installations, contain modules for the documentation and technical calculations for the network and barcode-based hand-held computer systems for maintenance assignments.

Babs, the NIS system for communications networks, contains modules for the documentation of opto and signal cable networks, fibre tracing, connection charts, connection plans and connection tables.

Cadra offers graphic presentation of networks and plant in the NIS systems described above.

Minette, a supplementary program for the collection of information for the network usage model.

Mirakel Besiktning, a hand-held computer system for the inspection of electrical installations.

Mirakel Webbserver, a system which imparts network information by making the data readable in ordinary web readers in company networks.

Mirakel QuickMap, a newly developed program which permits rapid, easy access for a company's network maps via the internal network.

### **Development**

During the beginning of the year, the Minette program was supplemented with new facilities in accordance with the directive issued by the network authorities regarding pilot phase 3 of the network model. In reporting to the authority in April, 40 companies utilised Minette.

Extensive survey and development work has been carried out for Mirakel Webbserver in order to adapt the system to XML. The aim is to make NIS information accessible for several types of client, for example, mobile telephones and facilitating maintenance in changes with the company's NIS system.

In the Babs program, a great deal of development work has been invested in creating new, easy-to-use

functions for fibre tracing in opto networks. For example, it is now possible to colour-mark a fibre in a cable, and thus in a manner which can be kept under observation, follow the connection of the fibre in the network in a connection plan or a connection table. As regards signal cable networks, the connection chart and one-line chart have been developed to make them even more comprehensible.

Mirakel Besiktning has been supplemented with a new model, which is GPS-adapted. The inspector now does not need to know the class of a cable box or post, but only needs to stand close to the object in question, and the information and report show up on the screen of the hand-held computer.

### **News**

The big news of the year is Mirakel QuickMap. For anyone who works with installation documentation in one of Mirakelbolaget's NIS systems, for example, Mickel, Rakel or Babs, the newly developed Mirakel QuickMap offers an outstanding and unique geographic overview. In an instant, one can see on the map exactly how the installations are documented around any object of one's choice in the NIS system.

### **Elfack**

The company participated in this year's Elfack trade fair in Göteborg. Mirakel Besiktning was the number one item, and attracted a great deal of interest at the stand, which was well visited.

The annual user meetings were arranged in Jönköping, together with the company's working partner, BODAB Datateknik. About 100 users from 40 companies participated in the meetings.

### **The future**

An increasing requirement for solutions close to the user for web and hand-held computer technology exists throughout the entire documentation area. The company is therefore following technical developments closely in order to be able to offer customers efficient solutions.

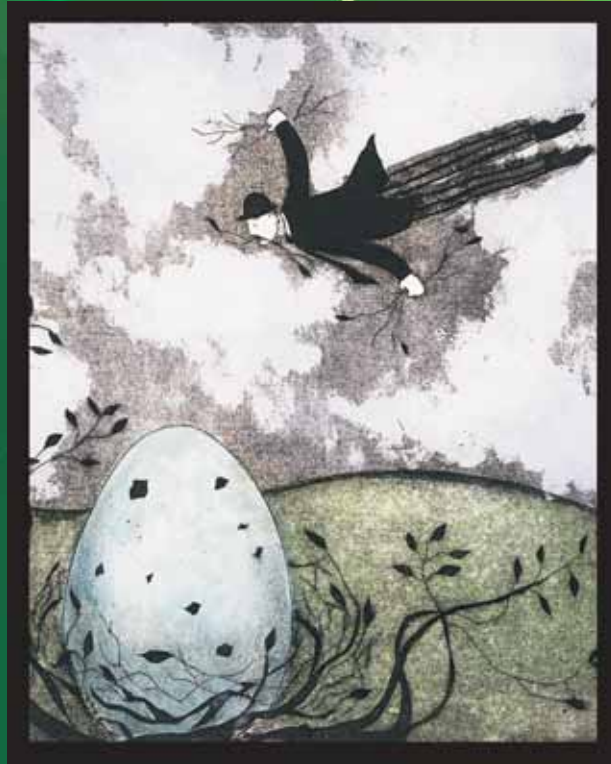
A market which is increasing strongly is the documentation of street lighting and broadband. Since municipalities became principals for street lighting some years ago, the requirement for accessible documentation has grown, among other things, for serving the various contractors who work with the installations. In the same way, the infrastructure for communications with opto technology, which has now expanded, has considerable requirements for documentation for operation, either company-based or through contractors.

The company takes a positive view of future developments, on account of a relatively stable customer base and the growth of new technical areas.

# Rejlers Invest Oy



PS4





Sales increased by 6 percent to euro 7.1 million and the operating margin was 6.9 percent (9.5%). The company has some 140 employees in 7 locations in Finland.

### **Background**

The company's name has its origin in the historical affinity with Rejlers in Sweden. Rejlers Oy was formed in 1980 as a subsidiary of the Swedish Rejlers Ingenjörer AB. Rejlers, with subsidiary company, Rejlers Oy, was acquired by OTC-listed VIAK in 1985. Four years later, an MBO was carried out with reference to the Swedish Rejlers, and an MBO of Rejlers Oy by the respective management teams. In 2002, the Rejler Group acquired 20.1 percent, and in 2003, a further 10 percent of Rejlers Invest Oy, with an option of acquiring the remainder during 2004/2005.

### **Activities**

The Rejlers Invest Group consists of the Parent Company, Rejlers Invest Oy and the wholly-owned subsidiary companies, Rejlers Oy and Rejlers Projektit Oy. Rejlers Oy is an engineering office, and Rejlers Projektit Oy is project supplier. The proportion of the consultancy activity is about 95 percent of all activities, and the remainder is made up of total deliveries.

Activities in Rejlers Oy are mainly within various sectors in Finland, and also internationally. The company has some 140 employees, with the head office in Mikkeli and offices in a further 6 locations. The company's business concept is to provide a high level of specialised knowledge to customers, and through this, achieve increased competitiveness and generation of profit for customer companies in a market which is undergoing rapid change. The largest sector is in plant engineering, with 45 percent of sales, mechanical engineering makes up 40 percent, structural engineering 10 percent and environmental engineering 5 percent.

Rejlers Oy has a strong position within construction and design, thanks to competent and well-trained personnel and through extensive investment in CAD systems.

During the year, Rejlers Oy bought the engineering office, Paasio Oy and thus acquired two new offices, Porvoo and Anjalankoski, with a total of 20 employees. The company also acquired two outsourcing assignments with KCI Konecranes in Hyvinge, which gave a further 11 employees. These measures strengthened Rejlers Oy's position with the most important customers of the company, Fortum and KCI Konecranes.

### **The market**

Rejlers Oy has managed to grow in a stable way, despite the worsened business climate with downturns throughout the world, thanks to the good

quality of the company's services and key customers coming back.

The largest customers are Fortum, KCI Konecranes, Banförvaltningscentralen, UPM Kymmene, Metso Paper and Borealis.

### **Services**

Rejlers Oy has an extensive offering of consultant services with special focus on the following areas:

- Machine workshops, machinery and electrical work/automation.  
Design, project planning and development of machinery, production equipment and products, sustainability calculations, project management and documentation.
- Industrial and production plant.  
Design and construction of processes, pipe systems, electrical work/automation, HEVAC and energy management.
- Property services.  
Design and development of HEVAC systems, structural automation and electrical cable networks. Construction and design of automation and services for intelligent premises.
- Environmental engineering.  
Consultancy services in environmental engineering for industrial projects and surveys and reports.
- Project services.  
Project management services from the initial concept to design, project management and commissioning.
- Project deliveries, via Rejlers Projektit Oy.  
Total deliveries and special prototypes, together with machinery which is developed from concept to functioning units.

### **The future**

The depressed business climate in industry and as regards its consultants has now been ongoing for almost two years. The first signs of an improvement became apparent during the autumn, and the market now again looks considerably better than it did one year ago.

The market in business areas Electrical Engineering and Automation, Structural Engineering and Energy and Environment are considered to be good for the coming year.

The market in business area Mechanical Engineering began to improve at the turn of the year, and it is forecast that full capacity will be achieved not later than during the second quarter of 2004.

New, large investment such as Fortum's new diesel oil pipeline for Porvoo and the new nuclear power station for Olkiluoto have also begun to show positive effects on the demand for consultancy services.

Against the background of this, the company has budgeted for a growth increase of 15 percent over the coming year.

# Five-year Review

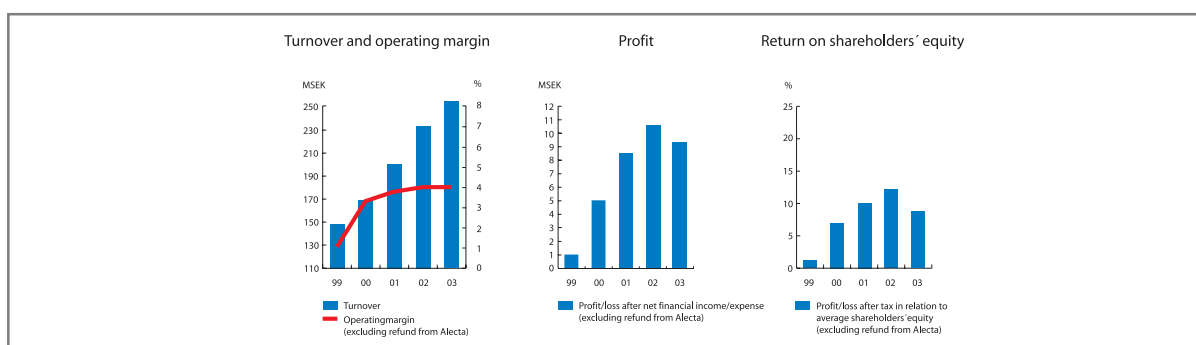
<b>Abridged income statement, SEK million</b>	<b>2003</b>	2002	2001	2000	1999
Income	<b>254.3</b>	233.4	201.6	169.9	148.9
Personnel costs	<b>-171.2</b>	-159.6	-139.6	-117.3	-102.6
Other external costs	<b>-69.0</b>	-60.1	-51.8	-43.6	-41.6
Depreciation	<b>-6.5</b>	-5.9	-4.8	-3.3	-3.0
Items affecting comparability	<b>0</b>	0	0	35.9*	0
Participations in associated companies	<b>1.7</b>	1.6	2.0	0.3	0
<b>Operating income</b>	<b>9.3</b>	9.3	7.4	41.8	1.7
Net financial income/expenses	<b>-0.1</b>	1.2	1.0	-0.9	-0.7
<b>Profit after net financial income/expense</b>	<b>9.2</b>	10.5	8.4	40.9	1.0
Tax	<b>-3.8</b>	-3.7	-3.5	-12.1	-0.8
<b>Profit for the year</b>	<b>5.4</b>	6.8	4.9	28.8	0.2

