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Annual Review 2005



Introducing Feelgood

Feelgood is one of Sweden's leading occupational healthcare companies. It offers a complete concept to companies and organisations intending to invest in health and well-being. The principle underpinning Feelgood's operations is that money spent on the health of employees should be a profitable investment as a result of reduced costs of sickness absence and increased productivity.

Feelgood is a nationwide supplier of services in the areas of the work environment, rehabilitation, health, exercise and fitness and medical care. In the area of exer-

cise and fitness, the company also has private individuals as its clients. Genuine commitment and thorough knowledge of how people are affected by their surroundings and environment are characteristic features of Feelgood's operations.

Vision

Feelgood's vision is to offer the best health services and the overall objective is to have Sweden's healthiest customers.

Business concept

The business concept is to improve the

competitiveness, long-term profitability and attractiveness of companies and organisations by delivering healthy ideas. Our healthy ideas are based on health services aimed at developing both organisations and individuals in a holistic perspective.

Feelgood has a nationwide organisation with 45 facilities of its own and nearly 50 partners. The company has been quoted on the O list of the Stockholm Stock Exchange since June 2000 and employs approximately 560 people around Sweden.



2005 in brief

- Net sales totalled SEK 432.8m (395.9)
- Profit after tax was SEK 8.2m (9.7)
- Earnings per share was SEK 0.10 (0.12) and after dilution was SEK 0.10 (0.12)
- Eva Rooth took up the position of CEO and Group President in May 2005
- Acquisition and integration of Transporthälsan in Malmö, Östermalmshälsan and Vårdkompaniet in Stockholm

Financial Development

Operations and events during the financial year.

Net sales and profit

Group revenue increased by SEK 36.9m and totalled SEK 432.8m (395.9). The increase is principally due to acquired companies, whose contribution to revenue totals SEK 34.7m. Operating profit fell by SEK 2.4m to SEK 9.7m (12.1). Profit after financial items was SEK 8.4m (10.2) and profit after tax was SEK 8.2m (9.7). Non-recurring costs of reorganisation and management changes of around SEK 4.0m have been charged against profit.

New organisation

Eva Rooth took up the position of CEO of Feelgood 12 May. A new operational organisation was implemented in 2005. The purpose of the new organisation is increased client focus and improved efficiency. The new organisation is fully operational from 2006 and signifies a cost saving of around SEK 8m. The average number of employees during the year was 563 (567).

Acquisition of operations

All the shares in Transporthälsan i Malmöregionen AB were acquired in March. The company's operations consist in occupational healthcare in Malmö, Trelleborg and Helsingborg. Transporthälsan has nine employees and in 2004 reported sales of SEK 10.0m and profit after tax of SEK 1.4m.

In June all the shares in Östermalmshälsan AB and Vårdkompaniet AB were

acquired. The business of Östermalmshälsan consists in occupational healthcare, and Vårdkompaniet provides traditional medical services at three units in Stockholm. Östermalmshälsan and Vårdkompaniet together have just over 50 employees. In 2004 the companies reported sales of just over SEK 43m and 10m respectively. Profit before appropriations and tax in the companies was SEK 0.9m and 0.2m respectively.

If the date of taking possession of all new acquisitions during the year had been 1 January 2005, Group net sales for 2005 would have been SEK 465.9m and profit after tax would have been SEK 11.0m.

Investments

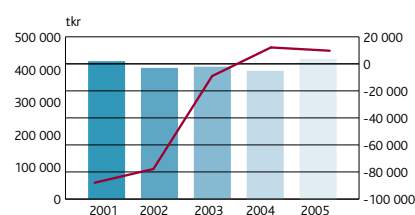
Group investments in property, plant and equipment and intangible assets totalled SEK 37.8m (8.3). The investments principally consist of intangible assets in connection with acquisitions of companies. Other investments include equipment in acquired companies, computer hardware and software.

Liquidity and interest-bearing liabilities

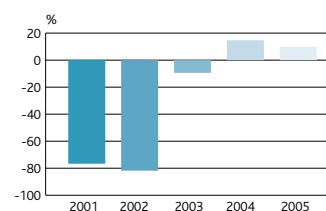
Group cash and cash equivalents at the end of the period totalled SEK 7.1m (11.3). Disposable cash and cash equivalents including unutilised bank overdraft facilities totalled SEK 27.6m (24.2). The Group had interest-bearing liabilities totalling SEK 38.2m (33.5) at the end of the period.

