



Poolia continues to grow and improves profitability of core business

Poolia's sales totalled SEK 270.0 M for the fourth quarter and SEK 1,008.7 M for the full year. An operating loss of SEK 54.9 M was reported for the fourth quarter, of which continued adjustment measures in Germany accounted for a loss of SEK 58.9 M. For the other units, an operating profit of SEK 4.0 M was reported for the fourth quarter and of SEK 26.3 M for the full year, which corresponded to a quadrupling of the operating margin.

The trend in all of Poolia's markets remained strong during the fourth quarter of 2005. Poolia Sweden's sales rose 26% during the fourth quarter, compared with the year-earlier period, and the operating margin for the quarter was 5.2%. In total during the year, Poolia Sweden showed growth of 23% and increased its operating margin by slightly more than 2 percentage points.

In the United Kingdom, the intensified effort in Reading and Edinburgh, which started at midyear, continues. The operations in both of these towns had an adverse impact on operating profit during the quarter. Revenue from the UK declined somewhat during the fourth quarter, partly because an agreement structure with a major customer was changed from gross to net invoicing, which had an impact on full-year figures. The full-year operating margin was 3.9%, in line with the preceding year. Following fiscal year-end, Lynda Pickess, who has extensive experience of the UK staffing sector, was appointed new Managing Director of Poolia UK.

Operations in the Other Nordic countries continued to show the favourable trend that started earlier in the year, with Denmark and Finland noting the strongest performance. Volume in the other Nordic countries more than doubled during the fourth quarter and the operating margin was 6.3%. In total for the year, the other Nordic countries reported growth of 27% and an increase in operating profit by slightly more than SEK 3 M.

In Germany, a decision was taken during the fourth quarter to focus operations entirely around Poolia's core business and thus to intensify the restructuring work that was under way in Hamburg during the year. As a result of this decision, a provision of SEK 10.8 M and a goodwill impairment loss of SEK 48.1 M was posted. The goodwill remaining in Germany totals SEK 3.8 M. With respect to the full year, a favourable trend was noted within the core operations in most locations. Due to the volume decline and adjustment work under way in Hamburg, however, the total result for Germany comprised reduced revenues and a loss.

The operations of Poolia Care continued to report a positive trend during the fourth quarter, with growth of 43% compared with the year-earlier period. Following reorganization of the operations, all customer contacts in Sweden will be handled by the Stockholm office, which is eventually expected to increase efficiency but had an adverse impact on earnings during the quarter.

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Poolia is a leading player in the market for professional staffing and is active more than 20 locations in Sweden, Norway, Denmark, Finland, Germany and the United Kingdom. Operations include the Temporary Staffing and Permanent Recruitment service areas. Poolia offers professional staffing services in the Accounting, Bank & Finance, IT, Office, Human Resources, Payroll, Technology, Sales & Marketing, Legal, Care and Life Science occupational segments.



YEAR-END REPORT, JANUARY 1 – DECEMBER 31, 2005

- Sales totalled SEK 1,008.7 M (2004:905.7).
- An operating loss of SEK 32.6 M (5.8) was reported.
- The loss after financial items amounted to SEK 31.5 M (profit: 8.4).
- The loss after taxes was SEK 44.1 M (profit: 3.5).
- A loss per share of SEK 2.39 (profit: 0.19) was reported.
- A dividend of SEK 0.25 (0.25) per share is proposed.
- Cash flow from operating activities amounted to SEK 7.3 M (23.3).
- Goodwill impairment loss in Germany and provision for restructuring costs in Hamburg totalled SEK 58.9 M.
- Adjusted for these impairment losses and restructuring costs, the Group reported an operating profit of SEK 26.3 M (5.8).
- All comparative figures for 2004 are presented for comparable operations, meaning without the former subsidiary Uniflex, which was part of the Group in 2004.

January – December

Sales

Consolidated sales rose 11.4% to SEK 1,008.7 M (2004: 905.7). During the year, there were no acquisitions but exchange-rate effects had a positive impact of 0.7% on sales. Temporary Staffing continued to be the predominant service area. The proportion of Permanent Recruitment within Poolia rose from 7% to 9%. Accounting is the largest occupational segment in absolute terms.

Sales in the Swedish market during the year continued the increase that started during the second half of 2004. Full-year sales rose 23% to SEK 511.9 M.