\*) Refund from Alecta

<b>Data per share</b>	<b>2003</b>	2002	2001	2000	1999
Earnings per share, SEK	<b>3.06</b>	3.99	2.87	16.89	0.12
Earnings per share after dilution, SEK	<b>3.00</b>	3.39	2.84	14.36	0.12
Shareholders' equity per share at end of period, SEK	<b>34.84</b>	28.33	24.89	24.19	11.55
Dividend per share (2003, proposed dividend)	<b>1.50</b>	1.50			
Average number of shares	<b>1 773 000</b>	1 705 000	1 705 000	1 705 000	1 705 000
Number of shares after full dilution	<b>1 814 000</b>	2 005 000	2 005 000	2 005 000	1 705 000
Number of shares at end of period	<b>1 814 000</b>	1 705 000	1 705 000	1 705 000	1 705 000

<b>Summary of profit/loss, companies</b>	Operating income		Operating profit/loss		Operating margin	
	SEK million		SEK million		%	
	<b>2003</b>	2002	<b>2003</b>	2002	<b>2003</b>	2002
Rejlers Ingenjörer AB	<b>240.3</b>	226.8	<b>9.1</b>	9.1	<b>3.8</b>	4.0
ComIT Rejlers AB	<b>5.2</b>	5.1	<b>0</b>	-0.1	<b>0</b>	neg
Rejlers EnergiTjänster AB	<b>10.1</b>	0	<b>2.1</b>	0	<b>19.8</b>	0
Rejlers International AB	<b>0</b>	4.2	<b>0</b>	0.4	<b>0</b>	9.5
Rejlers OÜ	<b>0.1</b>	-	<b>0</b>	-	<b>0</b>	-
Rejlerkoncernen AB	<b>1.3</b>	1.1	<b>-1.2</b>	0	<b>neg</b>	0
Together with the Group, etc	<b>-2.7</b>	-3.8	<b>-0.7</b>	-0.1	<b>0</b>	0
<b>Total</b>	<b>254.3</b>	233.4	<b>9.3</b>	9.3	<b>3.7</b>	4.0

\*) excluding refund from Alecta



<b>Abridged Income Statement, SEK million</b>	<b>2003</b>	2002	2001	2000	1999
Intangible assets	<b>9.9</b>	9.0	9.1	8.3	7.6
Tangible assets	<b>26.4</b>	26.8	26.2	26.4	24.5
Financial assets	<b>11.2</b>	8.1	24.4	22.4	0.5
Work in progress	<b>3.0</b>	4.7	15.9	16.5	13.4
Short-term receivables	<b>63.2</b>	60.8	40.3	33.2	24.6
Liquid funds	<b>4.8</b>	1.5	3.7	2.3	3.5
<b>Total assets</b>	<b>118.5</b>	110.9	119.6	109.1	74.1
Shareholders' equity	<b>63.2</b>	56.8	49.9	44.9	19.7
Minority interest					
Provisions	<b>9.2</b>	8.7	8.8	7.6	1.9
Long-term liabilities	<b>13.2</b>	16.0	30.9	24.8	31.0
Short-term liabilities	<b>32.9</b>	29.4	30.0	31.8	21.5
<b>Total liabilities and shareholders' equity</b>	<b>118.5</b>	110.9	119.6	109.1	74.1
Of which interest-bearing liabilities	<b>13.3</b>	15.6	32.7	24.3	30.5
<b>Abridged cash flow analyses, SEK million</b>	<b>2003</b>	2002	2001	2000	1999
Cash flow from ongoing activities	<b>14.6</b>	2.8	2.3	32.7	1.7
Cash flow from investments	<b>-9.9</b>	-5.9	-12.2	-6.1	-12.5
Cash flow from financing	<b>-1.6</b>	0.9	11.4	-28.1	12.6
<b>Change in liquid funds</b>	<b>3.1</b>	-2.1	1.5	-1.5	1.8
Liquid funds	<b>4.5</b>	1.4	3.5	2.0	3.5
Unused overdraft facility	<b>3.4</b>	1.2	0.2	3.6	3.5
<b>Unappropriated funds</b>	<b>7.9</b>	2.6	3.7	5.6	7.0
<b>Key ratios</b>	<b>2003</b>	2002	2001	2000	1999
Operating margin, %	<b>3.7</b>	4.0	3.7	24.4	1.1
Operating margin excluding Alecta, %	<b>3.7</b>	4.0	3.7	3.5	1.1
Profit margin, %	<b>3.6</b>	4.5	4.2	23.9	0.7
Profit margin excluding Alecta, %	<b>3.6</b>	4.5	4.2	2.9	0.7
Return on shareholders' equity, %	<b>9.0</b>	12.7	10.3	89.2	1.0
Return on shareholders' equity excluding Alecta, %	<b>9.2</b>	12.7	10.3	9.1	1.0
Return on capital employed excluding Alecta, %	<b>12.9</b>	15.0	12.5	9.9	4.6
Cash liquidity (excluding unused overdraft facility), %	<b>207</b>	212	147	112	131
Equity/assets ratio, %	<b>53.3</b>	51.2	41.7	41.2	26.6
Debt/equity ratio, times	<b>0.2</b>	0.3	0.7	0.5	1.5
Debt/coverage ratio, times	<b>24.0</b>	10.5	7.5	5.5	1.9
Investments, SEK million	<b>9.6</b>	5.9	12.2	6.1	12.5
Invoicing ratio, %	<b>68</b>	68	68	68	67
Number of employees on an annual basis	<b>326</b>	311	282	245	220
Sales per employee, SEK thousand	<b>778</b>	750	715	693	677

\*) Definitions are given on page 56

# Notes to the Five-year Review

The Rejler Group's consolidated report covers both the Parent Company and the five operating subsidiary companies. Rejlers Ingenjörer AB, ComIT Rejlers AB, Rejlers International AB, Rejlers Energitjänster AB and Rejlers OÜ. Additionally, there are two associated companies. Mirakelbolaget HB (50 percent) and Rejlers Invest Oy (30.1 percent).

## Operating income

Group operating income between 1999 and 2003 is allocated as below.

SEK million	1999	2000	2001	2002	2003
Net sales	146	165.4	200.6	228.0	253.8
Change in stock	1.6	3.0	-0.7	3.8	-1.6
Other operating income	1.4	1.5	1.7	1.5	2.1
<b>Total operating income</b>	<b>148.9</b>	<b>169.9</b>	<b>201.6</b>	<b>233.4</b>	<b>254.3</b>

Income has increased by 15 percent per year during the last three years, from a level of about SEK 170 million. The increase is mainly due to increased sales of consultancy services. Sales for consultancy activities in Rejlers Ingenjörer have increased as shown in the table below.

SEK million	1999	2000	2001	2002	2003
Net sales	140.9	157.3	189.0	222.0	241.7

Rejlers Ingenjörer is responsible for over 90 percent of Group sales. Other subsidiary companies had sales of SEK 15.4 million during 2003 and SEK 16.9 million during 2002.

The invoicing ratio in percentage (time which can be invoiced to a customer in relation to time present) for Rejlers Ingenjörer is shown in the table below.

Percent	1999	2000	2001	2002	2003
Invoicing ratio	67	68	68	68	68

## Operating costs

Operating costs of the Group have been allocated as follows from 1998 to 2002.

SEK million	1999	2000	2001	2002	2003
Personnel costs	-102.6	-117.3	-139.6	-159.6	-171.3
Other external costs	-41.6	-43.6	-51.8	-60.1	-69.0
<b>Total costs before depreciation</b>	<b>-144.2</b>	<b>-160.9</b>	<b>-190.4</b>	<b>-219.7</b>	<b>-240.3</b>
Depreciation of tangible and intangible assets	-3.0	-3.3	-4.8	-5.9	-6.4
Items affecting comparability	0	+35.9	0	0	0
Participations in associated companies	0	+0.3	+2.0	+1.6	+1.7
<b>Total operating costs</b>	<b>-147.2</b>	<b>-128.0</b>	<b>-193.2</b>	<b>-224.0</b>	<b>-245.0</b>

Because consultancy activities are so extensive within the Group, personnel costs are the single largest cost item. Other external costs cover such things as costs of premises and IT systems.

Items affecting comparability refer to repayment from Alecta of SEK 35.9 million in 2000. Participations in associated companies refer to two companies, Mirakelbolaget (50 percent) and Rejlers Invest Oy (30.1 percent). The net effect of the associated companies, with reference to the effects of depreciation from associated companies was SEK 1.0 million in 2002 and SEK 1.1 million in 2003.

## Operating profit

Group operating profit during the five years has been positive. Profit has increased from SEK 1.7 million to SEK 9.3 million in 2003. The trend of operating profit is shown in the table below.

SEK million	1999	2000	2001	2002	2003
Operating profit	1.7	41.6	7.4	9.3	9.3
Operating profit 1)	1.7	5.7	7.4	9.3	9.3

1) Excluding refund from Alecta

The Group's operating margin is shown below. In 2003, the margin was 3.7 percent. The operating margin, recalculated with deductions for associated companies, means that the margin reduced by about 0.5 percent for 2002 and 2003. This recalculated operating margin shows the margin for the activities included in Group sales.

