

Annual Report 2006



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The Annual Report 2006 has been prepared in Danish and English. The Danish text shall be the governing text for all purposes and in case of any discrepancy the Danish wording shall be applicable.

Business Concept

Business concept

To provide consumers with offers and information.

This is achieved:

- through the publication of free newspapers financed by advertisements and distributed house-to-house and through the distribution of printed matter, newspapers and samples to consumers.
- through the offering of Internet services and offers targeted at users of the Internet.

Objective and strategy

Profitability being our primary objective, the Group aims to be one of the leading players within its primary areas of activity. In order to realise this objective, the Group's overall strategy is to be quality-oriented and expansive in the development of the organisation and our products.

Søndagsavisen a-s operates in the front line, producing and selling against tough competition,

where quality and personal effort make a difference.

For all our business areas, the driver of profitability is volume. It is therefore decisive that we achieve a significant share of the markets in which we operate.

Activities

The company's activities are segmented into two business areas: 'Newspaper publication and distribution', and 'Internet services'.

Designations

In the Annual Report the Group is referred to as 'Søndagsavisen' or the Group.

The designations 'Søndagsavisen a-s' or 'the parent company' refer to the parent company.





Management's review

Financial highlights and ratios

DKKm

	2006	2005	2004	2003	2002
Income statement:					
Revenue	1,666.6	1,417.4	1,223.8	1,261.4	1,046.3
Gross profit	560.9	467.0	378.4	368.2	339.3
EBITDA	253.3	165.4	85.9	116.3	75.1
Depreciation and amortisation	73.3	53.2	44.3	41.9	41.4
EBIT	180.0	112.2	41.6	74.3	33.7
Share of profit in associates	2.1	6.4	4.8	10.7	9.1
Financials, net	-7.6	-10.5	-13.0	-8.1	-17.4
EBT	174.5	108.1	33.4	66.2	16.3
Net profit of the year	131.7	77.6	33.5	44.2	26.7
Balance sheet:					
Total assets	929.2	755.3	737.6	617.6	520.5
Share capital	111.4	111.4	111.4	111.4	111.4
Shareholders' equity incl. minorities	505.4	330.4	225.5	198.3	167.8
Net interest-bearing debt	100.7	144.0	278.0	207.5	132.8
Non-current liabilities	129.5	107.9	188.3	133.9	0.0
Current liabilities	294.3	317.0	323.9	273.6	343.6
Net working capital (NWC)	-39.2	-68.9	-33.7	-60.3	-36.1
Invested capital	606.0	474.4	503.5	405.8	300.6
Investments in property, plant and equipment	86.5	34.0	99.6	153.5	23.9
Free cash flow	140.8	110.3	-32.5	-39.5	5.9
Cash flow statement:					
Cash flow from operating activities	182.4	163.0	39.0	30.2	26.1
Cash flow from investing activities	-125.6	-64.5	-104.8	-194.4	-33.3
Cash flow from financing activities	-20.6	-41.2	44.9	136.9	0.4
Changes in cash and cash equivalents	36.2	57.3	-20.9	-27.3	-6.8
Other information:					
Average number of employees	1,191	975	969	886	870
Number of shares at year-end, in thousand	22,280	22,280	22,280	22,280	22,280
Treasury shares, in thousand	1,218	1,218	1,888	1,888	1,088
Share price at year-end, DKK	87.7	78.6	22.6	26.0	22.6
Ratios:					
Gross margin (%)	33.7	32.9	30.9	29.2	32.4
Operating margin (EBIT) (%)	10.8	7.9	3.4	5.9	3.2
Liquidity ratio (%)	84.0	64.4	58.5	49.8	51.5
Equity ratio (%)	54.4	43.7	30.6	32.1	32.2
Return on Equity (ROE) (%)	31.5	27.9	15.8	24.1	17.3
Return on capital employed (ROIC) (%)	33.3	22.9	9.1	21.0	11.8
Interest cover	18.3	8.5	2.9	6.8	1.8
Financial gearing	0.2	0.4	1.2	1.0	0.8
Net interest-bearing debt as a ratio of EBITDA	0.4	0.9	3.3	1.8	1.8
Cash conversion (%)	78.2	98.3	-78.1	-53.2	17.5
Earnings per share (EPS)	5.7	3.4	1.3	1.9	1.2
Price Earnings (P/E)	15.5	23.3	17.8	14.6	18.5
Price/Book Value (P/BV)	3.9	5.3	2.2	2.9	3.0
Cash flow per share (CDPS)	8.7	7.9	1.9	1.5	1.2
Dividend rate (%)	20.0	16.0	0.0	0.0	0.0
Dividend per share	1.0	0.8	0.0	0.0	0.0

Definition of financial ratios, see note 3.

Financial highlights and ratios for 2001-2003 are not restated to reflect the accounting policy changes and are therefore equivalent to the financial highlights and ratios in the Annual Report for 2004.

ANNUAL REPORT

HIGHLIGHTS IN 2006 – CONTINUED PROGRESS AND SATISFACTORY PERFORMANCE

In 2006, Søndagsavisen succeeded in maintaining the positive trend for revenue growth and profitability. The Group achieved revenue of DKK 1,667 million, up 18% on 2005. Profit before tax amounted to DKK 175 million, representing an increase of DKK 67 million, or more than 60%, compared with 2005.

The profit for 2006 is in line with the expectations published on 30 June 2006 in Announcement No. 10-06. i.e. revenue of DKK 1,600-1,650 million and profit before tax of DKK 150-180 million.

The newspaper and distribution activities account for the major part of the growth in revenue from DKK 1,356 million in 2005 to DKK 1,589 million in 2006, an increase of 17%. This increase was driven first and foremost by favourable economic trends, leading to strong growth in recruitment ads in the Søndagsavisen newspaper and to some extent also in the volume of unaddressed printed matter. 10% of the growth is attributable to the full consolidation of Helsingør Dagblad A/S. The continued focus on optimising underlying operations also made a positive contribution to the improved operating profit, which rose by DKK 61 million to DKK 174 million.

The launches of the new free dailies intensified competition considerably in the latter part of the year, but had only a small direct effect on Søndagsavisen's results in 2006. From week 34 of 2006 Søndagsavisen turned fully national, underlining its position as Denmark's largest and only truly national newspaper.

In mid-2006, Helsingør Dagblad A/S entered into a multi-annual agreement with one of the leading newspaper houses in Denmark.

The Group's Swedish newspaper and distribution activities concentrated efforts on further integration and optimisation of the newspaper operations, both in and outside Stockholm. This led to an improved operating profit for 2006 compared with 2005. In addition, there was a major relaunch of the 31 free local newspapers that are published in the Stockholm region, and the 'Mitti' brand now stands more strongly with an improved position among media agencies.

The advertisement market was generally relatively flat in Stockholm in 2006 compared to 2005. The company's revenue growth rate of 5% in Sweden is therefore moderate. Revenue was DKK 253 million in 2006. The operating profit increased by DKK 2.6 million to DKK 21.5 million.

The operations of Norsk Avidrift did not meet expectations in 2006. The impact of the increase in activities in the town of Stjørdal and at the newspaper 'Byens Næringsliv' (the Town's Business Community) took longer than expected to emerge, and the profit for 2006 was therefore far lower than in 2005. Revenue improved by DKK 2.5 million or 7% to DKK 39 million, while the operating profit fell from DKK 4.5 million in 2005 to DKK -0.2 million in 2006.

For the first time, OFiR returned a profit. Revenue rose by 26% to DKK 78 million, driven by substantial growth in OFiR's job activities and by strong progress for MatchWork's activities in the UK. Despite one-off costs in connection with the implementation of a more decentralised management structure and the splitting-up of the portal and job activities on the Internet, the operating profit improved from DKK -2.0 million in 2005 to DKK 6.4 million in 2006.

At the general meeting on 27 April 2007, the Board of Directors will recommend payment of a dividend of DKK 1.0 per share of DKK 5.0 nominal value, equivalent to a total dividend distribution of DKK 22 million.

EXPECTATIONS FOR 2007 – FURTHER PROGRESS IN A COMPETITIVE MARKET

Søndagsavisen expects the favourable economic trends to continue in 2007. However, the distribution and newspaper market is extremely competitive, which puts the company's earnings under pressure. The company has taken offensive measures to respond to this intensified competition.

Søndagsavisen expects a revenue of DKK 1,825-1,875 million in 2007 and a profit before tax of between DKK 170 and 190 million. In these expectations are included costs for offensive measures of approximately DKK 40 million, which are debited the profit and loss account in 2007.

Management's review

The launch in autumn 2006 of three free dailies distributed to households puts the entire newspaper and advertisement market in Denmark, including *Søndagsavisen*, under strong competitive pressure.

Søndagsavisen's circulation has been expanded widely and the distribution area now comprises almost the whole of Denmark. At the same time, *Søndagsavisen* and the Internet job portal OFiR have launched cooperation on integrating printed and online advertising in a new and effective way for both employers and potential employees.

In the distribution area, the company expects to increase the volume of distributed units during the year, but at highly competitive prices. The distribution capacity will be expanded by supplementing the present national weekend distribution with national weekday distribution. Weekday distribution has so far only taken place in certain geographical areas. The expansion is expected to be completed in the course of 2007.

In Sweden, the main challenge is to generate growth in the face of generally flat market development. Based on the stronger 'Mitt i' profile, the current activities have been optimised and prepared for growth in the market share of major customers in the everyday commodities area and in the growing market for job ads.

The Internet activities are expected to continue the growth. This growth is forecasted to come from the recruitment market, due in part to the recently launched cooperation with the *Søndagsavisen* newspaper. MatchWork, which develops and sells software solutions for the media industry, will continue its strong growth in the UK while at the same time increasing activities in Germany in particular. The portal activities, which at the end of 2006 were separated from the OFiR portal and are now operated under the FORUM name, will also develop positively, although at a more moderate rate.

The Group's total investments are expected to be in the range of DKK 115 million. Acquisitions, if any, are not included in this amount. DKK 52 million of the operating investments will be invested in an expansion of the production capacity by 50 % in the distribution terminal in Taastrup as well as further automation of the production processes in both distribution terminals in Taastrup and Tilst. DKK 10 million will be invested in printing equipment at Helsingør Dagblad A/S. Additionally, a total amount of DKK 25

million will be invested in externally and internally developed software in connection with the expansion of the job section of the newspaper *Søndagsavisen* and of OFiR Job, FORUM portal activities and the expansion of the activities at MatchWork.

SØNDAGSAVISEN A-S' FORWARD-ORIENTED STRATEGY AND OBJECTIVES

In recent years, *Søndagsavisen a-s* has been focusing on improving value creation in the existing businesses. The company now has sufficient economic and managerial capacity to accelerate and focus on further growth.

The Group regards Denmark and Sweden as its home market, with its objective being to achieve an attractive position and market share for the distribution, newspaper and Internet activities.

Growth must be generated both organically and through acquisitions, where the main focus will be on the Internet activities.

The objective is for the company's products to create added value for users and customers alike, while at the same time generating satisfactory earnings for the Group.

Synergies are to be created between the newspaper and the Internet, and this combination is to intensify and improve the results for both customers and users. Revenue is mainly to be generated through scaleable, transaction-based products which, based on a high degree of automation, yield a self-generating effect. To strengthen the creation of these synergies, in 2007 the Management will be increased to include a general manager for the Media-Online activities.

A number of initiatives to support organic growth have already been implemented. A good example is 'We do the job together' to designate the cooperation between OFiR and *Søndagsavisen* in the recruitment market. The aim is to become Denmark's largest marketplace for job advertisements with a market share of 40% in 2009.

However, synergies are also to be created between the newspaper and the Internet in other areas besides the recruitment market. The fact that the newspaper puts us in weekly contact with most of Denmark's population gives the company some unique opportunities, for interaction between the newspaper and the Internet.

Management's review

The distribution business will be focusing on product development in both Denmark and Sweden.

Accelerated growth is also to be achieved via the acquisition of companies representing a good strategic match with existing core competences, or that complement the current business portfolio. The process of searching for and evaluating relevant potential candidates for acquisition has thus been strengthened.

The financial targets underlying these growth ambitions are an annual turnover growth rate of 10% and an EBITDA margin of 15%. Søndagsavisen's current capital structure provides for increased borrowing. In connection with acquisitions, however, the aim is for the net interest-bearing debt not to exceed four times EBITDA and for the interest cover to be above 3.

FINANCIAL REVIEW

In 2006, consolidated revenue totalled DKK 1,667 million.

Compared with 2005, this represents an increase of DKK 249 million, or 18%. In contrast to the previous year, Helsingør Dagblad A/S' revenue is now included as a result of the increased ownership interest. The revenue growth of the business areas existing in 2005 was 8%.

The largest share of the Group's revenue comes from Denmark and is centred on newspaper and distribution activities. The activities in Sweden and Norway are mainly within newspaper operations and, to a small extent, distribution and Internet.