The other Nordic countries (Finland, Denmark and Norway) reported sales of SEK 40.8 M, a 27% increase compared with 2004. Most of the increase arose during the second half of the year. Operations in Denmark showed the largest increase.

Sales in Germany declined by 17% to SEK 65.1 M. The decline was mainly attributable to Hamburg and resulted from a customer sharply reducing his demand for staffing services at the beginning of the year and from an adjustment program that partly entails the discontinuation of unprofitable assignments.

In the UK, sales decreased by 7% to SEK 293.4 M. Approximately half of the decrease was due to a major customer changing an agreement structure from gross to net invoicing. Prior to this change, the sum total of salary for temporary employees and Poolia's margin was invoiced, but as of 2005 only the margin is invoiced. A temporary increase in employee turnover among in-house personnel at the beginning of the year had an adverse impact on revenues throughout the year. Employee turnover stabilized during the second half of 2005.

Poolia Care, which has operations in Sweden and Norway, reported total sales of SEK 97.5 M, equal to growth of 53%. Most of the growth was accounted for by temporary staffing of nurses in Norway and doctors in Sweden.

Earnings

A loss of SEK 31.5 M (profit: 8.4) was reported after financial items. The operating loss amounted to SEK 32.6 M (profit: 5.8), which includes a goodwill impairment loss in Germany of SEK 48.1 M and a provision of SEK 10.8 M for restructuring costs in Hamburg. Excluding these items, operating profit of SEK 26.3 M was reported.

Poolia Sweden reported operating profit of SEK 28.9 M (13.7). The Other Nordic countries reported an operating loss of SEK 0.9 M (loss: 4.1). An operating loss of SEK 67.7 M (loss: 5.4) was reported in Germany. Excluding impairment losses and restructuring costs in Germany, the loss amounted to SEK 8.8 M. The UK operations reported an operating profit of SEK 11.3 M (12.6) for the year. Poolia Care reported operating profit of SEK 2.9 M (0.3).

The Group's financial net amounted to income of SEK 1.1 M (2.6). The difference resulted from reduced cash and cash equivalents due to the spin-off of Uniflex in November 2004. The high tax level is mainly attributable to the losses and impairments reported in Germany. Deferred tax assets pertaining to tax loss carryforwards in Germany were written down by SEK 1.7 M. No new deferred tax assets were booked during the year. Non-distributed Parent Company costs amounted to SEK 7.1 M (11.3).

Fourth quarter

Sales

Consolidated sales rose 13% to SEK 270.0 M (238.9). Temporary Staffing continued to be the predominant service area. Accounting is the largest occupational segment in absolute terms.

The other Nordic countries continued to report the trend that started in the preceding quarter and more than doubled their sales. The most distinct increase was noted in Denmark, although the sales trend in Finland was also favourable during the fourth quarter.

In Sweden, year-on-year sales growth of 26% was reported during the fourth quarter of 2005. Sales increased in all regions and occupational segments, with the largest rise noted in the Stockholm region. The number of working days during the fourth quarter was identical to 2004.

In the United Kingdom, year-on-year sales declined by 14% during the fourth quarter of 2005. Employee turnover stabilized during the second half of the year but the large proportion of new employees affected revenue during the quarter.

Sales in Germany declined by 15%. The decline was mainly attributable to Hamburg, while a favourable trend was reported in several other locations.

Poolia Care, which has operations in Sweden and Norway, continued to report a favourable trend with a sales increase of 43% to SEK 22.8 M during the fourth quarter.

Earnings

A loss of SEK 54.8 M (profit: 0.2) was reported after financial items. The operating loss amounted to SEK 54.9 M (loss: 0.4). Poolia Sweden reported operating profit of SEK 7.6 M (3.6) and an operating margin of 5.2%. Earnings were affected by a major marketing initiative launched during September in order to strengthen the Poolia brand, for which most of the costs were reported during the fourth quarter.

The UK operations reported an operating profit of SEK 1.1 M (1.1) for the quarter. The operating margin was 1.6% (1.4). The intensified effort in Reading and Edinburgh had an adverse impact on earnings during the quarter.

The Other Nordic countries reported an operating profit of SEK 0.9 M (loss: 1.6) and an operating margin of 6.3%. This was the first time that a profit had been reported in the Other Nordic countries, following a break-even result in the third quarter.