SEK million	1999	2000	2001	2002	2003
Operating margin 1), %	1.1	3.4	3.7	4.0	3.7
Operating margin 2), %	1.1	3.4	2.9	3.6	3.2

1) Excluding refund from Alecta

2) Excluding refund from Alecta and profit/loss from associated companies

## Net financial items

SEK million	1999	2000	2001	2002	2003
Financial costs	-1.1	-1.1	-1.3	-1.1	-0.4
Financial income	0.4	0.2	2.3	2.3	0.3
<b>Net financial items</b>	<b>-0.6</b>	<b>-0.9</b>	<b>1.0</b>	<b>1.1</b>	<b>-0.1</b>

During 2001 and 2002, net financial items have been positive mainly because of the hidden interest compensation in connection with the recalculation of Alecta funds of about SEK 2.0 million for 2001 and 2002.

The hidden interest compensation has arisen as the difference between the present value calculations of Rejlers' claim on Alecta. As the entire claim has now been repaid, the company will not have any further such profit items.

## Balance Sheet

Group assets are shown in the table below.

SEK million	1999	2000	2001	2002	2003
Intangible assets	7.6	8.3	9.1	9.0	9.9
Tangible assets	24.6	26.4	26.2	26.8	26.4
Financial assets	0.5	22.4	24.4	8.0	11.3
Other assets	37.9	49.7	56.2	65.5	66.2
Liquid funds	3.5	2.3	3.7	1.6	4.7
<b>Total assets</b>	<b>74.1</b>	<b>109.1</b>	<b>119.6</b>	<b>110.9</b>	<b>118.5</b>

Group intangible assets primarily consist of goodwill and, to some extent also, of programs. Goodwill mainly refers to ComIT, SEK 0.6 million, Rejlers International, SEK 4.3 million, Rejlers OÜ, SEK 0.6 million and goodwill arising from the net purchase of the assets of a business, SEK 1.0 million and amalgamation goodwill referring to Rejlers Mekanik AB of SEK 0.6 million.

The tangible assets comprise buildings and land and other equipment. The buildings are used for such things as the Group's consultancy activities. The financial assets mainly consist of the 30.1 percent holding in Rejlers Invest Oy.

Group shareholders' equity and liabilities are shown below.

SEK million	1999	2000	2001	2002	2003
Shareholders' equity	19.7	44.9	49.9	56.8	63.2
Provisions	1.9	7.6	8.7	8.7	9.2
Long-term liabilities	31.0	24.8	30.9	15.9	13.2
Short-term liabilities	21.5	31.8	30.0	29.5	32.9
<b>Total</b>	<b>74.1</b>	<b>109.1</b>	<b>119.6</b>	<b>111.0</b>	<b>118.5</b>

Group shareholders' equity has increased considerably during the period; the equity/assets ratio has increased from about 30 percent in 1999 to some 50 percent at the end of 2003. During the period, SEK 5.3 million has been distributed to the company's shareholders, including the proposed dividend for 2004. During 2002, considerable repayments were made, both as regards liabilities to credit institutions of SEK 7 million, and as regards the company's overdraft facility of SEK 8 million compared with 2001. The debt/equity ratio has continued to decrease at the same time as acquisition of companies and activities has been carried through.

Investment carried out, apart from acquisition of shares and activities, has mainly concerned equipment and programs for the business.

## Cash flow

The company has had positive cash flow from ongoing activities for several years. The largest single item is the repayment from Alecta in 2000 of SEK 35.9 million. This claim has now been fully paid to Rejlers. The company has mainly used the positive cash flow for repaying liabilities, investment in equipment and carrying through of several smaller acquisitions. The company's loan liabilities have declined from about 56 SEK million in 2000 to about SEK 44 million in 2003, despite the fact that sales have increased from about SEK 170 million to SEK 254 million.

# Management of Financial Risks

In its activities, Rejlers is exposed to a number of risks, such as credit risk, interest-rate risk, currency risk and financing risk.

## Credit risk

Rejlers has considerable customer exposure against government and other public authorities, in which credit risk is very low or insignificant. As regards private orderers, an individual assessment is carried out of each customer as regards payment ability. Normally, customers are invoiced each month, for which reason exposure against an individual customer is relatively small. Historically, credit losses have been very small in the Group.

## Interest-rate risk

The Group's credit exposure primarily involves mortgage loans for property in Kalmar and Växjö. The mortgage loans total about SEK 7 million and are at variable interest. The Group had some SEK 4.5 million in cash and at bank at the year-end, giving a net exposure of some SEK 2.5 million.

An interest-rate change of one percent means a change of just on SEK 0.02 million of interest rate cost.

## Currency risks

The Group's currency risks consist of exchange rate changes in payment flows and recalculation of items in the Income Statement and Balance Sheet.

The Group has small foreign currency flows. Both receipts and costs are mainly in SEK. The contribution from Rejlers Oy does however give a Euro exposure in the company's Income Statement and Balance Sheet.

At present, the Group considers that exposure in foreign currencies is so small that there is no need to hedge currency flows.

## Financing risks

The company's policy is to ensure that in addition to liquid funds, there shall be sufficient overdraft facility to cope with liquidity oscillations.

## Sensitivity Analysis

Rejlers' result is most sensitive to the following factors,

- invoicing ratio
- hourly rate
- wage cost developments

Personnel costs are about 67 percent in relation to sales, while other costs, including depreciation, are about 29 percent.

Each percentage change of each respective parameter has the following effect on the operating result:

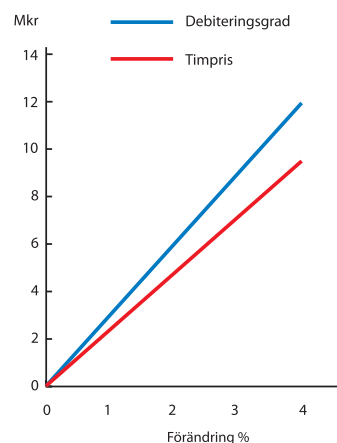
Factor	+/-
Invoicing ratio	SEK 3,0 million
Hourly rate	SEK 2,2 million
Overhead expenses	SEK 0,7 million
Wage costs	SEK 1,7 million

As can be seen, the most important factor for the company's result is the invoicing ratio, followed by the hourly rate out to the customer.

Rejlers' average hourly rate during 2003 was SEK 575. Each ten SEK of increase of the average price thus gives about SEK 4 million in increased profit.

Wage developments follow those of the sector in general. In order to compensate costs of wage increases, increased hourly rates are required as it is more difficult to influence the invoicing ratio.

Resultatpåverkan vid förändring i debiteringsgrad och timpris



# Risk Factors

All business activity and ownership of shares involves a certain degree of risk-taking. Some of the factors which can be of importance for the Rejler Group's future development are given below. The factors below are not presented in order of priority, and do not give full coverage.

## **Dependence on key personnel**

Rejlers' future development is, to some extent, dependent upon a number of key personnel staying within the organisation. There is no guarantee that the company will succeed in retaining these key personnel. Any loss of one or more of these employees can lead to a short-term negative development of the company's activities. In order to reduce this risk, training, development of competence and career possibilities are continually carried out. Recruiting and retaining competent employees is a prerequisite for the future progress for a knowledge-based company such as Rejlers.

## **Assignments**

The proportion of Rejlers Ingenjörer AB's total sales that consist of fixed-price assignments is about 10 percent. Fixed-price assignments involve both possibilities and risks, and need to be continually monitored, both by project managers and by controllers. Such an assignment can, however, lead to losses if unexpected weaknesses occur.

## **Acquisitions**

A prerequisite for the future growth of the Group consists of identifying and carrying through successful company acquisitions. Those acquisitions which have been recently made and will be made in the future involve uncertainty, especially with acquisition of consultancy companies. The risk of personnel leaving in the event of a change of ownership of a consultancy company is considerable.

## **Economic conditions**

Rejlers' development depends upon factors outside the control of the company, such as general economic conditions, market opportunities for the company's customers and the presence of new competitive products. These factors will affect the company's future results both positively and negatively. In a weak economic climate, there is a risk that it will not be possible to adjust prices to the same extent as the increase of wage costs. Rejlers has preparedness for handling these questions in its long-term strategy.

## **Competition**

The market for Rejlers' products and services is fragmented, and subjected to competition. Rejlers competes both with local consultants and with large, international consultancy companies. The possibility cannot be excluded that competition will be heightened through new companies becoming established in the market. Probably competition will also heighten further on account of consolidation through mergers and through international groups acquiring smaller companies.

## **Strong growth stretches the organisation**

The ambition of the Board of Directors regarding a continued, rapid rate of growth requires a continual need to recruit and train, which places considerable requirements on Rejlers' company management and organisation. A prerequisite for the future growth of the Group is that personnel who are recruited are integrated into the organisation with retained quality of work.

## **Technological developments**

Technological developments in the market in which Rejlers is active are rapid. Rejlers is dependent on being able to offer both services and products within the most modern technology. There is no guarantee that the company will manage to maintain a position at the forefront of technical development. If Rejlers cannot maintain its future technical position, or invests in technology which does not gain commercial progress, the development of the Group can be negatively affected.

# Report of the Board of Directors

The Board of Directors and Chief Executive Officer of Rejlerkoncernen AB (publ) herewith present the Annual Report and Group Accounts for the financial year 01-01-2003 – 31-12-2003.

## Activities in 2003

The Group's operations cover technical consultancy activities within electrical engineering, energy, automation, IT, telecom and mechanical engineering.

Rejlers' strategy is to expand activities via organic growth and strategic acquisitions.

During the year, Rejlers has expanded its activities in the Nordic area and in the eastern Baltic states by means of company acquisitions in Sweden, Finland and Estonia. Rejlers also decided during the year to commence activities in Denmark and to open a representative office in England.