Revenue by country, DKK million

	2006	2005	Index
Denmark	1,353.4	1,127.4	120
Sweden	253.0	241.0	105
Norway	39.1	36.6	107
Other countries	21.1	12.4	170
Total revenue	1,666.6	1,417.4	118

Operating profit by country, DKK million

	2006	2005	Index
Denmark	155.3	92.4	168
Sweden	21.5	18.9	114
Norway	-0.2	4.5	N/A
Other countries	3.4	-3.6	N/A
Operating profit	180.0	112.2	160

Operating margin by country

	2006	2005
Denmark	11.5%	8.2%
Sweden	8.5%	7.8%
Norway	-0.4%	12.4%
Other countries	16.0%	-29.4%
Operating margin	10.8%	7.9%

Operating profit (EBIT) was DKK 180 million in 2006, compared to DKK 112 million in 2005, giving an increase of DKK 68 million or 60% in 2006. For comparison, operating profit was DKK 42 million in 2004, so that the Group's profit has increased more than four-fold over a period of two years.

The Group's operating margin was 11% in 2006, rising by 3 percentage points against the previous year. In 2005, Helsingør Dagblad A/S was recognised as an associate. In 2006, however, the company is recognised as a subsidiary due to the increase in the ownership interest which, as stated in Announcement No. 01-06, took place as of 1 January 2006. The increase in the operating margin on a comparable basis is also 3 percentage points.

Denmark – significantly improved operating profit from newspaper activities

The revenue from the Group's Danish activities totalled DKK 1,353 million, up by 20% on 2005. Disregarding the impact of Helsingør Dagblad A/S, the growth rate was 8%.

The operating profit from the Group's Danish activities was DKK 155 million in 2006, equivalent to an operating margin of 11%, which is 3 percentage points higher than in 2005. This mainly reflects that the operating profit from the newspaper activities in Denmark improved significantly compared with 2005. In addition to the previously mentioned revenue increases, efforts to reduce both direct and indirect costs were successful.

In 2005, Helsingør Dagblad A/S was recognised as an associate. In 2006, however, it was recognised as a subsidiary due to the increased ownership interest. The change in accounting treatment affected the operating margin of the Danish activities negatively of a 0.2 percentage point.

On 5 July 2006, Announcement No. 11-06 stated that Helsingør Dagblad had made an agreement on an expanded cooperation with a major Danish newspaper house. Deliveries under this expanded cooperation commenced at the end of August 2006

Management's review

and have had a positive impact on the utilisation of the printing works' capacity. The new daily newspapers distributed to households have also resulted in new agreements. As a result, Helsingør Dagblad A/S' performance is better in 2006 than in 2005.

In the market for free newspapers, the advertisement market overall achieved growth in 2006. However, competition continues to intensify, especially on the launch of free dailies distributed to households, as well as on increased circulation of regional and metro dailies.

During 2006, the Søndagsavisen newspaper gradually increased its circulation so that from week 34 of 2006 Søndagsavisen was published in a weekly edition of more than 2.5 million. In other words, it is distributed to almost 100% of all Danish households.

With the increase in circulation, Søndagsavisen strengthened its position as Denmark's largest, most read - and only truly national newspaper. The newspaper also intensified its efforts to attract even more of Denmark's large advertisers. With its increased circulation, Søndagsavisen offers the cheapest and most effective means of communicating offers from this advertiser segment to the Danish population.

Efforts to continue the positive development in Søndagsavisen's revenue were successful in 2006. The improvement derived mainly from strong growth in the recruitment market. A minor contribution came from the growth in the market for retail ads. This growth reflects the general positive market development, with favourable trends in the labour market, and thus in the recruitment market. Expansion of private consumption has also contributed positively to the increase in sale of advertisements.

Within distribution, Søndagsavisen maintains its opinion that Post Danmark carries out illegal cross-subsidising of unaddressed distribution. Cross-subsidies first and foremost concern the full or partial inclusion of costs relating to the distribution of unaddressed printed matter under costs for the forwarding of addressed mail, which is the monopoly area. The company is seeking to bring the matter before the EU.

The distribution market is still growing, and in addition to price, quality of distribution is the most important parameter of the fierce competition. Focus therefore remains on continually improving distribution quality. In addition, there is constant focus on productivity improvements in connection with the increase in volume.



Management's review

In 2006, the distribution terminal in Tilst near Århus was expanded, increasing production capacity by 50%. Following the expansion, an agreement was entered into with Nordjyske Medier concerning mechanical packing of household distributed printed matter for Northern Jutland. This agreement was fully implemented in early 2007.

On 30 June 2006, Announcement No. 10-06 stated that an agreement had been entered into with the Coop chains concerning distribution of printed matter from Fakta, Kvickly, Kvickly Xtra, Super-Brugsen, Dagli'Brugsen, LokalBrugsen and Irma. The agreement is for a two-year term and became effective as of 1 January 2007. As published in Announcement No. 14-06, an agreement was also entered into with Dansk Supermarked on the distribution of printed matter from Bilka, A-Z, Føtex and Salling. The agreement is an extension of the agreement for 2006, and applies to 2007.

Sweden - relaunch of 'Mitt i', stronger position as Stockholm's largest free newspaper

The activities in Sweden mainly comprise the publication of the free newspaper 'Mitt i'. In addition, unaddressed printed matter is distributed.

Revenue amounted to DKK 253 million in 2006, rising by 5% or DKK 12 million from 2005.

In 2006, the advertisement market in Sweden was on a par with the prior year level, with the exception of the job ad segment, which grew by 80% compared to 2005. Disregarding the job ad segment, 'Mitt i' maintained its market share in 2006.

The focus in 2006 was on further integration and optimisation of the newspaper operations both in and outside Stockholm. In addition, a major relaunch of the 31 free local newspapers that are published in the Stockholm region was achieved, and the 'Mitt i' brand now stands more strongly, with an improved ranking among media agencies.

The operating profit from the Swedish activities was DKK 21.5 million, equivalent to an operating margin of 8.5%. The profit was DKK 2.6 million or 14% above the 2005 level. This is mainly due to the activities in Gothenburg and Malmö, which made a loss in 2005, but are now discontinued. It also reflects increased advertising as a result of the Swedish parliamentary elections, and a general reduction in Swedish advertising tax. The increase in profit before tax was DKK 3.6 million because some of the losses



Management's review

from the now discontinued activities were recognised as results of associates under financial items.

Norway – disappointing performance, but a good foundation for continued growth

In Norway, as in Sweden, the activities mainly comprise the publication of free newspapers. A less significant revenue stream is the distribution of unaddressed printed matter. In 2006, revenue amounted to DKK 39 million, up by DKK 2.5 million or 7% on 2005.

During 2006, a radical re-design of Byavisa was undertaken. At the same time, the circulation was increased by 28,000 households in the town of Stjørødal. While Byavisa is a conventional weekly, Byens Næringsliv to a greater extent caters for the retail sector. The frequency of publication was increased from once to twice a month at the beginning of 2006.

In Norway, operating profit was significantly lower than in 2005, Norsk Avisdrift reaching only DKK -0.2 million in 2006. The reasons for the reduction in result are start-up costs incurred in connection with the expanded circulation of Byavisa, the increase in the publication frequency of Byens Næringsliv from once to twice a month, and the expansion of the organisation as a result of strong growth in the last few years.

Other countries – significant growth for MatchWork in the UK

The operating profit for other countries increased significantly as a result of sustained growth and improvement in the results of the MatchWork activities in the UK.

Revenue by business area, DKK million

	2006	2005	Index
Newspaper publication and distribution	1,588.9	1,355.8	117
Internet	77.7	61.6	126
Total revenue	1,666.6	1,417.4	118

Operating profit by business area, DKK million

	2006	2005	Index
Newspaper publication and distribution	173.6	114.2	152
Internet	6.4	-2.0	N/A
Operating profit	180.0	112.2	160

Operating margin by business area

	2006	2005
Newspaper publication and distribution	10.9%	8.4%
Internet	8.3%	-3.3%
Operating margin	10.8%	7.9%

Newspaper publication and distribution

The Group's total newspaper and distribution activities achieved revenue of DKK 1,589 million, which represents growth of 17% compared with the same period of the previous year.

Internet

The Group's Internet activities are consolidated in OFiR a-s, which operates within recruitment, the development and sale of software for handling newspapers' classified ads on the Internet, portal operations (FORUM.DK) and Boligportalen, which is an Internet-based real estate marketplace.

In 2006, a further decentralization of OFiR a-s was implemented, and Niels Kemal Onat replaced the former Managing Director, Jørgen Wittenkamp.

OFiR a-s' job sites utilised the favourable market to achieve a significant increase in revenue, with 60% more ads on the job portal in 2006 than in 2005. The volume of contract customers also rose sharply.

All recruitment ads inserted in Søndagsavisen are now also posted on OFiR's job sites. Customers of Søndagsavisen thus now achieve increased exposure, and it became clear that there are obvious synergies between the printed and online media.

The market for jobs in the public sector was naturally affected by the Danish local government reforms which entered into force on 1 January 2007. In 2006, OFiR proved that its dedicated team to handle the public sector gives it a strong position in this sector too.

MatchWork World Wide A/S develops and hosts a web-based platform that enables media enterprises to create a marketplace in their own 'look and feel' for online presentation of classified ads within Jobs, Properties and Motor. In 2006, MatchWork achieved rapid expansion of sales in all three product areas, especially in the UK. Overall, revenue rose by 50%.

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In 2006, the portal part of OFiR a-s changed its identity to FORUM.DK and positioned itself as the place to meet on the Internet. In addition to the name change, a new design and new services were also introduced. 800,000 unique users visit FORUM.DK every month, making it one of the 15 most visited websites in Denmark.

At 31 December 2006, OFiR a-s owned 50% of the share capital of MDA Holding ApS, which operates Boligportal.dk. As of 1 January 2007, an agreement has been made to purchase a further 27.5% of the share capital in MDA Holding ApS, and Søndagsavisen's shareholding thus now amounts to 77.5%. The site operates within online housing rentals. Boligportal.dk is the largest marketplace for housing rentals on the Internet. In 2006, the company launched Plushandel.dk, which is an online alternative to the conventional purchase and sale of real estate. The new initiative was well received by the market.

Revenue from the Internet activities totalled DKK 78 million in 2006, up 26% from the previous year. As a result of this sharp growth, OFiR a-s returned its first profit. Operating profit was DKK 6.4 million, an improvement of DKK 8.4 million on 2005.

Gross profit

The Group's gross profit totalled DKK 561 million in 2006, equivalent to a gross margin of 33.7%. This is an increase of DKK 94 million from 2005, which primarily reflects the higher revenue and gross margin from the Danish newspaper activities, as well as the recognition of Helsingør Dagblad A/S as a subsidiary.

In 2006, the depreciation period for certain items of plant and machinery was reassessed to correspond to the expected useful lives of the assets. Compared to 2005, the change has a positive impact on the profit of DKK 6.0 million.

Sales, marketing and administrative expenses

Sales and marketing expenses amounted to DKK 180 million in 2006. These expenses were DKK 174 million in 2005, and the moderate increase of DKK 6.0 million relates to Helsingør Dagblad A/S and to Norway.

Administrative expenses totalled DKK 205 million and represent 12% of total revenue. Compared to 2005, administrative expenses rose by

12% or DKK 22 million. Of this amount, the recognition of Helsingør Dagblad A/S as a subsidiary accounts for 6%, so that the administrative expenses of the activities existing in 2005 rose by 6% overall. This increase was driven by the overall higher level of activity.

Financials

The Group's financials consist of interest income and expenses as well as other financials, and a share of the associates' profits after tax.

The Group's net interest expenses and other financials were DKK 7.6 million in 2006, down by DKK 2.9 million from the previous year. The reduction is due mainly to the lower net interest-bearing debt.

The share of the profits of associates after tax was reduced by DKK 4.3 million to DKK 2.1 million in view of the changed recognition of Helsingør Dagblad A/S.

Profit before tax

In 2006, Søndagsavisen's profit before tax was DKK 174.5 million, equivalent to an EBT margin of just over 10%, up 3 percentage points on 2005. Profit before tax was DKK 108.1 million in 2005. The improvement in the profit is principally attributable to improved earnings from the newspaper activities in Denmark, the recognition of Helsingør Dagblad A/S as a subsidiary, and a general improvement in revenue from and the profitability of the Group's other activities.

Tax

The Group's tax totals DKK 42.8 million, representing an effective tax rate of 24.5%. This is a reduction by 4 percentage points from 2005. The primary reason is that previous years' losses in Sweden and the UK had not been fully recognised for accounting purposes due to the earlier uncertainty of whether these losses could be utilised.

Investments

The year's investments in intangible assets and property, plant and equipment totalled DKK 104 million and consisted mainly of the expansion of production capacity at the distribution terminal in Tilst and of investments related to maintenance of existing activities, such as other operating assets, hardware and software, etc.

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Furthermore, DKK 14 million is attributable to prepayments in connection with the expansion of production capacity at the distribution terminal in Taastrup, and in connection with the upgrading of plant and machinery at Helsingør Dagblad. These investments were initiated at the end of 2006 for completion in the course of 2007.

Cash flow statement

Profit for the year after tax was DKK 54 million higher in 2006 than in 2005. Depreciation rose by DKK 19.3 million as a result of the consolidation of Helsingør Dagblad A/S. The cash flows from the Group's primary operations thus increased by DKK 71 million from DKK 174.5 million in 2005 to DKK 245.5 million in 2006.