Group equity at 31.12.2005 totalled SEK 71.2m (57.5), and the equity/assets ratio was 28.8 per cent (28.4). Cash flow from operating activities was SEK 8.9m (0.9).

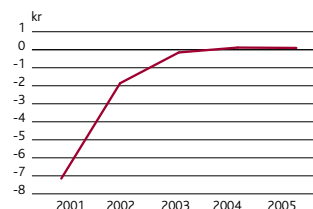
Net sales and operating profit



Return on capital employed



Profit per share



Future Outlook

The new organisation introduced in 2005 links all the units in the company together and is resulting in the whole company becoming more uniform and working in the same way and in the same direction. This provides Feelgood with a platform for growth and an opportunity to benefit from its size and market position in several different areas in 2006.

Feelgood will launch a project aimed at clarifying its values in 2006. Common values are the foundation for a strong brand.

On this basis, the Feelgood brand will be strengthened through more uniform messages and action in relation to our clients and the market as a whole.

The range of services offered will be enhanced in 2006. To preserve uniformity and utilise the resources as well as possible, new concepts will be developed and packaged centrally. However, the initiatives are to come from local client contacts. Close contacts with clients and receptiveness to their needs and wishes provide the foundation for new services.

The common IT platform completed in 2005 makes possible a standardised range of services, information and above all follow-up. The IT system ensures that the whole operation is run in a business-like manner, and that the various units can be compared with each other and consequently benefit from each other's successes. Clients will benefit from better and quicker reporting of services provided.

Vitea, an IT-based healthcare company, was

acquired at the beginning of 2006. Vitea's advanced process and systems will be integrated into Feelgood's operations during the year, with the aim of offering our clients better and more effective solutions

Investments will be made in training courses and lectures in the area of health during the year. This activity will take place under the name of Feelgood Academy. This is an activity in which Feelgood's expertise can be utilised and for which there is a high level of interest among clients. The first courses to be launched are "Healthy leadership", concerned with safeguarding employees' health and "Healthy managers", a programme intended to enable managers to look after their own mental and physical health.

Purchasing has previously been done locally, without fully benefiting from Feelgood's size. A purchasing project is being implemented in 2006 to reduce the number of suppliers and to centralise large purchases. There is potential for extensive cost savings in this area, without an adverse impact on delivery to the client.



Consolidated balance sheet, summary

SEK	31.12.05	31.12.04
Assets		
Intangible assets	87 600	64 485
Property, plant and equipment	18 968	15 513
Other non-current assets		
Current assets excl. cash and cash equivalents	109 723	87 741
Cash and cash equivalents	7 096	11 260
Total assets	246 889	202 367
Equity and liabilities		
Equity	71 181	57 494
Non-current interest-bearing liabilities	9 627	4 377
Non-current interest-bearing provisions	14 347	15 371
Deferred tax liability	3 004	802
Current interest-bearing liabilities	14 213	13 783
Other current liabilities	134 517	110 540
Total equity and liabilities	246 889	202 367

Changes in consolidated equity, summary

2004	Total equity
01.01.04	47 787
Pro fit for the year	9 707
31.12.04 Total equity	57 494
2005	Total equity
01.01.05	57 494
New share issues	5 457
Profit for the year	8 230
31.12.05	71 181

The share capital at 31.12.2005 of SEK 102,117 thousand consists of registered share capital at 31.12.2005 of SEK 101,967,338.75, divided into 81,573,871 shares and share capital under registration of SEK 150,000 divided into 120,000 shares.

The increase in share capital was registered by the Swedish Companies Registration Office on 13.01.2006.