During the year, Rejlers Ingenjörer AB received qualified railway assignments worth about SEK 10 million. Of these can be mentioned the project planning of system documents for centralised traffic control on the Bohusbanan railway, and an assignment for the Blekinge coast railway in which Rejlers' contribution covered electricity, signalling, telecom and channelising systems. Rejlers has also received an assignment to be responsible as sub-consultant for the project planning of channelising and object coordination in the Citybanan railway project in Stockholm.

The Malmö office received a cross-technical assignment covering competence within logistics, mechanical engineering, electrical engineering and energy. The assignment involves the technical management of moving a soft drinks can factory from Malmö to Naro Forminsk outside Moscow.

Business area Construction and Real Estate obtained seven separate assignments involving construction projects for Stadsfastigheter in Malmö worth about SEK 6.5 million.

Business area Electrical Power and Energy obtained several interesting assignments during the year. The decision of the Swedish Parliament that it shall be possible to read electricity meters automatically each month has already given Rejlers a number of projects involving preparatory studies and procurement of such systems.

ComIT Rejlers AB has sold its e-commerce system, PI-Book to the Karolinska Hospital. The deal was a breakthrough for the program developers at ComIT. PI-Book is connected to existing finance and personnel administration systems, and is a tool for coordinating the allocation of personnel to various units and assignments. The system also enables the search for the correct competence that is needed, and the following up of costs.

Rejlers Energitjänster AB was given the assignment

by SERO, Sveriges Energiföreningars Riksorganisation, of handling the administration of green certificates (electricity certificates) for its members, installing metering equipment, and collecting and calculating metered values from their electricity generating plants. This system has been introduced instead of the previous government grants to smaller, environmentally friendly generating plants.

## Organisation

Rejlerkoncernen AB is the Parent Company within the Group. Activities are conducted in five wholly owned subsidiary companies.

Rejlers Ingenjörer AB is the largest of the companies, with sales of SEK 242 million. At year-end, the number of employees, recalculated as full time, was 336. Service offerings cover technical consultancy activities within electrical engineering, energy, automation, IT, telecom and mechanical engineering.

Rejlers Energitjänster AB had sales of SEK 10.1 million. The company had twelve employees at year-end. The service offering covered mainly collection and reporting of metered values for energy companies.

ComIT Rejlers AB had sales of SEK 5.3 million. The company had five employees at year-end. Service offerings cover various types of communications solutions and the development and sale of programs.

Rejlers OÜ in Estonia has six employees and was acquired in November 2003. Service offerings cover document handling, among other things.

Rejlers International AB coordinates the Group's activities abroad. During the year, the company has been inactive.

## Sales and results

Group sales increased during the period by 9 percent to SEK 254.3 million. The increase in sales derives mainly from the business areas Mechanical Engineering and Railway Technology, both of which increased by about 50 percent compared with 2002.

The operating margin for the full year amounted to 3.7 percent (4.0%). Excluding listing expenses, the operating margin amounted to 4.0 percent (4.0%).

Profit after net financial items was SEK 9.2 million (SEK 10.5 m). Profit after net financial items excluding non-recurring items amounted to SEK 10.0 million (SEK 8.4 m). Non-recurring items referred to listing costs of SEK 0.8 million in 2003, and interest income of SEK 2.1 million from recalculation of Alecta funds in 2002.

Profit after tax for the full year amounted to SEK 5.4 million (SEK 6.8 m). Tax cost amounted to SEK 3.8 million (SEK 3.7 m) of which SEK 0.5 million (SEK 0.7 m) refers to deferred tax.



## The market

The Swedish economy has not improved as quickly as many had hoped. Pessimistic forecasts regarding local authority finances and construction investment mean that recovery has been delayed. The engineering consultancy sector showed weak development during 2003. Factors that have affected developments are mainly the low investment levels in industry and the construction sector. The assessment of the National Institute of Economic Research (KI) from January 2004 does, however, show that Swedish industry was optimistic prior to the first quarter of this year, and expected incoming orders to increase. Growth of production was also assessed to be good. Companies are, however, continuing with cut-backs in their workforces. When times are bad, industry carries out a greater part of its development work with its own resources, which hits industrial consultancies.

At present, there is no indication of an upturn within the construction sector. The order situation is weak, and it is estimated that both construction and employment will continue to decline.

The power industry and energy companies do, however, show a continued positive rate of investment.

Within the IT sector, demand rose during the fourth quarter, and prospects for 2004 are considered good.

For Rejlers, demand for consultancy services within industrial electrical engineering continued to be neutral. Despite a weak economy, demand continues to be good within other business areas.

The Finnish industrial climate has been weak during the year. An improvement of the result of Rejlers Invest Oy, resulting from improved economic conditions, is expected for 2004.

## Important events in 2003

By acquiring further shares in Rejlers Invest Oy, Rejlers has a stronger hold on the Finnish market. The option of acquiring all shares already existed. The Rejler Group's holding in Rejlers Invest Oy after the acquisition of September is 30.1 percent. Rejlers Invest Oy has 7 offices in Finland and 150 employees within the areas of competence of electrical engineering, automation and mechanical engineering. In 2003, Rejlers Invest Oy had sales of Euro 7.1 million, and an operating margin of 6.9 percent.

Rejlers established itself in the Baltic market via a company acquisition in Estonia. In connection with the acquisition, the company in Estonia has changed its name to Rejlers OÜ. The entry of Estonia into the EU, soon to take place, and Rejlers' objective of being a strong player in the Nordic market constitute important factors in connection with this establishment.

Rejlers International AB was formed in the spring of 2003 in order to coordinate Rejlers' international involvements. Activities cover the foreign assignments of Swedish companies for aid organisations, such as SIDA and the World Bank.

In July, Rejlers Ingenjörer AB acquired Epsilon's activities in Linköping within the technical area of mechanical engineering, with 15 employees and annual sales of SEK 12 million. The acquisition strengthens Rejlers' position in the region, and gives synergies with the existing office in Norrköping.

In November, Rejlers Ingenjörer AB acquired the entire activities of Brocon Consulting AB in Linköping, with 7 employees and annual sales of about SEK 5 million. Brocon Consulting AB is active within the technical area of mechanical engineering. After the acquisition, Rejlers Ingenjörer AB has some 35 employees in the region.

The decision was made to start activities in Denmark and to open a representative office in England.

## The work of the Board of Directors

Rejlers Board of Directors consists of six directors and two employee representatives. The CEO is a member of the Board. During the year, the Board has had seven Board Meetings in addition to the Board Meeting following election. At these meetings, the Board has dealt with questions in accordance with the agenda, such as market developments, strategies, financing, profit developments, personnel questions, budget, Interim Reports and Annual Accounts. The auditor has attended one Board Meeting.

## Personnel

At year-end, the number of employees (equivalent to full-time employees) of the Group was 359. This is an increase of 13 percent compared with the year-end of 2002, when the number of employees was 317.

## Financial position and investments

Cash flow from current activities during the year amounted to SEK 14.6 million (SEK 2.8 m).

Investments in equipment and acquisitions of companies amounted to SEK 9.9 million (SEK 5.9 m), and cash flow after investments amounted to SEK 4.7 million (-SEK 3.1 m).

The liquid funds of the Group at year-end amounted to SEK 4.5 million (SEK 1.4 m), excluding unused overdraft facility. Interest-bearing liabilities declined by SEK 2.3 million and at year-end were SEK 13.3 million (SEK 15.6 m). The equity/assets ratio at year-end amounted to 53.3 percent (51.2%).

Investments in equipment and programs amounted to SEK 4.7 million (SEK 5.1 m). The acquisition value of shares in acquired companies and associated companies constituted SEK 4.1 million (SEK 0.9 m), and compensation for taking over operations in another company constituted SEK 1.1 million (SEK 0 m).

## Events after year-end

On 2 February 2004, Rejlers International AB opened a branch office in the Copenhagen area. Rejlers' activities in Denmark will concentrate on project management, management, quality and environmental aspects, railway projects and technical documentation.

# Income Statements

SEK thousand		The Group		Parent company	
	Note	2003	2002	2003	2002
<b>Operating income, etc</b>	1				
Net sales	2, 3	<b>253 815</b>	227 995	<b>0</b>	3
Changes in stock of products in progress, finished goods and work in progress on account		<b>-1 601</b>	3 849	<b>0</b>	0
Other operating income		<b>2 078</b>	1 542	<b>1 321</b>	1 087
<b>Total income, etc</b>		<b>254 292</b>	233 386	<b>1 321</b>	1 090
<b>Operating costs</b>					
Other external costs	4	<b>-68 983</b>	-60 137	<b>-2 601</b>	-1 343
Personnel costs	5	<b>-171 262</b>	-159 625	<b>0</b>	0
Depreciation of tangible and intangible assets		<b>-6 459</b>	-5 904	<b>-319</b>	-243
Participations in results of associated companies		<b>1 706</b>	1 566	<b>377</b>	452
<b>Operating income</b>		<b>9 294</b>	9 286	<b>-1 222</b>	-44
<b>Income from financial investments</b>					
Depreciation of financial assets	6	<b>0</b>	0	<b>0</b>	-4 200
Other interest income and similar profit/loss items	7	<b>307</b>	2 294	<b>5 336</b>	2 272
Interest costs and similar profit/loss items		<b>-396</b>	-1 075	<b>-227</b>	-519
<b>Income after financial items</b>		<b>9 205</b>	10 505	<b>3 887</b>	-2 491
Appropriations	8	<b>0</b>	0	<b>-928</b>	-199
Tax on profit/loss for the year	9	<b>-3 773</b>	-3 643	<b>420</b>	294
<b>PROFIT/LOSS FOR THE YEAR</b>		<b>5 432</b>	6 862	<b>3 379</b>	-2 396
Earnings per share, SEK		<b>3.06</b>	3.99		
Earnings per share after dilution, SEK		<b>3.00</b>	3.39		
Average number of shares		<b>1 773 000</b>	1 705 000		
Number of shares after dilution		<b>1 814 000</b>	2 005 000		
Number of shares at year-end		<b>1 814 000</b>	1 705 000		
Dividend per share (2003, proposed dividend)		<b>1.50</b>	1.50		