In the course of 2006, income taxes totalling DKK 56.2 million were paid, which is DKK 52.6 million more than in 2005. The increase was attributable to the payment of provisional tax for 2006 and the payment of tax for previous years.

The Group's cash flows from operating activities totalled DKK 182.4 million in 2006, which is DKK 19.4 million higher than in 2005.

Cash flows from investing activities were DKK -125.7 million. The year's investments of DKK 104 million described above accounted for the major part. Payment relating to the increase in the ownership interest in Helsingør Dagblad A/S was another substantial amount.

Apart from the payment of a dividend of DKK 17.8 million for the 2005 financial year, there were no significant cash flows from financing activities.

The Group's free cash flow amounted to DKK 140.8 million in 2006, which represents a cash conversion rate of 78.2%.

Capital structure

In the course of 2006, the Group's capital structure was strengthened further. Net interest-bearing debt as a ratio of EBITDA was reduced from 0.9 in 2005 to 0.4 at the end of 2006. Net interest-bearing debt consisting mainly of long-term mortgage-credit finance was DKK 100.7 million at 31 December 2006.

The interest cover increased significantly, amounting to 18.3 at year-end 2006, against 8.5 at the end of 2005.

Equity and holding of Treasury shares

At the end of 2006, consolidated equity was DKK 505.4 million, up DKK 175 million on the previous year. The increase mainly reflects the net profit for the year and an increase in minority interests in connection with the recognition of Helsingør Dagblad A/S as a subsidiary.

The increased equity, in conjunction with the lower net interest-bearing debt, reduced financial gearing from 0.4 in 2005 to 0.2 in 2006.

The Group's invested capital amounted to DKK 606 million at year-end 2006, and increased by DKK 131.6 million against the previous year. The increase in equity, and thus in invested capital, is mainly due to the higher profit. The same applies to the return on invested capital (ROIC), which rose from 22.9% in 2005 to 33.3% in 2006.

Furthermore, the increase in the profit for the year had a favourable impact on the return on equity (ROE), which rose from 27.9% in 2005 to 31.5% in 2006. In addition, the equity ratio increased from 43.7% in 2005 to 54.4% in 2006.

Change in the presentation of the results of associates

As stated in the interim report published on 9 August 2006, the presentation of tax on profits from associates has been amended from the Annual Report for 2005. The profits/losses of associates are now recognised after tax and recorded under financials. Comparative figures and key ratios have been restated to reflect the new presentation.

CORPORATE GOVERNANCE

The Board of Directors and the Management of Søndagsavisen discuss and take a position on the recommendations for good corporate governance prepared by the Copenhagen Stock Exchange. Generally, Søndagsavisen believes that the company must be managed in accordance with both the Group's current interests and forward-oriented strategy. Based on this, and with the objective to safeguard the interests of Søndagsavisen's shareholders and other stakeholders, the individual recommendations have been reviewed and implemented to the extent they are found to contribute to achieving these objectives. Most of the recommendations have been implemented, but any differences are described in the following.

As a modern, responsible undertaking Søndagsavisen adheres to the codes of behaviour and ethics that apply in a modern, Western European culture and which respect Danish values. The Group has not adopted any policy in this area because it is not assessed that this would contribute any changes to the Group's firmly rooted culture based on an open, active dialogue with the company's stakeholders.

Communication and disclosure of information are handled on the basis of the Stock Exchange Code of Ethics. The Board of Directors has not adopted an actual information and communications policy, but administrative procedures and the ongoing dialogue between the Management and the rest of the Group's managerial staff ensure immediate and adequate publication of all significant information that is relevant in the light of the Stock Exchange Code of Ethics.

The EU Transparency Directive has not yet been implemented in Denmark, but in connection with the implementation of the Directive Søndagsavisen expects to commence quarterly reporting from the third quarter of 2007.

The Chairman of the Board of Directors of Søndagsavisen is also the majority shareholder and therefore not independent. The other five members of the Board of Directors are independent. The recommendation that at least half the members of the Board of Directors should be independent is therefore met.

The occupations of the directors are not disclosed in the Annual Report because information is stated concerning their competences and pro-

fessional qualifications when they are recommended for election at the general meeting.

The company has not set any age limit for directors. Therefore, no ages are disclosed in the Annual Report.

The total shareholdings of the company's Board of Directors and Management are disclosed in the Annual Report, but their individual holdings are not stated as this is not considered to be relevant.

The work of the Board of Directors and the Management is evaluated on a continuous basis and not in accordance with a fixed procedure. Changes are made on the basis of an open dialogue among the Board of Directors and Management.

The remuneration of the Board of Directors, the Management and managerial staff is disclosed in the Annual Report. The Board of Directors has not prepared a remuneration policy since it is found that it would not change the fact that the Board of Directors and the Management receive a competitive and reasonable level of remuneration based on efforts and performance. For competitive reasons, no information is given on the severance schemes or the total remuneration of the individual members of the Board of Directors and the Management.

The remuneration of the directors is independent of the added value achieved by the company.

The members of the Management, and the rest of the company's senior management, receive a fixed basic salary as well as pension contributions paid by the company at a competitive level. In addition, they are subject to a bonus scheme based on growth in net revenue, growth in the profit before tax, and the profit for the year before tax for their respective business areas and/or the Group. This bonus scheme gives priority to profitable revenue growth and the bonus is limited to maximum 100% of the basic salary.

INCENTIVE SCHEMES

In 2006, Søndagsavisen granted share options to the company's Chief Executive Officer. The number of share options granted is 100,000, each giving the right to acquire one share of DKK 5.00 nominal value in Søndagsavisen. The option programme is described in notes 8 and 22 to the Annual Report. The options are granted to promote the company's growth and earnings.

Management's review

RISK AND RISK MANAGEMENT

Identification of risks and risk handling

Søndagsavisen is working actively to identify and manage risks that may affect the company's results and activities adversely.

Control structure

To ensure detailed monitoring, the Group's activities are divided into a number of segments which develop their own independent strategies, have their own independent budgets and deliver their own independent operational and financial reports.

Strategy and action plans

Søndagsavisen prepares strategy and action plans designed to ensure, among other things, proactive risk handling.

Every year all segments devise a strategy based on a detailed, standardised process, in which business risks are mapped and decisions made on how to handle them.

Detailed one-year action plans based on the strategy plans are prepared by the segments and updated after approximately six months. These action plans are approved by the Board of Directors together with budgets and strategies.

Follow-up and control

Throughout the year all segments are followed up closely and the results achieved are controlled and compared with budgets and action plans.

Every month comprehensive accounting records are prepared, comparing the results of each segment with the budget. This information is sent to both the Board of Directors and the Management, which follows up. In continuation of the monthly financial statements the management of each segment prepares a management report explaining variances, proposing corrective actions and describing the competitive situation and action plan status, etc.

Immediately after the preparation of the monthly reports, a number of business review meetings are held, at which members of the Management meet with the management of the individual segments. At these meetings the management report, the results achieved, and short-term expectations, as well as the possibilities of taking any corrective measures, are explained and discussed.

BUSINESS RISKS

Market risks

In Denmark, ensuring fair terms of competition in the distribution market is key to achieving satisfactory results. The future regulation of the market and the competition authorities' enforcement of this regulation are therefore essential. Søndagsavisen works via the political system to ensure this.

The market for newspaper advertisements is generally characterised by a climate in which competition is becoming more and more intense. Søndagsavisen seeks to handle competition in a number of ways:

- National or regional chain advertisers are offered unique coverage – no other printed media provide access to more than 2.4 million readers every week.
- Via the many sub-editions, regional advertisers are offered precisely the coverage they need, in recognised media at competitive prices.

The strategy has proved effective as the market share continued to increase in 2006.

Similarly, the 'Mitt i' newspapers in Stockholm have been successful in the market, being deeply rooted in the local community. This has made it possible to increase revenue despite a highly competitive market.

The market for recruitment advertisements is vital to the Group and is a market that is sensitive to economic fluctuations. The distribution market, especially the segment related to the retail sector, is traditionally relatively unaffected by economic fluctuations.

Commodity risks

Newsprint is an essential commodity in the production of newspapers. Søndagsavisen aims to cover this risk by establishing long-term contracts with selected printers so as to align advertisement prices with the current level of costs.

Quality assurance

In the distribution market, high quality is an important competitive parameter. Søndagsavisen's distribution terminals in Taastrup and Tilst have been of great importance to continuous quality improvement. Sorting equipment packs the printed matter in household sets with a very small number of errors per thousand, and the

Management's review

distribution quality is ensured through training, control calls and the use of Track and Trace. Søndagsavisen is cooperating closely with selected customers on an ongoing basis in order to continuously improve the level of quality.

The quality of the Søndagsavisen newspaper is managed via internal control procedures in the editorial and pre-press related processes, while the print quality is described in requirements specifications for internal and external printers.

Insurance

It is Søndagsavisen's policy to transfer risks relating to external matters such as natural catastrophes, fire and other loss events to the Group's insurance companies. The need for insurance is regularly reviewed and the relationship between premium and cover is evaluated in order to minimise the financial impact of any accident.

Emergency power

Søndagsavisen's and OFIR's IT facilities are consolidated at Søndagsavisen's headquarters in Gladsaxe. The buildings have their own emer-

gency power system, which automatically cuts in should the public power supply fail.

An emergency power system has also been established at the two distribution terminals in Taastrup and Tilst, making it possible to perform a controlled power down of the company's IT systems in the event of power failure. However, no emergency power system has been established to continue production because it is believed that even extended power outages can be absorbed in the available time window.

IT security

All vital servers are duplicated and placed in physically separate server rooms, and back-up procedures are run every night on all production servers to obtain two sets of identical data. Inergen, air conditioning and smoke, fire and humidity alarm systems have been installed.

All systems are protected by access controls that limit access to the functions that the individual employee needs. In addition, daily updates are performed of firewall, spam filters, antivirus programs and scanning of mails for high-risk content.



Management's review

At head office, the connection to both the telephone and the Internet is established via two alternative routes, each terminating at different points.

FINANCIAL RISKS

In addition to business risks, the Group is also exposed to a number of financial risks, including interest rate, currency and liquidity risks. The Board of Directors of Søndagsavisen has drawn up guidelines on how to handle these risks.

Interest rate risks

At 31 December 2006, Søndagsavisen had net interest-bearing debt of DKK 100.7 million, including DKK 97.2 million at fixed interest rates. The company's interest-rate risk at the balance-sheet date thus arises from any difference between the deposit rate and the lending rate on any change in interest rates.

In addition to the aforementioned interest-rate risk, the company has a market risk on part of the debt. A cash loan with a principal of DKK 49.3 million has been raised for expiry in 2023. The loan is subject to annual interest-rate adjustment. To hedge future interest payments, Søndagsavisen has entered into an interest-rate swap. A 1% change in 12-month CIBOR will change the fair value of the Group's interest-rate swap by approximately DKK 3 million.

Currency risks

Most of the Group's activities are in Denmark, but approximately 20% of the revenue is attributable to subsidiaries particularly in Sweden, but also in Norway, the UK and Germany.

There is no trading between business units in different countries, but Søndagsavisen is exposed to transaction risks in connection with cash flows relating to financial transactions and dividend flows. There is also a translation risk in connection with the consolidation and translation of the financial statements of foreign subsidiaries into Danish kroner and in connection with the Group's net investment in the companies.

The Group's total currency risks are assessed, and it is the Group's policy to reduce the impact of exchange-rate fluctuations on results and the Group's financial position. It is believed that hedging of the Group's investments in foreign subsidiaries and the exposure from the translation of foreign financial statements into Danish

kroner is not commensurate with the associated cost. Therefore, no hedging is performed.

Liquidity risks

The Group undertakes liquidity management to ensure the availability of sufficient and flexible financial resources at any time. The risk of the liquidity situation suddenly and unexpectedly developing adversely and affecting the Group's investment and operational liquidity requirements is handled through a number of management tools. Planning of the anticipated liquidity requirements and the associated credit facilities is carried out in connection with the preparation of budgets and action plans. These liquidity requirements are monitored on both a monthly and a daily basis.

The bank accounts of the parent company and the Danish subsidiaries are included in the Group's cash pool, which is monitored daily in order to optimise interest received and paid on the Group's total cash flows.

INVESTOR RELATIONS

The Group and the Copenhagen Stock Exchange

In May 1996 Søndagsavisen a-s was the first media group in Denmark to be listed on the Copenhagen Stock Exchange.

Company information

Søndagsavisen a-s

Address:	Gladsaxe Møllevvej 28 DK - 2860 Søborg
Internet:	www.son.dk
Telephone:	(+45) 39 57 75 00
Fax:	(+45) 39 66 14 08
E-mail:	investor@sondagsavisen.dk
CVR no.:	66 59 01 19
Securities ID:	DK001027034-7
Auditors:	Ernst & Young and Andersen Hübertz Kirkhoff
Bankers:	Nordea A/S

Financial year

The Group's financial year follows the calendar year, and this Annual Report comprises the year ended 31 December 2006, the company's 26th financial year.