An operating loss of SEK 61.1 M (loss: 1.5) was reported for German operations. On December 22, 2005, Poolia's Board of Directors announced a decision to restructure the operations in Hamburg in order to concentrate fully on Poolia's core business. Those parts of the Hamburg operation that do not involve the core business accounted for about half of sales in Germany during 2005. As a result of this decision, a restructuring provision of SEK 10.8 M and a goodwill impairment loss of SEK 48.1 M were charged against the fourth quarter. In 2004, a goodwill impairment loss of SEK 3.6 M was posted. Accordingly, goodwill in Germany was worth SEK 3.8 M at the end of 2005.

Poolia Care reported an operating loss of SEK 0.8 M (loss: 0.2). The loss reported for the quarter was due to a completed reorganization of operations, whereby all customer contacts in Sweden will be handled by the Stockholm office in future.

Non-distributed Parent Company costs amounted to SEK 2.6 M (1.8).

Information about operating sectors and geographic regions

January – December Sales and operating results

	2005 Jan-Dec External sales	2005 Jan-Dec Operating profit/loss	2004 Jan-Dec External sales *	2004 Jan-Dec External sales *
Poolia Sweden	511.9	28.9	416.5	13.7
Poolia, other Nordic countries	40.8	-0.9	32.2	-4.1
Poolia Germany	65.1	-67.7	78.2	-5.4
Poolia UK	293.4	11.3	314.9	12.6
Poolia Care	97.5	2.9	63.9	0.3
Non-distributed Parent Company costs		-7.1		-11.3
Total	1 008.7	-32.6	905.7	5.8
Uniflex	-	-	255.8	15.2
Total	1 008.7	-32.6	1 161.5	21.0

*For comparative reasons, the figures for sales and operating profit/loss in the year-earlier period have been recalculated in order to adapt to the new categorization by segment, which resulted in certain re-allocations of costs during the fourth quarter. These affected the comparative figures for 2004.

October – December
Sales and operating results

	2005 Oct-Dec External sales	2005 Oct-Dec Operating profit/loss	2004 Oct-Dec External sales *	2004 Oct-Dec Operating profit/loss *
Poolia Sweden	146.9	7.6	116.5	3.6
Poolia, other Nordic countries	14.2	0.9	6.2	-1.6
Poolia Germany	16.2	-61.1	19.0	-1.5
Poolia UK	69.9	1.1	81.3	1.1
Poolia Care	22.8	-0.8	15.9	-0.2
Non-distributed Parent Company costs		-2.6		-1.8
Total	270.0	-54.9	238.9	-0.4
Uniflex	-	-	40.3	2.3
Total	270.0	-54.9	279.2	1.9

*For comparative reasons, the figures for sales and operating profit/loss in the year-earlier period have been recalculated in order to adapt to the new categorization by segment, which resulted in certain re-allocations of costs during the fourth quarter. These affected the comparative figures for 2004.

Liquidity and financing

On December 31, 2005, the Group's cash and cash equivalents amounted to SEK 88.2 M (97.8). Cash flow from operating activities during the year amounted to SEK 7.3 M (23.3). Dividends of SEK 4.6 M were paid. The equity/assets ratio was 57.8% (63.3).

Investments

The Group's investments in fixed assets amounted to SEK 10.2 M (77.8), of which investments in a new business system was the largest item.

Employees

The average number of annual employees was 1,934 (1,838). The total number of employees on December 31, 2005 was 2,049 (1,960).

Parent Company

The Parent Company engages in general corporate management, development and financial management activities. Sales during the year amounted to SEK 4.2 M (6.6) and a loss of SEK 85.8 M (loss: 13.6) was reported after financial items. The loss was affected by impairment losses of SEK 110.0 M (12.4) on shares in subsidiaries, and also reflects dividends from subsidiaries in an amount of SEK 29.2 M.

Market trend

Demand in all of Poolia's markets was favourable. In several of the markets, there is keen competition for professional candidates, especially specialists in IT and accounting.

According to statistics from the Swedish Association of Staff Agencies, sales in the Swedish staffing services sector totalled SEK 2,576 M during the third quarter of 2005, a year-on-year increase of 42%. Poolia's segment of the market, temporary staffing and permanent recruitment in the professional sector, had sales of approximately SEK 1,077 M (excluding care operations) during the third quarter, up 27%. Poolia's market share in this segment was 11.0%, compared with 11.3% a year earlier.