# Balance Sheets per 31 December

<b>ASSETS</b>					
SEK thousand		<b>The Group</b>		<b>Parent Company</b>	
	Note	2003	2002	2003	2002
<b>Intangible assets</b>					
Expenditure on program development brought forward	10	120	133	0	0
Programs	11	2 631	2 169	0	0
Goodwill	12	7 109	6 685	560	700
<b>Total intangible assets</b>		<b>9 860</b>	<b>8 987</b>	<b>560</b>	<b>700</b>
<b>Tangible assets</b>					
Buildings and land	13	20 317	20 767	5 577	5 696
Equipment, tools and installations	14	6 133	6 028	240	0
<b>Total tangible assets</b>		<b>26 450</b>	<b>26 795</b>	<b>5 817</b>	<b>5 696</b>
<b>Financial assets</b>					
Shares in Group companies	15	0	0	33 557	32 857
Participations in associated companies	16	10 946	7 534	10 475	7 050
Other long-term receivables		335	451	39	45
<b>Total financial assets</b>		<b>11 281</b>	<b>7 985</b>	<b>44 071</b>	<b>39 952</b>
<b>Total assets</b>		<b>47 591</b>	<b>43 767</b>	<b>50 448</b>	<b>46 348</b>
<b>Short-term assets</b>					
Finished goods and goods for resale		0	720	0	0
Work in progress for third parties		3 091	3 999	0	0
<b>Total stock, etc</b>		<b>3 091</b>	<b>4 719</b>	<b>0</b>	<b>0</b>
<b>Short-term receivables</b>					
Accounts receivable		41 336	34 673	280	304
Receivables from associated companies		466	489	377	452
Tax receivables		-	-	151	371
Other receivables		3 330	6 054	0	0
Prepaid expenses and accrued income	17	17 977	19 586	0	0
<b>Total short-term receivables</b>		<b>63 109</b>	<b>60 802</b>	<b>808</b>	<b>1 127</b>
<b>Current investments</b>					
Other current investments		200	200	0	0
<b>Total current investments</b>		<b>200</b>	<b>200</b>	<b>0</b>	<b>0</b>
<b>Cash and bank</b>		<b>4 526</b>	<b>1 418</b>	<b>0</b>	<b>0</b>
<b>Total current assets</b>		<b>70 926</b>	<b>67 139</b>	<b>808</b>	<b>1 127</b>
<b>TOTAL ASSETS</b>		<b>118 517</b>	<b>110 906</b>	<b>51 256</b>	<b>47 475</b>

# Balance Sheets

per 31 December

<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>					
SEK thousand		<b>The Group</b>		<b>Parent Company</b>	
	Note	<b>2003</b>	2002	<b>2003</b>	2002
	1				
<b>Shareholders' equity</b>					
<b>Restricted equity</b>					
Share capital, 1 814 000 (1 705 000) shares of SEK 10 par value		<b>18 140</b>	17 050	<b>18 140</b>	17 050
Share premium reserve		<b>2 452</b>	0	<b>2 452</b>	0
Restricted reserves/Legal reserve		<b>8 811</b>	6 963	<b>1 626</b>	1 626
<b>Total restricted equity</b>		<b>29 403</b>	24 013	<b>22 218</b>	18 676
<b>Non-restricted equity</b>					
Unappropriated earnings		<b>28 355</b>	25 898	<b>12 173</b>	13 526
Profit/loss for the year		<b>5 432</b>	6 862	<b>3 379</b>	-2 396
<b>Total non-restricted equity</b>		<b>33 787</b>	32 760	<b>15 552</b>	11 130
<b>Total shareholders' equity</b>		<b>63 190</b>	56 773	<b>37 770</b>	29 806
<b>Untaxed reserves</b>	18	-	-	<b>4 150</b>	3 222
<b>Provisions</b>	19	<b>9 259</b>	8 737	<b>0</b>	0
<b>Long-term liabilities</b>					
Liabilities to credit institutions	20	<b>6 625</b>	6 725	<b>5 200</b>	5 200
Bank overdraft facilities (limit SEK 10 million and SEK 2 million respectively)		<b>6 581</b>	8 777	<b>1 605</b>	1 842
Other liabilities		<b>0</b>	436	<b>0</b>	436
<b>Total long-term liabilities</b>		<b>13 206</b>	15 938	<b>6 805</b>	7 478
<b>Short-term liabilities</b>					
Liabilities to credit institutions		<b>100</b>	100	<b>0</b>	0
Accounts payable		<b>6 419</b>	7 578	<b>17</b>	0
Liabilities to Group companies		<b>0</b>	0	<b>2 152</b>	6 582
Tax liabilities		<b>2 691</b>	0	<b>0</b>	0
Other liabilities		<b>7 665</b>	5 878	<b>0</b>	-4
Accrued expenses and deferred income	21	<b>15 987</b>	15 902	<b>362</b>	391
<b>Total short-term liabilities</b>		<b>32 862</b>	29 458	<b>2 531</b>	6 969
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>118 517</b>	110 906	<b>51 256</b>	47 475
<b>MEMORANDUM ITEMS</b>					
Assets pledged	22	<b>21 200</b>	39 300	<b>10 200</b>	14 200
Contingent liabilities	23	<b>1 207</b>	1 285	<b>9 525</b>	9 625

# Changes in Shareholders' Equity

<b>The Group</b>					
SEK thousand	Share Capital	Restricted Reserves	Non-restricted Reserves	Net profit/loss for the year	Total
<b>2002</b>					
Amount at beginning of the year	17 050	4 608	23 326	4 920	49 904
Adjustment between non-restricted and restricted equity		2 355	-2 348		7
Appropriation of profits in accordance with resolution of the year's Annual General Meeting			4 920	-4 920	0
Profit/loss for the year				6 862	6 862
<b>Amount at year-end</b>	<b>17 050</b>	<b>6 963</b>	<b>25 898</b>	<b>6 862</b>	<b>56 773</b>
<b>2003</b>					
Amount at beginning of the year	17 050	6 963	25 898	6 862	56 773
New share issue	1 090	2 452			3 542
Adjustment between non-restricted and restricted capital		1 848	-1 848		0
Appropriation of profits in accordance with resolution of the year's Annual General Meeting			4 305	-4 305	0
Dividend				-2 557	-2 557
Profit/loss for the year				5 432	5 432
<b>Amount at year-end</b>	<b>18 140</b>	<b>11 263</b>	<b>28 355</b>	<b>5 432</b>	<b>63 190</b>
<b>Parent company</b>					
SEK thousand	Share Capital	Restricted Reserves	Non-restricted Reserves	Net profit/loss for the year	Total
<b>2002</b>					
Belopp vid årets ingång	17 050	1 475	13 047	-1 530	30 042
Vinstdisposition enligt beslut vid årets bolagsstämma		151	479	-630	0
Erhållna koncernbidrag				2 160	2 160
Årets resultat				-2 396	-2 396
<b>Belopp vid årets utgång</b>	<b>17 050</b>	<b>1 626</b>	<b>13 526</b>	<b>-2 396</b>	<b>29 806</b>
<b>2003</b>					
Belopp vid årets ingång	17 050	1 626	13 526	-2 396	29 806
Nyemission	1 090	2 452			3 542
Vinstdisposition enligt beslut vid årets bolagsstämma			-1 353	1 353	0
Utdelning				-2 557	-2 557
Erhållna koncernbidrag				3 600	3 600
Årets resultat				3 379	3 379
<b>Belopp vid årets utgång</b>	<b>18 140</b>	<b>4 078</b>	<b>12 173</b>	<b>3 379</b>	<b>37 770</b>

# Statements of Cash Flow

SEK thousand	The Group		Parent Company	
	2003	2002	2003	2002
Funds provided				
<b>The year's operations</b>				
Income after financial items	9 208	10 505	3 887	-2 491
<b>Adjustment for items not included in the cash flow</b>				
Depreciation	6 459	5 904	319	243
<b>Total</b>	<b>15 667</b>	<b>16 409</b>	<b>4 206</b>	<b>-2 248</b>
Tax paid	-3 773	-3 643	420	294
<b>Cash flow from the year's operations before changes in operating capital</b>	<b>11 894</b>	<b>12 766</b>	<b>4 626</b>	<b>-1 954</b>
<b>Changes in operating capital</b>				
Increase/decrease in work in progress	1 628	-3 912	0	0
Increase/decrease in short-term receivables	-2 307	-5 418	319	2 221
Increase/decrease in accounts payable	-1 159	3 599	17	-66
Increase/decrease in other current liabilities	4 560	-4 228	-4 449	2 183
<b>Cash flow from the year's operations</b>	<b>14 616</b>	<b>2 807</b>	<b>513</b>	<b>2 384</b>
<b>Investment activities</b>				
Acquisition of subsidiary company	-700	-857	-700	3 348
Acquisition of associated company	-3 425	56	-3 425	0
Acquisition of equipment	-2 888	-3 650	-300	-816
Acquisition of intangible assets	-2 875	-1 423	0	0
<b>Cash flow from investment activities</b>	<b>-9 888</b>	<b>-5 874</b>	<b>-4 425</b>	<b>2 532</b>
<b>Financing activities</b>				
New share issue	3 542	0	3 542	0
Loans raised	0	0	-673	-7 076
Long-term receivables	127	16 349	0	0
Amortisation of liability	-2 732	-15 369	0	0
Group contributions (after tax)	0	0	3 600	2 160
Dividends paid	-2 557	0	-2 557	0
<b>Cash flow from financing activities</b>	<b>-1 620</b>	<b>980</b>	<b>3 912</b>	<b>-4 916</b>
<b>Increase/decrease in liquid funds</b>	<b>3 108</b>	<b>-2 087</b>	<b>0</b>	<b>0</b>
<b>Liquid funds at beginning of the year</b>	<b>1 418</b>	<b>3 505</b>	<b>0</b>	<b>0</b>
<b>Liquid funds at year-end</b>	<b>4 526</b>	<b>1 418</b>	<b>0</b>	<b>0</b>

# Accounting Principles and Notes

## NOTE 1 ACCOUNTING PRINCIPLES

The accounting principles applied are in conformity with the Annual Report Act and the recommendations of the Swedish Financial Accounting Standards Council. The following valuation principles and translation principles have been applied in the Annual Report:

### Consolidated Accounts

The Consolidated Income Statements and Balance Sheets comprise all companies in which the Parent Company holds, directly or indirectly, over half of the voting power of the shares, and companies in which the Group in some other way has a controlling influence and a more considerable proportion of the result of their activities.