Management's review

Annual General meeting

The Annual General Meeting of shareholders will be held on Friday 27 April 2007 at 3.00 p.m. at Den sorte Diamant, Søren Kierkegaards Plads 1, DK-1016 Copenhagen K.

Share capital

The company's share capital is DKK 111.4 million, distributed on 22,280,000 shares of DKK 5.00 nominal value each.

Authorisation

The Board of Directors is authorised to increase the share capital one or several times by up to DKK 25.0 million.

Increases may take place through cash capital injections or otherwise. Increases may take place without any pre-emptive right for the company's existing shareholders if the increase is effected at market price or as consideration for the company's takeover of an existing business or specified property values at a value corresponding to the value of the shares issued. Outside the cases described in the previous sentence, the shareholders have a pre-emptive right to subscribe for new shares. The authorisation is given for a period up to 1 May 2008.

The Board of Directors is authorised to increase the share capital one or more times by up to DKK 1.0 million through the issue of employee shares. The authorisation is given for a period of five years ending on 29 April 2010. The increase may be made on terms and conditions set by the Board of Directors.

Treasury shares

The Board of Directors is authorised to allow Søndagsavisen a-s to acquire Treasury shares for up to 10% of the company's total share capital provided that the acquisition is made at the market price in force at the time of purchase with a variance of plus or minus 5%. The authorisation applies until the next Annual General Meeting of the company.

The company's holding of Treasury shares at 31 December 2006 accounted for 5.47% of the share capital, corresponding to 1,218,000 shares.

Dividend

For approval by the general meeting on 27 April 2007 the Board of Directors recommends payment of a dividend of DKK 1.00 per share of DKK 5.00 nominal value for 2006, equivalent to a total dividend of DKK 22.28 million, including DKK 1.2 million dividend on Treasury shares.

The income statement of the parent company shows a net profit of DKK 104.4 million. The Board of Directors recommends the following appropriation of the profit:

Appropriation of profit, DKKm

Retained earnings at 1 January 2006	532.4
Other equity items	4.8
Net profit for the year	104.4
Available for appropriation	641.6

The Board of Directors submits the following appropriation of the profit for approval by the general meeting:

Dividend to the shareholders	22.3
Retained earnings at 31 December 2006	619.3

Shareholders

The register of shareholders holding at least 5% of the share capital, which the company keeps in accordance with the Danish Companies Act, comprised the following shareholders at 31 December 2006:

- Richard Bunck, Publisher
Fredensborg Kongevej 49, DK-2980 Kokkedal
- Søndagsavisen a-s
Gladsaxe Møllevej 28, 2860 DK-Søborg
- Financière de l'Echiquier
53 avenue d'Iéna, F-75116 Paris, France

The majority shareholder is Richard Bunck, the founder of the company, who, together with his wife, holds 51.29% of the share capital. Most of the remaining share capital is placed with institutional investors.

Søndagsavisen a-s' shareholders at 31 December 2006:

Britt & Richard Bunck	51.29%
Financière de l'Echiquier	6.73%
Søndagsavisen a-s	5.47%
Other	36.51%
Total	100.00%

Management

At year-end 2006, the company's Board of Directors and Management, exclusive of Richard Bunck, controlled 333,060 shares, or 1.49% of the share capital.

Management's review

During the year, Britt and Richard Bunck neither purchased nor sold shares in the company. The company's Board of directors and Management, exclusive of Britt and Richard Bunck, purchased 279,000 shares net in the company.

Share price

The market capitalisation of the company's shares was DKK 1,953.3 million at the close of the financial year, 31 December 2006.

Contact with investors

Søndagsavisen a-s has an open and uniform dialogue with investors and analysts so as to provide the stock market with optimum and adequate information about the company.

Meetings with shareholders, investors, financial analysts and other stakeholders are held at regular intervals. Each year, the company holds several large presentations in Denmark and conducts a series of meetings abroad.

Banks and stockbrokers monitoring Søndagsavisen a-s:

Stockbroker	Name and Phone no.
Carnegie Bank	Lars Topholm +45 32 88 02 00
Danske Bank	Henrik Schultz +45 33 44 00 00
Nordea Bank	Michael W. Hybholt +45 33 33 52 83
Gudme Raaschou Bank	Stig Nymann +45 33 44 90 00
SEB Enskilda	Henrik K. Jeppesen +45 36 97 75 00

Corporate site

Søndagsavisen a-s' corporate site www.son.dk provides information on the company, the Board of Management and the Board of Directors, shareholder information, etc.

Contact to investors

Mads Dahl Møberg Andersen
CEO

Phone: (+45) 39 57 75 00

Fax: (+45) 39 66 14 08

E-mail: investor@sondagsavisen.dk

Management's review

Announcements 2006

20 January 2006:	Søndagsavisen a-s increases the expectations to profit before tax for 2005 to approximately DKK 105 million
1 March 2006:	Annual Announcement 2005
2 March 2006:	Financial Calendar
21 March 2006:	Statement of leading managements trade with Søndagsavisen a-s shares
5 April 2006:	Notice of Annual General Meeting in Søndagsavisen a-s
5 April 2006:	Annual Report 2005 for Søndagsavisen a-s
6 April 2006:	Incentive Scheme for the company's Chief Executive Officer
28 April 2006:	Annual General Meeting in Søndagsavisen a-s Friday 28 April 2006
28 April 2006:	The company's Articles of Association
30 June 2006:	Søndagsavisen a-s increases outlook for 2006 and has entered into a distribution agreement with COOP for 2007 and 2008
5 July 2006:	Helsingør Dagblad A/S, a subsidiary of Søndagsavisen a-s, extends the cooperation with JP/Politikens Hus A/S
9 August 2006:	Interim Report of Søndagsavisen a-s
11 August 2006:	Statement of leading managements trade with Søndagsavisen a-s shares
5 October 2006:	Agreement with Dansk Supermarked for 2007
24 October 2006:	Søndagsavisen enters the market for real estate business

Announcements 2007

10 January 2007:	Søndagsavisen and OFiR initiate cooperation on advertisements
31 January 2007:	Financial Calendar
28 February 2007:	Annual Announcement 2006 of Søndagsavisen a-s
5 March 2007:	Statement of leading managements trade with Søndagsavisen a-s' shares

Financial calendar for 2007

28 February 2007:	Annual Announcement 2006
27 April 2007:	Annual General Meeting
8 August 2007:	Interim Report 2007
7 November 2007:	Quarterly Report for Q3 2007

The Board of Directors' meeting calendar for 2007

Tuesday 27 February 2007 / Wednesday 28 February 2007
Friday 27 April 2007
Thursday 28 June 2007
Tuesday 7 August 2007 / Wednesday 8 August 2007
Tuesday 6 November 2007 / Wednesday 7 November 2007

Company Description

COMPANY DESCRIPTION

The company was founded in 1965, with the distribution of unaddressed printed matter and newspapers as its principal activity.

In 1978 the company expanded its activities and began to publish free newspapers, financed by advertisements, that were distributed to households during weekends under the name of *Søndagsavisen*. Since then, this has become the name of the entire corporation.

In 1996 the Internet activities commenced, becoming a new main activity.

NEWSPAPER PUBLICATION AND DISTRIBUTION

NEWSPAPER

DENMARK

The publication of *Søndagsavisen* was as mentioned started in 1978. During the newspaper's almost 30 years of existence, both its circulation and its distribution area have expanded steadily. *Søndagsavisen* is now distributed in more than 2.5 million copies every weekend, corresponding to coverage of approximately 95% of Denmark's more than 2.6 million households. *Søndagsavisen* is thus clearly the largest and the only truly national newspaper, and no other Danish printed media are even close to circulation on this scale or with the same broad readership and unique coverage.

Distribution areas and days

Søndagsavisen has undertaken comprehensive analyses to map the population's shopping, transport and relocation patterns. These behaviour patterns have formed the basis for *Søndagsavisen*'s regional structure.

Based on these analyses *Søndagsavisen* is the only example in Denmark of a national newspaper divided into 16 different regional editions and 25 sub-editions, each with its own characteristic features.

Søndagsavisen's editorial content is basically identical throughout the country and in all editions, which makes the newspaper unique in comparison with local newspapers.

However, the advertisements in *Søndagsavisen* are matched to regional conditions and the needs of individual readers. This makes the newspaper unique compared to daily newspapers.

By distributing *Søndagsavisen* at weekends, the newspaper reaches its readers when they have time to spare. The weekend has become a time for families and relaxation – a time for being together, for inspiration and for joint decisions on a new job or a major purchase.

Editorial concept

Søndagsavisen is the most read newspaper in Denmark. As *Søndagsavisen* is to be the newspaper for the general public, the editorial concept focuses on up-to-date, informative and interesting reading. The newspaper must be relevant and well structured, the news must be factual and always provide a positive reading experience. This is ensured by the company's own permanent staff of journalists, supplemented by a network of freelance journalists covering specialised topics.

Søndagsavisen is the weekend newspaper for every Danish family and is an indispensable source of good advice, opportunities and entertainment for the coming week. The newspaper is an up-to-date, positive and free weekly newspaper distributed to households that, with focus on its readers, provides good national news coverage. It is also a source of inspiration for shopping, working and leisure activities. The target group is the busy modern family in the 25-50 age group.

The reader

Søndagsavisen's strength lies in its large and broad circle of readers, its regionalisation and its household distribution. Of *Søndagsavisen*'s approximately 2.4 million readers, the following characteristics are particularly noteworthy:

- Just under half are aged between 25 and 50
- Approximately one third have a long, higher education
- 80% have influence on the household's purchases
- 70% have owner-occupied or co-operative housing
- More than 800,000 do not read other newspapers on weekends than *Søndagsavisen*

Comparison of *Søndagsavisen*'s readers with the population in general shows, among other things, that:

Company Description

- Søndagsavisen has more readers aged between 25 and 50 than in the population in general. Many are families with children.
- Søndagsavisen has an overrepresentation of female readers, who typically determine most of the family's purchases. This makes Søndagsavisen a particularly attractive medium for the retail trade.

Value for advertisers

Søndagsavisen is known by a large proportion of the Danish population and is Denmark's most read newspaper – with many readers among families with children. Consumers benefit from a newspaper delivered directly to their home during the weekend, when they have time to read it – and with content they look forward to reading.

The national coverage, combined with regionalisation, makes Søndagsavisen the right medium for both national and regional advertising – with no double coverage.

By delivering the newspaper free of charge directly into the letterbox, Søndagsavisen reaches readers in their own homes. Everybody has a letterbox or a letter slit, and everybody sees their mail. Not many media can achieve a level of penetration where potential readers stand holding the newspaper, considering whether to read it.

Søndagsavisen's particular strength lies especially in the fact that the newspaper's readership are both actively and passively looking for information. Most decisions to change job or to make major purchases always take some time to mature. During this maturation period the decision-maker is receptive to influences, but is also passively looking for information. He is inspired by the information at hand without looking for concrete information. Since Søndagsavisen is distributed to households, it is at hand. This is why Søndagsavisen is such a strong medium.

Printing

Søndagsavisen a-s owns 57 % of Helsingør Dagblad A/S, whose principal activity is a newspaper printing works that is among the three largest contract printers in Denmark.

Helsingør Dagblad was founded by the printer Henrik Donatzky and was first published on 21 October 1867. For 107 years, Helsingør Dagblad's editorial offices and printing works were located in the centre of Helsingør, more precisely in Sct.

Olaigade, but in 1974 the newspaper moved to Fabriksvej, and in 1987 to the present building on the corner of Kongevejen and Industrivej. It has later been enlarged several times.

The printing works Helsingør Dagblad prints newspapers for the whole country, and its printing quality and capacity are among the best in the market. With 4 colours on all pages no matter the number (from 8 to 128 pages in tabloid format in one impression) and up to 140,000 newspapers per hour, it has sufficient capacity to print virtually all newspapers – from 8 pages in a run of 2,000 to 128 pages in a run of 2 million. Helsingør Dagblad A/S is a supplier to several of the large newspaper houses in Denmark.

Helsingør Dagblad uses CTP (Computer To Plate), direct from the computer to the print plate, and the latest state-of-the-art technology, to guarantee the best, fastest and most reliable results when newspapers are printed.

In addition, the company Helsingør Dagblad A/S publishes the daily newspaper Helsingør Dagblad, the free weekly newspaper Nordsjælland and the free monthly newspaper Bolig & Fritid. Bolig & Fritid covers all one-family homes and row houses on Zealand, and three times a year also the whole country.

SWEDEN

Søndagsavisen a-s' Swedish holding company Gratistidningar i Sverige AB (GISAB) has been a wholly owned subsidiary of Søndagsavisen a-s since 2000. GISAB is the largest publisher of free newspapers for household distribution in Sweden.

GISAB publishes 34 free local newspapers with a weekly circulation of 1.1 million:



Company Description

- 'Mitt i' (wholly-owned) – a total of 31 local newspapers in Stockholm with a weekly circulation of 970,000.
- Smé-Journalen and Strängnäs-Journalen (91%-owned) – i.e. two local newspapers in Eskilstuna and Strängnäs with a weekly circulation of 66,000.
- Örebroar'n (90%-owned) – i.e. one local newspaper in Örebro with a weekly circulation of 64,000.