Condensed consolidated income statement

SEK M	Jan-Dec 2005	Jan-Dec 2004*	Oct-Dec 2005	Oct-Dec 2004*
Operating income	1 008.7	905.7	270.0	238.9
Personnel costs	-893.3	-810.9	-239.1	-210.2
Other costs	-95.3	-74.4	-36.8	-23.4
Depreciation of fixed assets	-4.6	-11.0	-0.9	-2.1
Impairment of goodwill	-48.1	-3.6	-48.1	-3.6
Operating profit/loss	-32.6	5.8	-54.9	-0.4
Financial items	1.1	2.6	0.1	0.6
Profit/loss after financial items	-31.5	8.4	-54.8	0.2
Tax	-12.6	-4.9	-3.7	-0.1
Net profit/loss for the period for remaining operations	-44.1	3.5	-58.5	0.1
Profit/loss after for divested operations	-	11.1	-	1.7
Profit/loss for the period	-44.1	14.6	-58.5	1.8
Earnings per share before dilution, SEK	-2.39	0.19	-3.17	0.00
Earnings per share after dilution, SEK	-2.39	0.19	-3.17	0.00

Condensed consolidated balance sheet

SEK M	Dec 31. 2005	Dec 31. 2004
Assets		
Goodwill	99.7	144.7
Other fixed assets	15.7	10.9
Deferred tax assets	7.1	8.9
Current receivables	181.9	161.4
Cash and cash equivalents	88.2	97.8
Total assets	392.6	423.7
Shareholders' equity and liabilities		
Shareholders' equity	226.8	269.4
Long-term liabilities	2.3	7.4
Current liabilities	163.5	146.9
Total shareholders' equity and liabilities	392.6	423.7
Pledged assets and contingent liabilities	1.4	0.9

Change in Group shareholders' equity

SEK M	Jan-Dec 2005	Jan-Dec 2004
Amount at beginning of period	269.4	309.1
Dividend	-4.6	-4.6
Spin-off of Uniflex	-	-48.1
New share issue	0.1	0.2
Translation differences	6.0	-1.8
Net profit/loss during the period	-44.1	14.6
Amount at end of period	226.8	269.4

* Since IFRS are applied as of 2005, the comparative figures for 2004 have been adjusted. The comparative figures have also been adjusted to exclude the operations divested in 2004 (Uniflex).

Condensed cash flow statement, Group

	Jan-Dec 2005	Jan-Dec 2004*	Oct-Dec 2005
SEK M			
Cash flow from continuing operations	7.3	23.3	7.7
Cash flow from investing	-14.9	-87.9	-1.4
Cash flow from financing	-4.7	-76.5	-0.1
Cash flow during the period	-12.3	-141.1	6.2
Cash and cash equivalents on January 1	97.8	239.5	88.2
Exchange-rate differences in cash and cash equivalents	2.7	-0.6	-
Cash and cash equivalents at period end	88.2	97.8	88.2

Key figures

	Jan-Dec 2005	Jan-Dec 2004*	Oct-Dec 2005	Oct-Dec 2004*
SEK M				
Operating margin, %	-3.2	0.6	-20.3	-0.2
Profit margin, %	-3.1	0.9	-20.3	0.1
Return on capital employed, %, (12-month rolling basis)	-12.6	3.2	-12.6	3.2
Return on total capital, %, (12-month rolling basis)	-7.7	2.2	-7.7	2.2
Equity/assets ratio, %	57.8	63.6	57.8	63.6
Share of risk-bearing capital, %	57.8	65.2	57.8	65.2
Average number of annual employees	1 934	1 838	1 957	1 889
Sales per employee, SEK 000s	522	493	138	126
Average number of shares, before dilution ** (000)	18 443	18 434	18 445	18 437
Number of shares outstanding, before dilution ** (000)	18 445	18 440	18 445	18 440
Average number of shares, after dilution ** (000)	18 457	18 438	18 459	18 444
Number of shares outstanding, after dilution ** (000)	18 459	18 444	18 459	18 444
Earnings per share, before dilution, SEK **	-2.39	0.19	-3.17	0.00
Shareholders' equity per share, before dilution, SEK**	12.30	14.61	12.30	14.61
Earnings per share, after dilution, SEK**	-2.39	0.19	-3.17	0.00
Earnings per share, after dilution, SEK**	12.29	14.61	12.29	14.61

** Since IFRS are applied as of 2005, the comparative figures for 2004 have been adjusted. The comparative figures have also been adjusted to exclude the operations divested in 2004 (Uniflex).