Consolidated income statement

SEK	2005	2004
Revenue	432 792	395 939
Operating expenses		
Raw materials and consumables	-7 472	-7 594
Goods for resale	-5 054	-3 809
Other external expenses	-119 009	-106 888
Employee expenses	-280 641	-255 396
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	-10 820	-10 125
Other operating expenses	-91	0
Operating profit (EBIT)	9 705	12 127
Profit from other interests	1	1
Interest income and similar items	214	171
Interest expenses and similar items	-1 548	-2 082
Profit before tax (EBIT)	8 372	10 217
Tax on profit for the year	-142	-510
Profit for the year	8 230	9 707
Attributable to:		
Equity holders of the Parent Company	8 230	9 707
Average number of shares, thousands	80 609	79 740
Earnings per share	0.10	0.12
Average number of shares, diluted (thousands)	81 663	80 918
Earnings per share, diluted	0.10	0.12

It is proposed that no dividend be paid

Consolidated cash flow statement, summary

SEK	2005	2004
Cash flow from operating activities before changes in working capital	14 399	18 153
Cash flow from changes in working capital	-5 557	-17 290
Cash flow from operating activities	8 842	863
Cash flow from investing activities	-16 482	-7 057
Cash flow from financing activities	3 476	6 066
Cash flow for the year	-4 164	-128
Cash and cash equivalents at the beginning of the year	11 260	11 388
Cash and cash equivalents at the end of the year	7 096	11 260

The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as approved by the European Commission for application in the EU. In accordance with the transitional rules, the comparison figures for 2004 have been converted with retroactive application of the new policies, with the exceptions below. In accordance with the exception rules, Feelgood has not recalculated company acquisitions prior to 2004.

Data per share

Figures for 2004 are restated conversion to IFRS. Figures for previous years have not been converted.

Amounts in SEKm unless stated otherwise	2005	2004*
Profit after tax, SEK	0.10	0.12
Profit after tax, diluted, SEK	0.10	0.12
Equity, SEK	0.87	0.72
Cash flow from operating activities, SEK	0.11	0.01
Share price at end of year	2.99	1.77
Number of shares at end of year, thousands	81 574	79 740
Average number of shares, thousands	80 609	79 740
Average number of shares, diluted, thousands	81 663	80 918
Nominal value	1.25	1.25

The 20 largest shareholders at 31.12.2005

Name	Number of AK	Share-holding (%)
Rolf Lundström (via company)	23 161 200	28.39
SO FA	4 041 000	4.95
Catella fonder	3 990 000	4.89
Torsten Söderberg	2 867 738	3.51
Swedbank Luxembourg S.A.	2 834 200	3.47
Uwe Löffler (privately and via company)	2 697 735	3.31
Eric Norlander	2 657 735	3.47
Christoffer Lundström	2 472 880	3.03
Åke Bäckström	2 327 735	2.85
Länsförsäkringar fonder	2 160 000	2.65
Anna-Maria Törnblom	1 736 667	2.13
Dutch-Nordic Insurance Co N.V	1 115 178	1.37
EFG Private Bank S.A.,W8IMY	1 008 000	1.24
Johan Rapp	980 000	1.20
Nybrotorrens InvestAB	916 200	1.12
Thomas Hedberg	905 000	1.11
TadebraAB	880 000	1.08
Thomas Wi bom	830 000	1.02
Bank of New York	650 000	0.80
Västernorrlandsfonden	545 000	0.67
Other shareholders	22 797 603	27.74
Total shareholders	81 573 871	100.00

Five years summary

All amounts in SEK thousand unless otherwise indicated	2001	2002	2003	2004	2005
Net sales	425,700	405,060	408,861	395,939	432,792
Operating profit	-87,993	-77,830	-9,030	12,127	9,705
Operating margin in %	-20.7	-19.2	-2.2	3.1	2.2
Profit after financial items	-92,670	-89,000	-11,574	10,217	8,372
Profit margin	-21.7	-16.4	-2.8	2.5	1.9
Profit after tax	-92,466	-66,544	-11,574	9,707	8,230
Cash flow from operating activities	-22,096	-51,580	7,521	0,863	8,842
Profit per share, SEK	-7.15	-1.86	-0.15	0.12	0.10
Equity per share, SEK	1.35	0.73	0.59	0.72	0.87
Average number of full-time employees	684	655	591	567	563
Number of units at year end	73	52	51	45	X

Note text xxx

Calendar

Interim Report jan-mars	11 maj 2006
Interim Report jan-juni	29 augusti 2006
Interim Report jan-sept	14 november 2006
Report on 2006 operations	22 februari 2007