The 'Mitt i' newspapers in Stockholm

Under the common name 'Mitt i' ('in the midst of') the company Lokaltidningen Mitt i Stockholm AB covers the Greater Stockholm area – distributing 31 local newspapers with a weekly circulation of 970,000. The 'Mitt i' newspapers are a success, both in terms of readers and financially, and the newspapers reach the highest number of readers in the Greater Stockholm region compared with competing media.

The local newspapers are published under the name 'Mitt i' – followed by the name of the local area covered by the individual newspaper. The newspapers are financed by advertising and are distributed free of charge to all households in the publication areas.

The 'Mitt i' newspapers are deeply rooted in the local community, and most of the newspapers have a very long history. For example, the Group's oldest newspaper was established in 1899. The latest newspaper 'Mitt i Lidingsö' was started in October 2006.

Distribution areas and days

In order to support its local base, the boundaries of the publication areas of the 'Mitt i' newspapers are aligned with the municipal and civic boundaries in Stockholm. 19 of the 'Mitt i' newspapers are published in the most populated municipalities of Stockholm County while the remaining 12 newspapers are published in the individual areas of Stockholm city. The 31 local 'Mitt i' newspapers are divided into 44 different advertising areas, in order to offer customers targeted advertising.

The 'Mitt i' newspapers are published on Tuesdays. Tuesday as publication day takes into account both the advertisers' wish for publication of retail opportunities at the beginning of the week and people's need for information on the local activities and opportunities for the coming week. In 2 areas 'Mitt i' is also distributed on Fridays.

Editorial concept

The editorial concept of the local newspapers is to write relevant and topical articles that are based on readers' everyday lives and their need for local information. Relevant, human, unusual and, preferably, dramatic news and pictures catch the readers' attention. Proximity and availability are the key competitive strengths of the newspapers.

The objective of the 'Mitt i' newspapers is to be as local as possible, to always be on the spot and to identify the readers' needs – in short 'to be in the midst of'.

Product

The 'Mitt i' newspapers focus on local-area issues and stories, but at the same time the 31 newspapers are aligned in terms of layout and structure. This exploits economies of scale within production, while operating in a unique market for targeted house-to-house distributed communication.

Due to the structure of the 'Mitt i' newspapers, the advertising volume in the individual newspaper does not appear excessive. In order to strengthen the editorial profile, which is just as important to readers as the advertisements, some of the news pages are completely free of advertisements.

The scope of the 'Mitt i' newspapers, which are read by more than 70% of people aged between 15 and 79 in the Greater Stockholm region, shows that local newspapers and local news are a good mix.

Value for advertisers

Being distributed to all households in the local area, the 'Mitt i' newspapers offer customers massive and effective marketing.

'Mitt i' is targeted primarily at advertisers with a local customer base. For these advertisers, 'Mitt i' is a very effective medium due to its locally-oriented structure.

NORWAY

Through its subsidiary Norsk Avisdrift AS, Søndagsavisen a-s has been active in the Norwegian newspaper market since 1998. Today, Norsk Avisdrift AS publishes the newspaper Byavisa and the commercial newspaper Byens Næringsliv.

Byavisa has been Trondheim's local newspaper since 1996, and is a free newspaper that is financed entirely by advertising, with local editorial news.

Company Description

Byens Næringsliv is a free newspaper with local business news, wholly financed by advertising.

Distribution areas and day

Byavisa is published with a weekly circulation of 90,000, which is distributed to all households in the Trondheim commercial district. Byavisa is read by 94,000 consumers every week. Byavisa is also published in a Stjørdal edition with a weekly circulation of 22,000 and a readership of 26,000. Byens Næringsliv is published twice a month with a circulation of 72,000 and a readership of 85,500.

The Norwegian newspaper market differs from the Danish market in that most of the classified advertisements related to recruitment, motor and property are inserted mid-weekly. Consequently, Byavisa is published on Tuesdays.

Editorial concept

Byavisa and Byens Næringsliv in Trondheim are local newspapers that combine regional coverage with a local profile. The principles for the newspapers' editorial coverage are credibility and relevance, and the newspapers aim to be independent and informative, and to stimulate mainly local debate.

The editorial concept focuses on Trondheim's political, cultural and commercial life. We call this proximity and vision, making Byavisa highly relevant to its readership, and to its advertisers.

Product

The three newspapers cooperate closely on layout and design in order to ensure economies of scale but without compromising the communication with the three separate markets through targeted household distribution. However, Byens Næringsliv differs from the two other newspapers by being printed on pink paper.

DISTRIBUTION

Distributing sales messages directly to customers' homes is an extremely effective way of marketing goods or services. This method of advertising is widely used, especially by enterprises or retailers that have comprehensive product catalogues to distribute.

Customers that insert their messages as advertisements in household distributed media such as Søndagsavisen benefit in the same way.

The Søndagsavisen Group is today the largest private Pan-Scandinavian operator in the market for household distribution of unaddressed newspapers and printed matter. The distribution system is based on an extensive network of routes that are serviced by the companies' own distributors.

The distribution company is among the most effective of its kind in Europe. Given its distribution networks in Denmark, Sweden and Norway, it covers a total of more than 3.8 million households.

Coverage and potential at 31 December 2006:

	Covered by company	Total households
Denmark	2,652,600*	2,665,700
Sweden	1,490,000*	4,365,000
Norway	120,000	2,056,000

*incl. business partners

Distribution activities and countries at 31 December 2006:

	Denmark	Sweden	Norway
Unaddressed printed matter	yes	yes	yes
Newspapers	yes	yes	yes
Samples	yes	yes	yes
Chess Mail	yes	yes	no
Customer analyses	yes	no	no
Addressed distribution	yes	no	no
Consumer mail	yes	no	no

DENMARK

Forbruger-Kontakt is the name of the division in Søndagsavisen a-s that handles distribution activities in Denmark via own distribution or through jointly owned companies. Forbruger-Kontakt covers virtually all Danish households via a network of local depots and distributors, and today is the only nationwide private alternative to Post Danmark.

Forbruger-Kontakt furthermore develops distribution concepts and IT systems for all the Group's distribution companies.

Products

Companies with a substantial requirement for distribution of information and advertising often choose to have their own printed matter distributed to consumers' homes. This increases flexi-

Company Description

bility in terms of the shape and size of the material, as well as the geographical distribution area.

Forbruger-Kontakt offers these companies a number of customer-specific distribution methods.

Household distribution of unaddressed printed matter and newspapers

This distribution method is directed at customers requiring distribution of unaddressed printed matter or newspapers to all households within a specific geographical area. The distribution of Søndagsavisen is included in this business area.

Chess Mail

Chess Mail is selective unaddressed distribution of advertising to groups of households with a uniform demographic profile. Through selection according to certain criteria, such as gender, age, type of housing, income and profession, interests and purchase behaviour, Forbruger-Kontakt can pick the geographical areas where the concentration of the customer's target group is highest.

Distribution solely in these areas maximises the targeting of the customer's message. At the same time, printing and distribution costs are optimised.

Samples

Samples are specific specimens of the customer's product. Forbruger-Kontakt is one of the few distributors in Denmark that can handle this type of distribution. The complexity of distributing samples, apart from the weight and size, consists in a number of legal requirements such as the requirement of personal delivery of the sample to an adult in the household.

Analyses

As a separate business area, Forbruger-Kontakt also sells analyses of household characteristics in a given area. The analyses are designed to increase benefit from the customer's marketing activities while, at the same time, supporting the distribution-oriented part of the company. Such analyses include:

- Customer analyses
- Area analyses
- Campaign analyses

Forbruger-Kontakt has Denmark's most sophisticated systems and tools for target group and segment analysis. The analyses are performed by pooling data in Forbruger-Kontakt's own database, and via information from Statistics Denmark as well as the customer's own customer database. Forbruger-Kontakt can thus map the profile of a



Company Description

given customer segment or identify a statistically representative test area. This allows the customer to test the impact of a sales brochure before launching a major campaign.

Consumer mail

The Internet site www.forbrugermail.dk is Forbruger-Kontakt's solution to electronic distribution of flyers. The solution enables consumers and others to create their own offer agent with advertisers of special interest to them. It also provides the option to make a shopping list which can subsequently be sent to a mobile phone.

Addressed distribution

Addressed distribution is distribution to selected addresses. Today, Forbruger-Kontakt undertakes addressed distribution of both catalogues and magazines.

Logistics structure in Denmark

Forbruger-Kontakt's two distribution terminals in Taastrup and Tilst ensure efficient use of resources and have resulted in substantial productivity improvements. Preparation of printed matter for distribution has thus to a great extent been automated, and the quality control of the entire production process has been significantly improved.

SWEDEN

Søndagsavisen a-s' Swedish holding company Gratistidningar i Sverige AB (GISAB) has been a wholly-owned subsidiary of Søndagsavisen a-s since 2000. GISAB's wholly-owned subsidiary S-Post AB, together with a number of partners, handles the distribution of unaddressed printed advertising material, GISAB's own newspapers 'Mitt i' and samples to 1.5 million households, primarily in the Greater Stockholm area in Sweden.

NORWAY

In Norway, local distribution of unaddressed printed matter, newspapers and samples to 120,000 households in the Trondheim area is provided by the wholly-owned subsidiary Norpost Midt-Norge AS.

INTERNET

OFiR a-s (OFiR) is one of Denmark's oldest providers of Internet-based services. Since the initiation of its activities in 1996, OFiR has established a strong position in the market for Internet-based advertising services in Denmark. Since 1998, OFiR's Danish portal has been among the most frequently visited websites in Denmark.



Company Description

Business areas

OFiR has structured its activities as four business areas, each with particular focus on what the individual customer group may need and expect from a professional supplier:

- Job & HR services
- Portal
- Media Solutions
- Bolig Portal

The logo for OFiR.dk features the word "OFiR" in a large, red, serif font, with a small "TM" trademark symbol above the "i". The ".dk" is in a smaller, black, sans-serif font.

OFiR.DK

Job & HR services in Denmark

OFiR.dk operates a Danish marketplace for job recruitment ads and CV services on the Internet. The recruitment service is one of the three largest and most widely used job services in Denmark. With its large number of users, combined with the easy-to-use recruitment tools which intelligently combine jobseekers' wishes with the employers' needs, the Internet service ensures certainty of response for both parties. As a consequence, the Internet service OFiR.dk has become many companies' first choice of recruitment advertiser.

OFiR Recruitment Manager is a unique software solution for major employers in their management of the recruitment work. The solution combines longstanding know-how of the organisation of recruitment work with customisation to the individual employer's own working methods. The solution can be installed in stages and it supports both a centralised and a decentralised organisation.

Developing synergies between the printed and Internet media

Around the turn of the year 2006/7 OFiR and Søndagsavisen launched their cooperation under the motto "We do the job together". The aim is to combine the strengths of each medium in order to create value for employers and employees alike.

The logo for FORUM.DK features the word "FORUM" in a large, blue, sans-serif font, with a stylized "F" that has three dots above it. The ".DK" is in a smaller, blue, sans-serif font. Below the logo is the tagline "- SÅ ER DU I GODT SELSKAB" in a smaller, blue, sans-serif font.

FORUM – PORTAL FOR ONLINE RELATIONS

The OFiR portal, which in spring 2006 celebrated its tenth anniversary, was divided into two different portals in 2006 – FORUM.DK and OFiR.dk – with FORUM specialising in online relations between people and OFiR in recruitment and career development.

The division will sharpen focus, enabling OFiR and FORUM to provide better services and a large number of new services to the various user groups. The division offers the two portals greater freedom to develop commercially and to become independently positioned. They will both individually get a clearer profile and thus become more attractive to both users and advertisers.

With FORUM.DK users gain an online universe where they can keep in touch with friends, acquaintances and sweethearts in one user-friendly Internet environment. Contact-creating services like Mail, Chat and Dating are used by nearly one million unique users every month. The aim of the new portal is to become the leading Danish online site where Danes can get into contact with each other.

Today, the virtual world is a major part of social life, and the Internet is increasingly being used to maintain contacts and create new friendships. This is evident from the popularity of Forum's own services and from the development going on all over the world in online communities like My Space and You Tube, where users themselves produce parts of the content and share it with each other. Therefore, FORUM.DK puts focus on user relations and interaction.

FORUM.DK's business is based primarily on income from banner and permission marketing ads (e-mail marketing) and secondarily from user fees.

Media Solutions

MatchWork Media Solutions provides software solutions for media enterprises that wish to produce classified ads online and strengthen their market position and earnings through the Internet.

Company Description

Media Solutions are provided as a fully integrated solution for newspapers and their advertisement and production systems within:

- The recruitment market, supplemented with CV databases and unique match technology
- The property market, which also provides for integration with estate agents
- The motor market
- Other classified ad markets

Today the software solutions are sold in the Danish, Swedish, Norwegian, British and German markets. The solutions have significant potential by providing cost-effective hosting and application customisation for media requiring a solution in their own brand on their own site. The customer can also participate in a shared network, creating a higher transaction volume, for the benefit of the customers and users alike.