The Consolidated Accounts have been drawn up in accordance with the Swedish Financial Accounting Standards Council's recommendation on Consolidated Accounts, RR 1:00. All acquisitions of companies have been reported in accordance with the purchase accounting method.

Untaxed reserves reported in the individual Group companies are divided in the Consolidated Accounts into a capital item and a tax item. The capital item has been entered under restricted reserves. The tax item is reported as a provision under the heading Provisions.

### Associated companies

Associated companies are reported in accordance with the equity method. The respective increase or decrease of an associated company's value which occurs in accordance with the equity method has increased the restricted reserves of the Group, and reduced the non-restricted reserves of the Group respectively.

### Fixed assets

Fixed assets are reported at acquisition cost with deduction of depreciation according to plan, based on an assessment of the economic life of the asset.

Depreciation according to plan has been calculated as follows:

Expenditure on program development brought forward	33 %
Programs	33 %
Leases and similar rights	20 %
Goodwill	10 %
Buildings	2 %
Computer equipment	20-33 %
Equipment, tools and installations	20 %

Assets and liabilities have been valued at acquisition value unless stated otherwise in the following notes.

### Income, stock and work in progress

Valuation of work in progress follows the recommendations of the Swedish Financial Accounting Standards Council, i.e., income is recorded in step with reprocessing, (percentage of completion method). This means that reprocessed fees are taken into account and valued in the income statement even if invoicing has not been made. Fees for reprocessed but not invoiced work are recorded in the Balance Sheet as current account assignments and not fixed price assignments which have been valued at the invoicing price after deduction of any loss risks and advance payments. Assignments on current account are reported in the Group as accrued income. Assignments at fixed price and ceiling price are reported as work in progress. No changes in accounting principles have been made in relation to the previous year.

### Receivables

Receivables are reported as the amount at which it is expected they will be received.

### Receivables and liabilities in foreign currencies

Receivables and liabilities in foreign currencies have been translated into Swedish kronor at the closing rate of exchange.

### Transition to IFRS

IFRS will be applied as from 2005. Based on what is known at present, the most important differences for Rejlers will be that depreciation of goodwill will not be made as straight-line depreciation. Instead, assessment will be made as to whether depreciation is required.

## NOTE 2 NET SALES PER BUSINESS AREA

Net sales allocated per business area as follows:	The Group	
	2003	2002
Industrial Electrical Engineering and Automation	90 977	87 401
Electrical Power and Energy	43 179	37 142
Mechanical Engineering	38 528	26 022
Buildings and Property	38 332	42 751
Railway Technology	31 050	20 144
Telecom	11 749	14 533
<b>Total</b>	<b>253 815</b>	<b>227 995</b>

Activities mainly consist of consultancy activities, for which reason there is no segments account.

## NOTE 3 INFORMATION CONCERNING PURCHASES AND SALES WITHIN THE SAME GROUP, ETC

Purchases and sales between Group companies	The Group		Parent Company	
	2003	2002	2003	2002
Purchases (in % of total gross sales)	1.0	1.4	46.6	27.0
Sales (in % of total gross sales)	1.0	1.4	38.0	55.0

#### NOTE 4 AUDITORS' FEES

	The Group 2003	Parent Company 2003
Deloitte & Touche AB		
Remuneration for audit	220	66
Remuneration for other consultation	152	89
<b>Group total</b>	<b>372</b>	<b>155</b>

By audit assignments is meant scrutiny of annual accounts and bookkeeping, and administration by the Board of Directors and Chief Executive Officer, other work assignments that rest upon the company's auditors to carry out, and advice and carrying out of such other work assignments. Everything else is other assignments.

#### NOTE 5 PERSONNEL

	2003	2002
The average number of employees amounts to	327	311
of which female employees	49	53

##### Absence due to sickness

Absence due to sickness as a percentage of normal working time

Absence due to sickness, all employees	2.8
Proportion of long-term absence due to sickness	1.5
Absence due to sickness, women	6.4
Absence due to sickness, men	2.2
Absence due to sickness, personnel aged 29 and younger	1.9
Absence due to sickness, personnel aged 30-49	1.7
Absence due to sickness, personnel older than 50	5.4

	2003 Wages and other remuneration	Social security expenses (of which pension expenses)	2002 Wages and other remuneration	Social security expenses (of which pension expenses)
<b>Wages, remuneration, benefits, etc</b>				
<b>Parent company</b>	0	0 (0)	0	0 (0)
<b>Subsidiary companies</b>	111 945	51 872 (11 655)	103 558	47 354 (9 967)
<b>Group, total</b>	<b>111 945</b>	<b>51 872 (11 655)</b>	103 558	47 354 (9 967)

	2003 Board of Directors and CEO (of which bonuses, etc)	Other employees	2002 Board of Directors and CEO (of bonuses, etc)	Other employees
<b>Wages and other remuneration, allocated per country and between Board members, etc and employees</b>				
<b>Total in Parent Company</b>	0 (0)	0	0 (0)	0
<b>Subsidiary companies in Sweden</b>	1 859 (97)	110 086	1 785 (28)	101 773
<b>Total in subsidiary companies</b>	<b>1 859 (97)</b>	<b>110 086</b>	1 785 (28)	101 773
<b>Group, total</b>	<b>1 859 (97)</b>	<b>110 086</b>	1 785 (28)	101 773

Of the Parent Company's pension expenses, SEK 0 thousand (SEK 0 t) refers to the group consisting of the Board of Directors and the CEO. The company's outstanding pension commitments to them amounts to SEK 0 (SEK 0).

Of the Group's pension expenses, SEK 573 thousand (SEK 347 t) refers to the group consisting of the Board of Directors and the CEO. The company's outstanding pension commitments to them amounts to SEK 0 (SEK 0).

Remuneration to the Board of Directors is made in accordance with a resolution of the Annual General Meeting. During 2003, fees for the Board of Directors amounted to SEK 150 thousand, of which, to the Chairman of the Board, SEK 50 thousand. Wages and other remuneration have been paid to the CEO, also member of the Board of the Parent Company, and also CEOs of subsidiary companies totalling SEK 943 thousand (SEK 733 t).

Remuneration to the CEO and three others of the Group management consist of basic salary, benefits, pensions and variable remuneration based on the company's profit. Variable remuneration is maximised at between 20-50 percent of annual salary.

Remuneration to the remainder of the Group management during 2003 amounted to SEK 2 292 thousand (SEK 2 222 t).

There is no special agreement with regard to severance compensation for the CEO and other Group management.

The Chairman of the Board has the assignment of negotiating and agreeing with the CEO as regards his salary.

The CEO negotiates and reaches agreement with the remainder of the Group management as to their remuneration.



**NOTE 6 PROFIT/LOSS FROM OTHER SECURITIES AND RECEIVABLES WHICH ARE ASSETS**

	The Group		Parent Company	
	2003	2002	2003	2002
Depreciation of financial assets	0	0	0	-4 200
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-4 200</b>

**NOTE 7 OTHER INTEREST INCOME AND SIMILAR PROFIT ITEMS**

	The Group		Parent Company	
	2003	2002	2003	2002
Dividends	0	0	5 332	2 265
Interest	307	2 294	4	7
<b>Total</b>	<b>307</b>	<b>2 294</b>	<b>5 336</b>	<b>2 272</b>

Income from other Group companies constitutes SEK 0 thousand (SEK 0 t) of other interest income and similar profit items. Costs from other Group companies constitute SEK 0 thousand (SEK 0 t) of other interest costs and similar profit items. SEK 0 thousand (SEK 2064 t) refers to hidden interest compensation in connection with the recalculation Alecta funds.

**NOTE 8 APPROPRIATIONS**

	Parent Company	
	2003	2002
Changes in tax allocation reserve	-928	-199
<b>Total</b>	<b>-928</b>	<b>-199</b>

**NOTE 9 TAX ON PROFIT/LOSS FOR THE YEAR**

The difference between the tax reported in the income statement for the financial year and previous financial years, and the tax which applies to activities of these years, consists of deferred tax on untaxed reserves of SEK 5 833 thousand (SEK 5 239 t) and deferred tax on surplus property value of SEK 3 426 thousand (SEK 3 498 t).

In the Group, the year's deferred tax, SEK 595 thousand (SEK 698 t) is reported as a tax cost in the Consolidated Income Statement, and the total outstanding deferred tax liability as a provision in the Consolidated Balance Sheet. Of the year's deferred tax cost, SEK 667 thousand (SEK 770 t) refers to changes in untaxed reserves, and - SEK 72 thousand (-SEK 72 t) refers to the resolution of deferred tax on excess value of property. The tax in question amounts to SEK 3 178 thousand (SEK 2 945 t).