** The effects of the options programs outstanding from 2003 have been taken into account.

Events after the end of the report period

Following fiscal year-end, Lynda Pickess was appointed new Managing Director of Poolia UK.

Forthcoming reporting occasions

May 5, 2006 8 a.m.	Interim report January – March 2006
August 16, 2006 8 a.m.	Interim report January – June 2006
October 27, 2006 8 a.m.	Interim report January – September 2006

The Annual General Meeting will be held at the company's premises in Stockholm, Warfvinges väg 20, 5th floor, at 3 p.m. on April 6. The annual report will be available as of March 17 and will be distributed all shareholders.

Proposed dividend

The Board of Directors proposes a dividend of SEK 0.25 (0.25) per share.

Stockholm, February 17, 2006

Board of Directors

Accounting principles

The interim report has been prepared in accordance with IAS 34, Interim Reporting. In the past, Poolia's financial reports were prepared in accordance with the Annual Accounts Act and recommendations issued by the Swedish Financial Accounting Standards Council. Effective January 1, 2005, Poolia prepares its consolidated accounts in accordance with IFRS. A comprehensive report of the effects of the introduction of IFRS was presented in the first-quarter report.

The transition to IFRS necessitated changes and clarifications of some of the accounting principles applied by Poolia. In the event that the introduction of IFRS has given rise to changes, the new accounting principles are presented below. Otherwise, the accounting principles and valuation methods applied in the most recent annual report have been used.

Goodwill

Goodwill is reported in the balance sheet as an intangible asset at acquisition value, less any accumulated impairment. Goodwill has been allocated to cash-generating units and is subject to annual impairment testing. However, impairment testing is conducted more often if there are indications that a value decline may have occurred during the year.

If it is determined that the fair value of acquired assets, liabilities and contingent liabilities exceeds the acquisition value, the surplus is reported immediately as revenue in the income statement.

Impairment

At every reporting date, impairment testing is conducted to determine if there is any indication of a decline in the value of the Group's fixed assets. If there is such an indication, an impairment test is conducted by computing the asset's recoverable value. The recoverable value is the higher of the asset's net sales value and its value in use.

Goodwill, assets with an indeterminable useful life and intangible assets not used in operations are subject to annual impairment testing.

An impairment loss is reported in the income statement if an asset's recoverable value is less than its book value. Previous impairment losses are reversed if changes have occurred in the assumptions that motivated the original impairment. Reversals of implemented impairments are not effected in a manner that results in the carrying value exceeding the value that would have been reported, after deductions for depreciation according to plan, if no impairment had been made. Reversal of impairment losses is reported in the income statement. Impairment of goodwill is not eligible for reversal.

Implementation of IFRS 2005

Effective January 1, 2005, Poolia applies the accounting rules in accordance with IFRS in its consolidated accounts. The transitional regulations require one comparative year, which means the transitional date for Poolia is January 1, 2004, and that comparative figures for 2004 are reported in accordance with the IFRS rules in Poolia's financial reports for 2005.

Transition to IFRS

	Oct-Dec 2004	Jan-Dec 2004
Net profit/loss for the period, SEK M		
Net profit for the period according to former accounting principles	3.7	11.4
Reversal of goodwill amortization	2.4	9.7
Amortization of trademark	-0.7	-2.9
Impairment of goodwill	-3.6	-3.6
Net profit for the period according to IFRS	1.8	14.6

Shareholders' equity, SEK M	Dec 31, 2004
Shareholders' equity according to former accounting principles	266.2
Reversal of goodwill amortization	9.7
Amortization of trademark	-2.9
Impairment of goodwill	-3.6
Shareholders' equity according to IFRS	269.4

Total assets, SEK M	Dec 31, 2004
Total assets according to former accounting principles	420.5
Reversal of goodwill amortization	9.7
Amortization of trademark	-2.9
Impairment of goodwill	-3.6
Total assets according to IFRS	423.7

This interim report has not been reviewed specifically by the Company's auditors.

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