BOLIG PORTALEN

Boligportal.dk ApS operates within home sales and rental. It operates Boligportal.dk, the largest marketplace for rental housing on the Internet.

In 2006, the company launched Plushandel.dk as an alternative to conventional purchase and sale of real property. PlusHandel is a sell-it-yourself concept in alliance with a number of attorneys.

Statement by the Board of Directors and Management

MANAGEMENT REPORT

The Board of Directors and the Management have presented the Annual Report of Søndagsavisen a-s for the year ended 31 December 2006. The Annual Report was considered and adopted as of today's date.

The Annual Report is presented in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for the presentation of the Annual Reports of listed companies. We consider the chosen accounting policies to be appropriate and the internal controls relevant to the preparation of the Annual Report to be adequate so that the Annual Report gives a true and fair view of the assets, equity and liabilities, results and financial position of the Group and the parent company at 31 December 2006, as well as of the results of the company's activities and cash flows for 2006.

We recommend that the Annual Report be adopted by the Annual General Meeting.

Søborg, 28 February 2007

Management

Mads Dahl Møberg Andersen Benny Juul Lundgaard Kåre Stausø Wigh

Board of Directors

Richard Bunck Peter Rasztar Steen Gede
Chairman Vice Chairman

Björn Lindberg Jesper Balsler Ole Larsen

Adoption

As adopted at the Annual General Meeting of shareholders on 27 April 2007.

As chairman of the meeting:

Statement by the Board of Directors and Management

THE INDEPENDENT AUDITOR'S REPORT

To the shareholders of Søndagsavisen a-s

We have audited the Annual Report of Søndagsavisen a-s for the financial year ended on 31 December 2006, comprising the statement by the Board of Directors and Management, the Management review, accounting policies, income statement, balance sheet, statement of changes in equity, cash flow statement and notes for both the Group and the Parent Company. The Annual Report is presented in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for the presentation of the annual reports of listed companies.

Management's responsibility for the Annual Report

Management is responsible for preparing and presenting an annual report which gives a true and fair view in accordance with the International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for presentation of the annual reports of listed companies. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of an annual report that is free of material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility and basis of opinion

Our responsibility is to express an opinion on the Annual Report based on our audit. We conducted our audit in accordance with Danish auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance of whether the Annual Report is free of material misstatement.

Our audit includes procedures to obtain audit evidence supporting the amounts and disclosures in the Annual Report. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement in the Annual Report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the company's preparation and fair presentation of the Annual Report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of the accounting policies applied and the reasonableness of accounting estimates made by the Board of Directors and Management, as well as evaluating the overall presentation of the Annual Report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the Annual Report gives a true and fair view of the Group's and the Parent Company's assets, equity and liabilities and financial position at 31 December 2006 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year then ended in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for issuers of listed securities on the Copenhagen Stock Exchange.

Copenhagen, 28 February 2007

Ernst & Young

Statsautoriseret Revisionsaktieselskab

Søren Strøm

State Authorised Public Accountant

Andersen Hübertz Kirkhoff

Statsautoriseret Revisionsaktieselskab

Jan Andersen

State Authorised Public Accountant

Consolidated income statement

Note		2006 DKKm	2005 DKKm
	Revenue	1,666.6	1,417.4
7,9	Production costs	1,105.7	950.4
	Gross profit	560.9	467.0
7,9	Sales and marketing expenses	180.4	174.1
7,9,10	Administrative expenses	205.4	183.6
	Other operating income	4.9	2.9
	Operating profit	180.0	112.2
11	Share of profit of associates	2.1	6.4
12	Net financials	-7.6	-10.5
	Profit before tax	174.5	108.1
13	Tax for the year	42.8	30.5
	Net profit for the year	131.7	77.6
	Attributable to:		
	Shareholders in Søndagsavisen a-s	119.5	69.4
	Minority interests	12.2	8.2
		131.7	77.6
14	Earnings per share, in DKK		
	Earnings per share (EPS)	5.7	3.4
	Diluted earnings per share (EPS-D)	5.7	3.4

Consolidated balance sheet at 31 December

Assets

Note	2006 DKKm	2005 DKKm
Goodwill	43.1	41.6
Other intangible assets	17.8	3.2
Completed development projects, software	30.5	37.6
Development project in progress	7.5	3.9
17 Intangible assets	98.9	86.3
Land and buildings	357.6	296.4
Plant and machinery	135.9	35.3
Operating equipment, fixtures and fittings	49.3	42.7
Property, plant and equipm. in course of construction	14.5	0.3
18 Property, plant and equipment	557.3	374.7
20 Investments in associates	10.5	79.1
Other securities and investments	4.9	0.0
21 Deferred tax assets	8.0	9.0
Other receivables	2.4	2.0
Other non-current assets	25.8	90.1
Total non-current assets	682.0	551.1
Inventory	2.5	0.0
Trade receivables	143.5	119.8
Receivables from associates	3.0	0.9
27 Income tax receivables	4.7	0.0
Other receivables	13.0	21.7
Prepayments	15.9	16.0
Cash	64.6	45.8
Total current assets	247.2	204.2
Total assets	929.2	755.3

Consolidated balance sheet at 31 December

Equity & Liabilities

Note	2006 DKKm	2005 DKKm
Share capital	111.4	111.4
Treasury shares	-30.7	-30.7
Hedging reserves	-1.7	-4.6
Revaluation reserves	0.3	-1.6
Retained earnings	323.8	225.5
15 Proposed dividend	22.3	17.8
Shareholders' equity	425.4	317.8
Minority interests	80.0	12.6
22 Total equity	505.4	330.4
21 Provision for deferred tax	29.7	0.4
23 Other provisions	0.0	0.5
24 Financial institutions	91.1	95.4
25 Other accrued expenses, interest-rate swap	1.7	4.6
26 Subordinated loan capital	7.0	7.0
Total non-current liabilities	129.5	107.9
24 Financial institutions	72.4	89.8
Trade payables	67.7	67.8
Payables to associates	0.0	6.5
27 Income taxes	1.6	16.2
28 Other payables	139.2	121.5
Deferred income	13.4	15.2
Total current liabilities	294.3	317.0
Total liabilities	423.8	424.9
Total equity and liabilities	929.2	755.3

Consolidated statement of changes in equity

DKK m	Share equity	Treasury shares	Hedging reserves	Revaluation reserves	Retained earnings	Proposed dividend	Shareholders' total share	Minority interests	Total
2006									
Equity at 1 January 2006	111.4	-30.7	-4.6	-1.6	225.5	17.8	317.8	12.6	330.4
Changes in equity in 2006									
Currency adjustments, etc.	0.0	0.0	0.0	1.9	0.0	0.0	1.9	0.0	1.9
Fair value adjustments of hedging instruments	0.0	0.0	2.9	0.0	0.0	0.0	2.9	0.0	2.9
Adjustment for fair value allocated to share of company owned before acquisition of majority interests	0.0	0.0	0.0	0.0	-0.4	0.0	-0.4	0.0	-0.4
Revaluation, subsidiaries and associates	0.0	0.0	0.0	0.0	-0.4	0.0	-0.4	0.4	0.0
Net gains taken directly to equity	0.0	0.0	2.9	1.9	-0.8	0.0	4.0	0.4	4.4
Net profit for the year	0.0	0.0	0.0	0.0	97.2	22.3	119.5	12.2	131.7
Total income	0.0	0.0	2.9	1.9	96.4	22.3	123.5	12.6	136.1
Net addition minority interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	64.7	64.7
Dividend distributed	0.0	0.0	0.0	0.0	0.0	-17.8	-17.8	-9.9	-27.7
Dividend treasury shares	0.0	0.0	0.0	0.0	1.0	0.0	1.0	0.0	1.0
Share based payment	0.0	0.0	0.0	0.0	0.9	0.0	0.9	0.0	0.9
Total changes in equity in 2006	0.0	0.0	2.9	1.9	98.3	4.5	107.6	67.4	175.0
Equity at 31 December 2006	111.4	-30.7	-1.7	0.3	323.8	22.3	425.4	80.0	505.4
2005									
Equity at 1 January 2005	111.4	-44.4	-3.3	0.4	151.3	0.0	215.4	10.0	225.4
Changes in equity in 2005									
Currency adjustments, etc.	0.0	0.0	0.0	-2.0	0.0	0.0	-2.0	0.0	-2.0
Fair value adjustments of hedging instruments	0.0	0.0	-1.3	0.0	0.1	0.0	-1.2	0.0	-1.2
Revaluations, subsidiaries and associates	0.0	0.0	0.0	0.0	-0.1	0.0	-0.1	0.2	0.1
Net gains taken directly to equity	0.0	0.0	-1.3	-2.0	0.0	0.0	-3.3	0.2	-3.2
Net profit for the year	0.0	0.0	0.0	0.0	51.5	17.8	69.4	8.2	77.6
Total income	0.0	0.0	-1.3	-2.0	51.5	17.8	66.1	8.4	74.4
Purchase of treasury shares	0.0	-11.5	0.0	0.0	0.0	0.0	-11.5	0.0	-11.5
Diposal of treasury shares	0.0	25.2	0.0	0.0	22.7	0.0	47.9	0.0	47.9
Dividend distributed	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-5.8	-5.8
Total changes in equity in 2005	0.0	13.7	-1.3	-2.0	74.2	17.8	102.5	2.6	105.0
Equity at 31 December 2005	111.4	-30.7	-4.6	-1.6	225.5	17.8	317.8	12.6	330.4

Consolidated cash flow statement

Note	2006 DKKkm	2005 DKKkm
Net profit for the year	131.7	77.6
29 Adjustments for non-cash operating items	121.5	87.8
30 Changes in working capital	-7.7	9.1
Cash flows from operating activities before net financials	245.5	174.5
Interest received	3.3	2.9
Interest paid	-10.2	-10.8
Cash flows from ordinary activities	238.6	166.6
27 Income tax paid	-56.2	-3.6
Cash flows from operating activities	182.4	163.0
31 Additions of intangible assets and property, plant and equipment	-104.1	-62.3
Disposals of intangible assets and property, plant and equipment	3.0	7.1
Dividend from associates	3.6	4.6
Dividend to minorities	-9.9	-5.8
Investment in other non-current assets	-0.7	-0.3
16 Investment in subsidiaries	-17.6	0.0
Investment in associates	0.0	-7.8
Cash flows from investing activities	-125.7	-64.5
Changes in other provision	-0.5	0.0
Repayments and non-current liabilities	-8.1	-74.3
Currency adjustments, etc.	4.9	-3.3
Investment in treasury shares	0.0	36.4
Dividend, treasury shares	1.0	0.0
Dividend	-17.8	0.0
Cash flows from financing activities	-20.5	-41.2
Changes in cash and cash equivalents	36.2	57.3
Cash and cash equivalents at 1 January	-39.7	-97.0
32 Cash and cash equivalents at 31 December	-3.5	-39.7



Sammen gør vi jobbet

Notes to the consolidated financial statements

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Notes to the consolidated financial statements

1 Accounting policies in general

The Annual Report has been prepared in accordance with the international financial reporting standards (IFRS) as well as additional Danish disclosure requirements for the presentation of financial statements of listed companies cf. Copenhagen Stock Exchange's financial reporting requirements for listed companies and the IFRS Executive Order issued in pursuance of Danish Financial Statements Act.

IFRS has been implemented in such a way that the Annual Report also complies with accounting standards approved by the European Union.

The standards used are those that became effective at 31 December 2006. Early adoption of new standards or interpretations has not been implemented since they will not have consequences for the Annual Report.

New standards and interpretations that became effective in 2006 have not affected recognition and measurement, nor have they given rise to any additional disclosure requirements.

The following IFRS standards and interpretations have been adopted by the EU and are relevant to the company but have not been adopted early:

- IAS 1 Capital Disclosures. The guide will have no influence on recognition and measurement, but solely on presentation. Will be implemented on 1 January 2007.
- IFRS 7 Financial Instruments: Disclosures. The guide will have no influence on recognition and measurement, but solely on presentation. Will be implemented on 1 January 2007.
- IFRS 8 Segments. The guide is expected to be implemented by 1 January 2009 at the latest.

None of the aforementioned standards are expected to have a significant effect on the amounts stated by the Group.

The Annual Report is presented in Danish kroner.

2 Accounting policies

Consolidated financial statements

The consolidated financial statements comprise the parent company Søndagsavisen a-s and the subsidiaries in which Søndagsavisen a-s has a controlling interest. Control exists where Søndagsavisen a-s owns or holds, directly or indirectly, more than 50% of the voting rights or otherwise exercises control over the enterprise concerned. Enterprises, in which the Group holds between 20% and 50% of the voting rights and exercises a significant, albeit not controlling, influence, are considered associates. In assessing whether Søndagsavisen a-s has control or significant influence, potential voting rights are taken into account.

The consolidated financial statements are prepared by consolidating the audited financial statements of the parent company and the relevant Group enterprises, all of which are presented in accordance with uniform accounting policies. All intra-group items, including revenue, expenses, interest, unrealised gains and losses on intra-group transactions, as well as balances and investments, are eliminated for the purpose of consolidation.