**NOTE 10 EXPENDITURE ON PROGRAM DEVELOPMENT CARRIED FORWARD**

	The Group	
	2003	2002
Acquisition value carried forward	400	400
Purchases	120	0
<b>Accumulated acquisition value carried forward</b>	<b>520</b>	<b>400</b>
Depreciation according to plan brought forward	-267	-133
Depreciation according to plan	-133	-134
<b>Accumulated depreciation according to plan carried forward</b>	<b>-400</b>	<b>-267</b>
<b>Residual value according to plan carried forward</b>	<b>120</b>	<b>133</b>

**NOTE 11 PROGRAMS**

	The Group	
	2003	2002
Acquisition value carried forward	3 470	2 047
Purchases	2 162	1 423
Sales/disposals	-600	0
<b>Accumulated acquisition values carried forward</b>	<b>5 032</b>	<b>3 470</b>
Depreciation according to plan brought forward	-1 301	-351
Sales/disposals	120	0
Depreciation for the year according to plan	-1 220	-950
<b>Accumulated depreciation according to plan carried forward</b>	<b>-2 401</b>	<b>-1 301</b>
<b>Residual value according to plan carried forward</b>	<b>2 631</b>	<b>2 169</b>

**NOTE 12 GOODWILL**

	<b>The Group</b>		<b>Parent Company</b>	
	<b>2003</b>	2002	<b>2003</b>	2002
Acquisition value brought forward	<b>20 474</b>	19 617	<b>1 260</b>	1 260
Purchases	<b>1 650</b>	857	<b>0</b>	0
<b>Accumulated acquisition values carried forward</b>	<b>22 124</b>	20 474	<b>1 260</b>	1 260
Depreciation according to plan brought forward	<b>-13 789</b>	-12 606	<b>-560</b>	-420
Depreciation for the year according to plan	<b>-1 226</b>	-1 183	<b>-140</b>	-140
<b>Accumulated depreciation according to plan carried forward</b>	<b>-15 015</b>	-13 789	<b>-700</b>	-560
<b>Residual value according to plan carried forward</b>	<b>7 109*</b>	6 685	<b>560</b>	700

\*) Of which residual value value according to plan, goodwill arising from the purchase of the net assets of a business SEK 1 049 thousand.

**NOTE 13 BUILDINGS AND LAND**

	<b>The Group</b>		<b>Parent Company</b>	
	<b>2003</b>	2002	<b>2003</b>	2002
Acquisition value brought forward	<b>26 883</b>	26 067	<b>7 082</b>	6 266
Purchases	<b>0</b>	816	<b>0</b>	816
<b>Accumulated acquisition values carried forward</b>	<b>26 883</b>	26 883	<b>7 082</b>	7 082
Depreciation according to plan brought forward	<b>-6 116</b>	-5 684	<b>-1 386</b>	-1 283
Depreciation for the year according to plan	<b>-450</b>	-432	<b>-119</b>	-103
<b>Accumulated depreciation according to plan carried forward</b>	<b>-6 566</b>	-6 116	<b>-1 505</b>	-1 386
<b>Residual value according to plan carried forward</b>	<b>20 317</b>	20 767	<b>5 577</b>	5 696
<b>Values assessed for tax purposes</b>				
Buildings	<b>9 702</b>	9 342	<b>7 656</b>	7 392
Land	<b>1 497</b>	1 441	<b>1 234</b>	1 191
	<b>11 199</b>	10 783	<b>8 890</b>	8 583

**NOTE 14 EQUIPMENT AND TOOLS**

	<b>The Group</b>		<b>Parent company</b>	
	<b>2003</b>	2002	<b>2003</b>	2002
Acquisition value brought forward	<b>18 893</b>	16 166	<b>0</b>	0
Purchases	<b>3 811</b>	2 834	<b>300</b>	0
Sales/disposals	<b>-2 246</b>	-107	<b>0</b>	0
<b>Accumulated acquisition values carried forward</b>	<b>20 458</b>	18 893	<b>300</b>	0
Depreciation according to plan brought forward	<b>-12 865</b>	-10 322	<b>0</b>	0
Sales/disposals	<b>1 323</b>	51	<b>0</b>	0
Depreciation for the year according to plan	<b>-2 783</b>	-2 594	<b>-60</b>	0
<b>Accumulated Depreciation according to plan carried forward</b>	<b>-14 325</b>	-12 865	<b>-60</b>	0
<b>Residual value according to plan carried forward</b>	<b>6 133</b>	6 028	<b>240</b>	0

Future costs for leasing agreements are calculated at SEK 9.2 million.

Leasing contracts exist for equipment equivalent to acquisition value of SEK 16.3 million. The annual cost of these contracts amounts to SEK 4.1 million, of which the cost of financial leasing amounts to an insignificant amount.

**NOTE 15 PARTICIPATIONS IN GROUP COMPANIES**

Company name	Corp. ID No.	Registered Office	Shareholders' equity	Profit/Loss
Rejlers Ingenjörer AB	556051-0272	Stockholm	27 108	5 489
ComIT Rejlers AB	556370-3452	Stockholm	424	46
Rejlers Energitjänster AB	556349-8426	Stockholm	1 218	1 118
Rejlers OÜ	10915410	Estland	15	-8
Rejlers International AB	556413-1752	Malmö	688	141

Company name	Extent of holding		IValue of holding Book value
	No. of shares	Percentage of capital	
Rejlers Ingenjörer AB	15 000	100.0	28 280
ComIT Rejlers AB	1 000	100.0	2 050
Rejlers Energitjänster AB	1 000	100.0	100
Rejlers OÜ		100.0	600
Rejlers International AB	2 000	100.0	2 527
<b>Total</b>			<b>33 557</b>

**NOTE 16 SHARES IN ASSOCIATED COMPANIES (APPLIES BOTH TO THE GROUP AND THE PARENT COMPANY)**

Company name	Corp. ID No.	Registered Office
Mirakelbolaget HB	916411-2725	Växjö
Rejlers Invest Oy	1505468-5	Finland

Company name	Extent of holding (Applies to Group)			
	No. of shares	Percentage of capital	Book value	Shareholders' equity
Mirakelbolaget HB	1	50	0	0
Rejlers Invest Oy	436	30.1	10 946	4 398
<b>Total</b>	<b>437</b>	<b>80</b>	<b>10 946</b>	<b>4 398</b>

**NOTE 17 PREPAID EXPENSES AND ACCRUED INCOME**

	The Group	
	2003	2002
Rent paid in advance	<b>1 979</b>	2 029
Accrued leasing charges	<b>532</b>	488
Accrued income	<b>14 398</b>	15 039
Other items	<b>1 068</b>	2 030
<b>Total</b>	<b>17 977</b>	19 586

**NOTE 18 UNTAXED RESERVES**

	Parent company	
	2003	2002
Tax allocation reserve tax 99	<b>700</b>	700
Tax allocation reserve tax 00	<b>19</b>	19
Tax allocation reserve tax 01	<b>755</b>	755
Tax allocation reserve tax 02	<b>1 099</b>	1 099
Tax allocation reserve tax 03	<b>649</b>	649
Tax allocation reserve tax 04	<b>928</b>	0
<b>Total</b>	<b>4 150</b>	3 222

**NOTE 19 PROVISIONS (ALSO SEE NOTE 9)**

	The Group	
	2003	2002
Deferred tax	<b>9 259</b>	8 737
<b>Total</b>	<b>9 259</b>	8 737

**NOTE 20 DUE DATES OF LIABILITY ITEMS**

	The Group		Parent Company	
	2003	2002	2003	2002
Long-term liabilities which fall due for payment later than five years after Balance Sheet date				
Liabilities to credit institutions	<b>12 806</b>	15 102	<b>6 805</b>	7 042
<b>Total</b>	<b>12 806</b>	15 102	<b>6 805</b>	7 042

**NOTE 21 ACCRUED EXPENSES AND DEFERRED INCOME**

	The Group		Parent Company	
	2003	2002	2003	2002
Accrued holiday wages	<b>6 510</b>	6 515	<b>0</b>	0
Accrued social security charges	<b>5 577</b>	5 008	<b>0</b>	0
Other items	<b>3 900</b>	4 379	<b>362</b>	391
<b>Total</b>	<b>15 987</b>	15 902	<b>362</b>	391

**NOTE 22 ASSETS PLEDGED**

	<b>The Group</b>		<b>Parent Company</b>	
	<b>2003</b>	2002	<b>2003</b>	2002
<b>Bank overdraft facilities</b>				
Floating charges	<b>9 000</b>	23 100	<b>0</b>	0
<b>Liabilities to credit institutions</b>				
Property mortgages	<b>12 200</b>	16 200	<b>10 200</b>	14 200
<b>Total</b>	<b>21 200</b>	39 300	<b>10 200</b>	14 200

**NOTE 23 CONTINGENT LIABILITIES**

	<b>The Group</b>		<b>Parent Company</b>	
	<b>2003</b>	2002	<b>2003</b>	2002
Guarantee for subsidiary company	-	-	<b>9 525</b>	9 625
Pension liabilities which are not reported in liabilities or provisions and are not covered by the net wealth of the pension fund	<b>1 207</b>	1 285	<b>0</b>	0
<b>Total</b>	<b>1 207</b>	1 285	<b>9 525</b>	9 625

# Proposed Allocation of Unappropriated Earnings

## **The Group**

The Group's non-restricted shareholders' equity amounted to SEK 33 787 thousand, of which profit for the year was SEK 5 432 thousand.

It is proposed that SEK 360 thousand shall be transferred to restricted reserves.

## **The Parent Company**

The following profit is at the disposal of the Annual General Meeting SEK 15 552 thousand.

The Board of Directors and the CEO propose:

allocation to legal reserves	SEK 340 thousand
distribution to shareholders as dividend	SEK 2 721 thousand
to be arried forward to new account	SEK 12 491 thousand

Stockholm, 29 March 2004

Lars V Kylberg  
Chairman

Jan Rejler

Lauri Valkonen

Åsa Landén Ericsson

Olof G Wikström

Björn Lauber

Hubert Johansson

Peter Rejler  
CEO and Group President

The Auditor's Report was presented on 31 March 2004

Deloitte & Touche AB

Gunnar Abrahamson  
Authorised Public Accountant

# Auditor's Report

To the Annual General Meeting of Rejlerkoncernen AB (publ), Corporate Identity Number 556349-8426.