Investments in subsidiaries are offset against the proportionate share of the fair value of the subsidiary's identifiable net assets and recognised contingent liabilities at the time of acquisition.

Business combinations

Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the date of acquisition. Enterprises sold or discontinued are recognised in the consolidated income statement up to the time of sale or discontinuance. Comparatives are not restated for enterprises newly acquired, sold or discontinued.

Purchases of new enterprises which give the parent company control over the enterprise acquired, are accounted for by applying the purchase method, according to which the identifiable assets, liabilities and contingent liabilities of the acquired enterprises are measured at fair value at the time of acquisition. Identifiable intangible assets are recognised if they can be separated from or arise from a contractual right and the fair value can be measured reliably. Deferred tax is recognised on the revaluations.

Notes to the consolidated financial statements

In respect of business combinations that have arisen since 1 January 2004, positive differences (goodwill) between the cost of the acquisition and the fair value of the identifiable assets, liabilities and contingent liabilities acquired are recognised as goodwill under intangible assets. Goodwill is not amortised but is tested for impairment on a half-yearly basis. The first impairment test is carried out before the end of the year of acquisition. On acquisition goodwill is allocated to the cash-generating units which subsequently provide the basis for the impairment test. Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with a functional currency different from the Group's presentation currency are treated as assets and liabilities of the foreign entity and are translated to the foreign entity's functional currency at the exchange rate ruling on the transaction date. Negative differences (negative goodwill) are recognised in the income statement at the time of acquisition.

In respect of business combinations prior to 1 January 2004, the accounting classification is maintained in accordance with the previous accounting policies. Goodwill is included on the basis of the cost recorded under previous accounting policies less amortisation and impairment losses up to 31 December 2003. Goodwill is not amortised after 1 January 2004.

Gains or losses on the disposal of Group enterprises and associates are made up as the difference between the selling price and the carrying amount of net assets at the time of sale and expected selling expenses.

Joint Ventures

Enterprises where joint management has been agreed with one or more other enterprises are regarded as Joint Ventures and are included in pro rata consolidation. This means that the proportionate share of the enterprise's income statement and balance sheet items is included in the corresponding items in the consolidated financial statements and that proportionate elimination of intra-Group items is carried out.

Currency retranslation

Danish kroner is used as the functional currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated on initial recognition at the exchange rate at the date of the transaction. Any exchange differences between the exchange rate at the date of the transaction and the exchange rate at the date of payment are recognised in the income statement under financial income and expenses.

Receivables, payables and other monetary items in foreign currency which have not been settled at the balance sheet date are translated at the closing rate. Differences between the closing rate and the exchange rate at the time when the receivable or payable has occurred or is recognised in the latest financial statements are recognised in the income statement under 'Net financials'.

On recognition in the consolidated financial statements of foreign subsidiaries and associates with a functional currency different from the presentation currency of the Group, the income statement is translated at the exchange rates at the transaction date, and the balance sheet items are translated at the exchange rates at the balance sheet date. The average exchange rate for the individual months is used as the rate at the transaction date to the extent that this does not give a materially different picture. Exchange differences arising from the translation of the opening equity of foreign group enterprises at closing rates and exchange differences from the retranslation of income statements from average rates to closing rates are taken directly to equity.

Exchange adjustments of accounts with foreign enterprises which are regarded as part of the total net investment in the enterprise concerned are taken directly to equity in the consolidated financial statements if the account is denominated in the functional currency of the parent company or the foreign enterprise.

Derivative financial instruments

Derivative financial instruments are initially recognised at cost and subsequently measured at fair value. Positive and negative fair values are recognised as other receivables and other payables, respectively.

Fair value adjustments of derivative financial instruments classified as hedges of expected future cash flows are recognised in equity until the hedge transaction is carried through.

Notes to the consolidated financial statements

INCOME STATEMENT

Revenue

Revenue comprises Internet income as well as newspaper and distribution income from services rendered less VAT cash and quantity discounts. On recognition and measurement, gains, losses and risks that arise before the time of presentation of the Annual Report and which prove or disprove matters existing on the balance sheet date are taken into consideration.

Internet income comprises job and banner ads as well as sales of software for classified advertisement databases, including in particular Job & CV databases. Sales of job and banner ads are recognised when the ad is published on the Internet site. Software sales are recognised when delivery and risk have passed to the purchaser. Internet income imposing future liabilities on the Group are recognised over the life of the liability.

Newspaper and distribution income comprises newspaper ads and household distributed newspapers and printed matter. Sales are recognised on the day of publication/distribution. Sales imposing future liabilities on the Group are recognised when the liability falls due.

Production costs

Production costs include expenses incurred to generate the net revenue for the year. The amount includes printing expenses, external distribution, and distribution services including distribution payroll, etc. as well as hosting service. In addition, it includes production overheads as well as maintenance and depreciation on manufacturing facilities.

Development costs not qualifying for capitalisation and amortisation of capitalised development costs are also recognised under production costs.

Selling and marketing expenses

Expenses incurred in the year in relation to sales campaigns, etc. are recognised under selling and marketing expenses. Such expenses include expenses related to sales personnel, advertising and amortisation/depreciation.

Administrative expenses

Administrative expenses include expenses related to management and administration, including expenses related to administrative staff, the Management, all expenses related to premises, stationery and amortisation/depreciation.

Share based payment

The value of services received in consideration of options granted is measured at the fair value of the options.

For equity-settled share options the fair value is measured at the time of allocation and is recognised in the income statement under staff costs over the period in which the final right to the options is vested (the vesting period). The counter-item is carried directly to equity.

On initial recognition of the share options, an estimate is made of the number of options to which the employees are expected to acquire a right, cf. the allocation conditions described in notes 8 and 22. Subsequently, adjustments are made for changes in the estimate of the number of vested options so that the total recognition is based on the actual number of vested options.

The fair value of the options granted is estimated by using an option pricing model. In this estimate, account is taken of the terms and conditions that apply to the share options granted.

Other operating income and expenses

Other operating income and expenses include items of a secondary nature relative to the activities of the enterprises, including profit and loss from the sale of intangible assets and property, plant and equipment. Profit and loss from the sale of intangible assets is calculated as the selling price less selling expenses and the carrying amount at the time of sale.

Profits or losses from investment in associates

The proportionate shares of the net profits or losses of associates are included in the consolidated income statement after elimination of the proportionate shares of intra-group gains/losses.

Notes to the consolidated financial statements

Financial income and expenses

Financial income and expenses include interest income and expenses, capital and exchange gains and losses, as well as impairment losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities and surcharges and allowances under the provisional tax scheme, etc. All financial borrowing costs are recognized in the income statement as incurred.

Tax on profit/loss for the year

Søndagsavisen a-s is jointly taxed with all its Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed Danish companies in proportion to their taxable income (full allocation with refunds for losses). The jointly taxed companies are covered by the provisional tax scheme.

Tax for the year, which consists of current tax and changes in the calculated deferred tax, is recognised in the income statement to the extent that it relates to the net profit/loss for the year, and directly in equity to the extent that it relates to items recognised directly in equity.

BALANCE SHEET

Intangible assets

Goodwill

Goodwill is initially recognised in the balance sheet at cost as described under 'Business combinations'. Subsequent measurements are at cost less accumulated impairment losses. Goodwill is not amortised.

The carrying amount of goodwill is allocated to the Group's cash-generating units at the time of acquisition. The definition of cash-generating units follows the management structure and the internal financial management policy. As a result of the integration of acquired enterprises in the existing Group, management believes that the lowest level of cash-generating units to which the carrying amount of goodwill can be allocated is the Group's primary segments.

The carrying amount of goodwill is tested for impairment if there are any indications of impairment, but at least on a half-yearly basis. The impairment test is carried out for all operating assets taken together in the cash-generating unit to which goodwill is allocated. Goodwill is written down to the lower of the carrying amount and the recoverable value of the cash-generating unit to which goodwill relates. Goodwill impairment is recognised as a separate item in the income statement.

Development projects, Software

Development costs include expenses and salaries that are directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which the technological feasibility, sufficient resources and a potential future market or development potential in the enterprise can be demonstrated and where the intention is to produce, market or use the project, are recognised as intangible assets provided that it is sufficiently certain that future earnings will be adequate to cover the production, sales and administrative expenses and the total development costs. Other development costs are expensed in the income statement as incurred.

Capitalised development projects are measured at the lower of cost less accumulated amortisation and the recoverable value.

After completion of the development work, a development project is amortised on a straight-line basis over its estimated useful economic life. The period of amortisation is usually 3-5 years. The basis of amortisation is reduced by any impairment losses.

Acquired intangible fixed assets and completed development projects are tested for impairment if there are indications of impairment. The test is carried out on at least a half-yearly basis.

Other intangible assets

Other intangible assets, including intangible assets acquired in connection with business combinations, are amortised

Notes to the consolidated financial statements

over the expected useful lives. However, intangible assets with an indefinite useful life are not amortised, but tested for impairment on a half-yearly basis.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation. Cost includes cost and expenses directly related to the acquisition until the asset is ready for use. Where parts of an item of property, plant and equipment have different useful lives, they are depreciated as separate items of property, plant and equipment.

The cost of properties includes the cash cost of acquisition for land and buildings and the aggregate building and/or refurbishment expenses.

The assets are depreciated on a straight-line basis over the expected useful lives, based on the following assessment of the expected useful lives of the assets:

Leasehold improvements	5 years
Domicile land and buildings	50 years
Mixed land and buildings	35 years
Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	3-5 years

Land is not depreciated.

Depreciation is recognised in the income statement under production costs, sales and marketing expenses and administrative expenses, respectively.

The basis of depreciation is calculated with due regard for the asset's scrap value and is reduced by any impairment losses. The scrap value is fixed at the time of acquisition and is revaluated every year. If the scrap value exceeds the asset's carrying amount, no further depreciation will be made.

If the period of depreciation or the scrap value is changed, the impact on depreciation will be recognised prospectively as a change of accounting estimates.

An impairment test is made for property, plant and equipment if there are indications of decreases in value. The impairment test is made for each individual asset or group of assets, respectively. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount.

Investments in associates

Investments in associates are measured according to the equity method.

Investments in associates and other securities and investments are measured in the balance sheet at the proportionate share of the net asset value of the associates less or plus a proportionate share of unrealised intra-Group profits and losses plus the carrying amount of goodwill.

Associates with a negative net asset value are measured at DKK 0. If the Group has a legal or constructive obligation to cover the associate's negative balance, it is included under liabilities.

Any receivables from associates are written down to the extent the receivable is found to be irrecoverable. When investments are made in associates, the purchasing method of accounting is used, cf. the description of business combinations.

Receivables

Receivables are measured at amortised cost. Provisions are made for expected bad debts.

Inventory

Inventory is measured at the lower of cost or net realisable value using FIFO.

Notes to the consolidated financial statements

Prepayments (assets)

Prepayments recognised under assets include expenses related to subsequent reporting periods.

Impairment of assets

Søndagsavisen tests goodwill for impairment if there are indications of impairment, but at least on a half-yearly basis. Any impairment loss is recognised in the income statement.

Intangible assets with an indefinite useful life are tested for impairment if there are indications of impairment. The test is carried out on at least a half-yearly basis, the first time before the end of the year of acquisition. Development projects in progress are similarly tested for impairment on at least a half-yearly basis.

The carrying amount of intangible assets and property, plant and equipment with definite useful lives is reviewed on an annual basis to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of the asset is estimated. The recoverable amount is the higher of the asset's fair value less expected selling costs and its value in use.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds the recoverable amount of the asset or the cash-generating unit. Impairment losses are recognised in the income statement under respectively production, sales, marketing and administrative expenses. However, goodwill impairment is presented as a separate item in the income statement.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the assumptions and estimates that led to recognition of the impairment loss. An impairment loss is reversed only to the extent that the asset's new carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Equity

Dividend

Proposed dividends are recognised as a liability when a resolution approving the dividends has been adopted by the Annual General Meeting of shareholders (the time of declaration). Dividends expected to be paid for the year are presented as a separate item under equity.

Treasury shares

Cost and selling prices and dividends related to treasury shares are recognized in a separate account under equity. A capital reduction through cancellation of treasury shares reduces the share capital by an amount equal to the nominal value of the investment.

Income taxes and deferred taxes

Current tax liabilities and current tax receivable are recognised in the balance sheet as tax calculated on the taxable income for the year, adjusted for tax on previous years' taxable income and for provisional tax paid on account.

Deferred tax is measured according to the balance sheet-oriented liability method on all temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, no deferred tax is recognised on temporary differences relating to goodwill not deductible for tax purposes, office properties, or other items where temporary differences – except in the case of acquisitions of companies – have arisen at the time of acquisition and affect neither the net profit for the year nor the taxable income. In those cases where the calculation of the tax base can be made under alternative taxation rules, deferred tax is measured on the basis of the planned use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of loss carry forwards available for tax purposes are recognised under other non-current assets at the values at which they are expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity and jurisdiction.

Adjustment is made of deferred tax relating to eliminations of unrealised intra-group gains and losses.

Notes to the consolidated financial statements

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force at the balance sheet date will be applicable in the respective countries when the deferred tax liability is expected to crystallise as current tax. Changes in deferred tax as a result of changed tax rates are recognised in the income statement.