We have examined the Annual Report, the Consolidated Financial Statements, the Accounting Records and the administration by the Board of Directors and the President and CEO of Rejlerkoncernen AB for the Financial Year 2003. The Board and the President and CEO are responsible for the Accounting Records and the administration of the company. Our responsibility is to report on the Annual Report, the Consolidated Financial Statements and the administration of the company on the basis of our audit.

The audit has been carried out in accordance with approved auditing practice in Sweden. This means that we have planned and carried out the audit in order to be reasonably assured that the Annual Report and Consolidated Financial Statements give a true and fair view of the profit and loss made by the company during the financial year.

An audit involves the examination of certain of the grounds on which the amounts and other information in the accounting records are based.

An audit also includes the examination of the accounting principles and the application by the Board and the President and CEO, and the assessment of all the information in the Annual Report and the Consolidated Financial Statements. As basis for

our statements regarding approval, we have examined major decisions, measures and conditions in the company to be able to assess whether any Member of the Board or the President and CEO is liable to the company for compensation. We have also examined whether any Member of the Board or the President and CEO has, in any other way, contravened the Swedish Companies Act, the Annual Report Act and the company's Articles of Association. It is our opinion that our audit has provided us with reasonable grounds for the statement that follows.

The Annual Report and the Consolidated Financial Statements have been prepared in accordance with the Annual Report Act, and thereby constitute a fair and true view of the Parent Company's and the Group's results and financial position in accordance with approved auditing practice in Sweden.

We recommend that the Statements of Income and Balance Sheets for the Parent Company and the Group respectively be adopted by the Annual General Meeting, and that the disposition of earnings in the Parent Company as proposed in the Report of the Board of Directors be approved. We recommend that the Board of Directors and President and CEO be discharged from liability for their administration during the financial year.

Stockholm, 31 March 2004

Deloitte & Touche AB

Gunnar Abrahamson  
Authorised Public Accountant

# Shareholder and Ownership Structure

During 2003, 109 000 new B-shares were subscribed for in the personnel option programme from the year 2000. After new subscription, the share capital of the Rejler Group totals SEK 18 140 000, divided into 1 814 000 shares, each of a nominal value of SEK 10. The shares are divided into 261 000 shares of A series, each with one vote, and 1 553 000 shares of B series, each with 0.1 vote. Each shareholder who is entitled to vote may vote with the full number of votes he or she owns and represents in shares, without limitation as to voting rights. Each share has equal right to participation in the company's assets and profits.

The share was listed on the Nordic Growth Market on 8 May 2003, and the share price on 31-12-2003 was SEK 36.

The company has about 500 B-share owners.

## The 2004 Annual General Meeting

The Board of Directors has proposed that the Annual General Meeting of 21 April 2004 shall determine as follows

- Authorisation for the Board to determine regarding the new issue of up to 170 000 shares of B series, with or without preferential rights for the company's shareholders. Payment for newly issued shares may be made in cash or through capital contributed in kind.
- The issue of a subordinated loan of SEK 1 000 with 100 000 detachable warrants, which can be used for subscription to 100 000 shares of B series. It shall be possible to transfer the warrants to leading managers within the Rejler Group. The warrants shall have a currency of about three years, and the subscription price shall be fixed as the average market price of the company's series B-share during the period 7 -18 June 2004, increased by forty percent. The dilution effect, if fully utilised, will be the equivalent of 5.2 percent of the share capital, and 2.3 percent of the voting power (after full dilution). At the Annual General Meeting of 2003, it was determined to issue an equivalent programme. This programme, which falls due in 2006, has as yet not been utilised, and the Board has determined not to utilise this programme. No new shares will be issued on the basis of these options, therefore.
- Authorisation to the Board for the repurchase of up to 170 000 B series shares.

## Stock option programme

At the Annual General Meeting of 2000, it was determined that there should be a stock option programme for senior managers in the Group. 109 000 new B-shares were subscribed for in the 2003 stock option programme, which comprised 300 000

stock options, giving rights to subscribe for 300 000 B-shares at a subscription price of SEK 28.50. Through the stock option programme, the company has received SEK 3 542 000 in new shareholders' equity during 2003. The stock option programme involves a dilution of 6.0 percent of the capital, and 2.5 percent of the votes. Other options have fallen due.

## Development of share capital

Until 2003, share capital was unchanged, and it then increased by SEK 1 090 000 in connection with new subscription after completion of a stock option programme.

## Ownership

Owner	Number of shares of A series	Number of shares of B series	Percent of votes	Percent of capital
Peter Rejler	189 000	29 490	46.1	12.0
Lisa Rejler		188 750	4.5	10.4
Martina Rejler		188 750	4.5	10.4
Jan Rejler		163 650	3.9	9.0
Lars Kylberg				
indirect ownership	50 000	100 000	14.4	8.3
Cintura AB	0	80 040	1.9	4.4
Anders Almén	2 500	44 100	1.7	2.6
Siv Selander	0	39 650	1.0	2.2
Sven Inge Eriksson	7 500	28 000	2.5	2.0
Other	12 000	690 570	19.5	38.7
<b>Total</b>	<b>261 000</b>	<b>1 553 000</b>	<b>100.0</b>	<b>100.0</b>

Peter Rejler, President and CEO of Rejlerkoncernen AB, after a generation change in December, has become new main owner, with 46.1 percent of the votes and 12 percent of the capital. The Rejler family together has unchanged ownership of 60 percent of the votes and 42 percent of the capital.

## Shareholder agreement

There is an agreement between Jan Rejler, Peter Rejler, Lisa Rejler, Martina Rejler and Lars Kylberg regarding pre-emption rights of the shares of the others if one of them wishes to sell all or part of his or her shareholding. Apart from this, as far as the Board is aware, there is no other agreement between the company's shareholders with regard to limitations of ownership of shares or other coordination agreements.

## Dividend policy

In order to secure the possibilities of continued growth, the Board strives to maintain a strong Balance Sheet and stable finance. Within these conditions, the long-term goal is to distribute one third of the company's profit on average, after tax. The dividend proposed by the Board for 2003 is 50 percent of profit after tax.

# Board of Directors



## Lars V Kylberg

Chairman.  
Born 1940.  
Board Member since 1993.  
Chairman of Haldex AB and Morgan Crucibel (UK).  
Vice Chairman of Vasakronan AB och Civitas AB. Board Member of IBS AB and Civitas AB. Board Member of IBS AB and Generics Group AG.  
Shareholding A: 50 000  
Shareholding B: 100 000

## Jan Rejler

Vice Chairman.  
Born 1939.  
Board Member since 1989.  
Shareholding A: -  
Shareholding B: 163 650

## Peter Rejler

President and CEO.  
Born 1966.  
Board Member since 1999.  
Board Member of Rejlers Invest Oy (Fin) and Mirakelbolaget HB.  
Shareholding A: 189 000  
Shareholding B: 29 490

## Åsa Landén Ericsson

Born 1965.  
Board Member since 2003.  
Investment Manager of Catella Holding AB  
Board Member of PowerIT, Enea Data AB and Tasteline Sweden AB  
Shareholding A: -  
Shareholding B: 700

## Lauri Valkonen

Born 1955.  
Board Member since 2002.  
President and CEO of Rejlers Invest Oy (Fin). Chairman of Raudus Timber Oy (Fin) and Board Member of Fibrocom Oy (Fin)  
Shareholding A: -  
Shareholding B: 3 000

## Olof G Wikström

Born 1937.  
Board Member since 1992.  
Shareholding A: -  
Shareholding B: 4 000

## Björn Lauber

Employee Representative.  
Born 1965.  
Board Member since 1998.  
Shareholding A: -  
Shareholding B: -

## Hubert Johansson

Employee Representative.  
Born 1942.  
Board Member since 1982.  
Shareholding A: -  
Shareholding B: 1 060

## Auditor

Deloitte & Touche AB

## Gunnar Abrahamson

Authorised Public Accountant  
Born 1947  
Auditor of the company since 2003



# Group Management



**Peter Rejler**

President and CEO  
Rejler Group,  
President of Rejlers Ingenjörer AB.  
Born 1966.  
Employed since 1998.  
Shareholding A: 189 000  
Shareholding B: 29 490

**Anders Almén**

Vice President and Deputy CEO  
Branch Manager Malmö.  
Born 1960.  
Employed since 1993.  
Shareholding A: 2 500  
Shareholding B: 44 100

**Lars Wikman**

Chief Technical Officer  
BUM Rejlers Ingenjörer AB,  
Electrical Power and Energy.  
Born 1948.  
Employed since 1999.  
Shareholding A: -  
Shareholding B: 10 000

**Kjell Sandin**

Chief Financial Officer  
Born 1964.  
Employed since 1996.  
Shareholding A: -  
Shareholding B: 23 880

# Definitions

**Operating margin**

Operating income after depreciation in relation to income.

**Profit margin**

Profit/loss after financial income and costs in relation to income.

**Return on shareholders' equity**

Profit/loss after tax in relation to average shareholders' equity.

**Return on capital employed**

Profit/loss after net financial items plus financial expenses in relation to average capital employed.

**Cash liquidity**

Assets minus work in progress divided by short-term liabilities.

**Equity/assets ratio**

Shareholders' equity in relation to Balance Sheet total.

**Debt/equity ratio**

Interest-bearing liabilities in relation to shareholders' equity.

**Debt/coverage ratio**

Profit/loss after net financial items plus financial expenses in relation to financial costs.

**Invoicing ratio**

Time that can be invoiced in relation to total attendance time.

**Number of employees on an annual basis**

Attendance and absence times (excluding long-term absence) divided by normal time.

**Sales per annual employee**

Income per annual employee

**Operating income per annual employee**

Operating income excluding items affecting comparability per annual employee, average.

**Earnings per share, SEK**

Income after tax divided by total number of shares

**Shareholders' equity per share**

Shareholders' equity divided by total number of shares.

# Addresses

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 **REJLERS**