Financial liabilities

Debt to credit institutions, etc. is recognised on the raising of the loan at the proceeds received after deduction of transaction costs incurred. In subsequent periods the financial liabilities are measured at amortised cost using 'the effective interest method' so that the difference between the proceeds and the nominal value is recognised in the income statement under financial expenses over the loan term.

Other liabilities are measured at net realisable value.

Deferred income (liabilities)

Deferred income recognised as a liability comprises payments received concerning income in subsequent reporting periods.

CASH FLOW STATEMENT

The cash flow statement shows the consolidated cash flows for the year, broken down by cash flows from operating, investing and financing activities, respectively, the year's changes in cash and cash equivalents and the cash and cash equivalents at the beginning and end of the year.

Funds generated from corporate acquisitions and disposals are shown separately under 'Cash flows from investing activities'. Cash flows concerning acquired enterprises are recognised in the cash flow statement from the time of acquisition, and cash flows concerning disposals are recognised until the time of sale.

Cash flows from operating activities

Cash flows from operating activities are calculated as the profit or loss before tax, adjusted for non-cash operating items, working capital changes, interest received and paid and income taxes paid.

Cash flows from investing activities

Cash flows from investing activities include payments in connection with purchases and sales of enterprises and activities, purchases and sales of intangible, tangible and other long-term activities, and purchases and sales of securities not recognised as cash and cash equivalents.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the share capital and costs connected therewith, as well as the raising of loans, repayments on interest-bearing debt, purchases and sales of treasury shares, and payment of dividend to shareholders.

Cash and cash equivalents

Cash and cash equivalents include cash balances as well as short-term bank debt which is an integral part of the company's capital reserves.

SEGMENT INFORMATION

The Group's geographical areas are regarded as the primary segment. The primary segment is divided into Denmark, Sweden, Norway and other countries. The Group's business activities are regarded as the secondary segment and are divided into 'Newspaper publication and distribution' and 'Internet services'. The segment information is presented in conformity with the Group's risks and its management and internal financial management procedures.

Revenue in the primary segments comprises newspaper publishing, distribution and Internet services and in Denmark, also printing works and publication of dailies.

Notes to the consolidated financial statements

Segment income and expenses as well as segment assets and liabilities comprise the items that are directly attributable to the individual segment and the items that can be allocated to the individual segment on a reliable basis. Unallocated items mainly comprise assets and liabilities as well as income and expenses relating to the Group's administrative functions, investment activity, income taxes, etc.

Non-current assets in the segment include non-current assets used directly in the segment's operations, including intangible assets and property, plant and equipment, and investments in associates.

Current assets in the segment comprise current assets used directly in the segment's operations, including inventories, trade receivables, other receivables, prepayments and cash and cash equivalents.

Segment liabilities comprise liabilities derived from the segment's operations, including trade payables as well as other payables.

FIXED ASSET CATEGORIES

As a result of the consolidation of Helsingør Dagblad A/S, the fixed asset category "Plant and machinery" has become a material group of assets and it is therefore shown as a separate balance-sheet item. In addition, leasehold improvements are included under "Land and buildings". Comparative figures have been restated to reflect the new form of presentation.

CHANGED PRESENTATION OF THE PROFITS/LOSSES OF ASSOCIATES

As stated in the interim report, which was published on 9 August 2006, the presentation of tax on the profits of associates has been changed from the Annual Report for 2005. The profits/losses of associates are now recognised after tax and are shown under Financials. Comparative figures and key ratios have been restated to reflect the new form of presentation.

Notes to the consolidated financial statements

3 Ratio Definitions

Gross margin	=	$\frac{\text{Gross margin} \times 100}{\text{Revenue}}$
Operating profit before depreciation and amortisation	=	EBITDA
Operating profit	=	EBIT
Operating margin	=	$\frac{\text{EBIT} \times 100}{\text{Revenue}}$
Return on assets	=	$\frac{\text{EBIT} \times 100}{\text{Total assets}}$
Liquidity ratio	=	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$
Equity ratio	=	$\frac{\text{Equity at the end of the period} \times 100}{\text{Total assets}}$
Return on equity (ROE)	=	$\frac{\text{Net profit} \times 100}{\text{Average equity}}$
Net interest-bearing debt	=	Interest-bearing debt less interest-bearing cash and receivables
Net working capital (NWC)	=	Receivables less current liabilities excl. interest-bearing debt
Capital employed	=	Equity and minority interests plus net interest-bearing debt
Return on capital employed (ROIC)	=	$\frac{\text{EBIT} \times 100}{\text{Average capital employed}}$
Interest cover	=	$\frac{\text{EBIT} + \text{financial income}}{\text{Financial expenses}}$
Financial gearing	=	$\frac{\text{Net interest-bearing debt}}{\text{Equity}}$
Net interest-bearing debt as a ratio of EBITDA	=	$\frac{\text{Net interest-bearing debt}}{\text{EBITDA}}$
Free cash flow	=	EBITDA minus investments adjusted for changes in operational balance sheet items excl. tax
Cash conversion (%)	=	$\frac{\text{Free cash flow}}{\text{EBIT}}$
Earnings per share (EPS)	=	$\frac{\text{Parent company's share of net profit for the year}}{\text{Average number of shares in circulation}}$
Diluted earnings per share (EPS-D)	=	$\frac{\text{Parent company's share of net profit for the year}}{\text{Average number of diluted shares in circulation}}$
Price Earning (P/E)	=	$\frac{\text{Share price}}{\text{EPS}}$
Cash flow per share	=	$\frac{\text{Cash flow from operating activities}}{\text{Average number of shares}}$
Dividend rate	=	$\frac{\text{Distributed dividend} \times 100}{\text{Average share capital}}$

Earnings per share (EPS) and diluted earnings per share (EPS-D) are calculated in accordance with IAS 33.

Other ratios have been prepared in accordance with the Danish Society of Financial Analysts' "Recommendations & Ratios 2005", where these are defined.

4 Significant accounting estimates

The calculation of carrying amount of certain assets and liabilities requires an estimate of how future events affect the value of these assets and liabilities on the balance sheet day. Estimates which are significant to the presentation of financial statements are, for example, made when calculating amortisation and impairment losses, provisions as well as contingent liabilities and assets.

The estimates are based on assumptions that management believes to be reasonable but which, in the nature of the case, are uncertain and unpredictable. The assumptions can be incomplete or inaccurate, and unexpected events or circumstances may occur. Furthermore, the enterprise is subject to risks and uncertainties that may lead to actual results that differ from these estimates. Special risks that Søndagsavisen is exposed to are mentioned in the Management's Review on pages 13-15.

Assumptions about the future and about other uncertain estimates on the balance sheet day are disclosed in the notes if they involve a material risk of changes that may lead to significant adjustment of the carrying amount of assets or liabilities within the next financial year.

For Søndagsavisen the measurement of intangible assets, including goodwill, can be significantly affected by material changes in estimates and assumptions underlying the calculations of the values. For a description of the impairment test of intangible assets, see note 17.

Deferred tax assets are recognised to the extent it is probable that they can be utilised in connection with future profits in the company or elsewhere in the Group. Capitalisation of tax assets is thus based on estimates of earnings expectations.

The most significant estimates made in the presentation of the financial statements are:

- The useful life of plant and machinery.
- Goodwill, including the possible necessity of writing down goodwill from subsidiaries as well as goodwill arising from acquisitions of associates.

Notes to the consolidated financial statements

5 Primary segment information - Geographic DKKm

2006	Denmark	Sweden	Norway	Other	Total
Revenue	1,353.4	253.0	39.1	21.1	1,666.6
Gross profit	401.1	113.8	25.4	20.6	560.9
Operating profit before depreciation and amortisation (EBITDA)	225.2	24.2	0.4	3.5	253.3
Depreciation and amortisation	69.9	2.8	0.5	0.1	73.3
Operating profit (EBIT)	155.3	21.5	-0.2	3.4	180.0
Profit of associates	2.1	0.0	0.0	0.0	2.1
Profit before tax	148.2	23.0	0.1	3.2	174.5
Net profit for the year	107.9	18.8	0.1	4.9	131.7
Minority interests	12.4	-0.2	0.0	0.0	12.2
Shareholders' share	95.5	19.0	0.1	4.9	119.5
Non-current assets	670.7	7.6	1.8	1.9	682.0
Current assets	148.2	86.3	7.4	5.3	247.2
Segment assets	818.9	93.9	9.2	7.2	929.2
Goodwill	39.8	2.5	0.8	0.0	43.1
Non-current liabilities	129.5	0.0	0.0	0.0	129.5
Current liabilities	247.8	39.3	5.3	1.9	294.3
Segment liabilities	377.3	39.3	5.3	1.9	423.8
Investments in associates	10.5	0.0	0.0	0.0	10.5
Investments	100.4	3.2	0.4	0.1	104.1
Cash flow from operating activities	155.1	24.7	0.0	2.6	182.4
Cash flow from investing activities	-122.6	-2.8	-0.4	0.1	-125.7
Cash flow from financing activities	-22.3	2.7	-0.3	-0.6	-20.5
Average number of employees	936	221	27	7	1,191
Operating margin (EBIT)	11%	8%	0%	16%	11%
EBITDA margin	17%	10%	1%	16%	15%
Return on net assets	19%	23%	-2%	46%	19%
Gross margin	30%	45%	65%	98%	34%

Notes to the consolidated financial statements

5 Primary segment information - Geographic DKKm

2005	Denmark	Sweden	Norway	Other	Total
Revenue	1,127.4	241.0	36.6	12.4	1,417.4
Gross profit	328.3	106.8	21.1	10.8	467.0
Operating profit before depreciation and amortisation (EBITDA)	141.7	22.3	4.8	-3.4	165.4
Depreciation and amortisation	49.3	3.4	0.3	0.2	53.2
Operating profit (EBIT)	92.4	18.9	4.5	-3.6	112.2
Profit of associates	7.7	-1.3	0.0	0.0	6.4
Profit before tax	88.7	19.3	4.6	-4.5	108.1
Net profit for the year	64.7	13.0	4.5	-4.6	77.6
Minority interests	8.4	-0.2	0.0	0.0	8.2
Shareholders' share	56.3	13.2	4.5	-4.6	69.4
Non-current assets	540.8	7.9	2.0	0.4	551.1
Current assets	132.1	55.9	11.7	4.5	204.2
Segment assets	672.9	63.8	13.7	4.9	755.3
Goodwill	38.4	2.4	0.8	0.0	41.6
Non-current liabilities	107.3	0.1	0.0	0.5	107.9
Current liabilities	275.4	34.4	5.3	1.9	317.0
Segment liabilities	382.7	34.5	5.3	2.4	424.9
Investments in associates	79.1	0.0	0.0	0.0	79.1
Investments	60.2	1.0	1.0	0.1	62.3
Cash flow from operating activities	139.2	20.2	6.0	-2.4	163.0
Cash flow from investing activities	-63.4	-0.4	-0.9	0.2	-64.5
Cash flow from financing activities	-39.5	-2.2	0.2	0.3	-41.2
Average number of employees	719	224	25	7	975
Operating margin (EBIT)	8%	8%	12%	-29%	8%
EBITDA margin	13%	9%	13%	-28%	12%
Return on net assets	14%	30%	33%	-74%	15%
Gross margin	29%	44%	58%	87%	33%

Notes to the consolidated financial statements

6 Secondary segment information - business activities

DKKm	2006			2005		
	Newspaper publication & distribution	Internet	Total	Newspaper publication & distribution	Internet	Total
Revenue	1,588.9	77.7	1,666.6	1,355.8	61.6	1,417.4
Operating profit	173.6	6.4	180.0	114.2	-2.0	112.2
Non-current assets	633.8	48.2	682.0	509.7	41.4	551.1
Liabilities	376.2	47.6	423.8	377.8	47.1	424.9
Investments	88.0	16.1	104.1	47.2	15.1	62.3

7 Employee and staff costs

Average number of employees

2006 DKKm	2005 DKKm
1,191	975

In addition, a large number of part-time employees are working within distribution.

Analysis of total salaries and remuneration for the year:

Wages and salaries, incl. compensated absence	729.4	642.0
Defined contribution pensions	23.3	17.7
Other social security costs	25.2	25.0
Remuneration of the Parent Company's Board of Directors	1.3	1.3
Share based payment	0.9	0.0
Other staff costs	18.3	16.8
Employee and staff costs	798.4	702.8

The total staff costs are included under the following items in the income statement:

Production costs	564.8	488.7
Sales and marketing expenses	127.8	128.0
Administrative expenses	105.8	86.1
Employee and staff costs	798.4	702.8

Notes to the consolidated financial statements

7 Employee and staff costs, continued

Remuneration of the Board of Directors, Management and managerial staff:

DKKm

	Board of Directors of Parent Company	Board of management of Parent Company	Other managerial staff	Total
2006				
Wages and salaries	1.3	6.5	9.0	16.8
Pension	0.0	0.3	0.5	0.8
Share based payment	0.0	0.9	0.0	0.9
Remuneration of the Board of Dir., Management and man. staff	1.3	7.7	9.5	18.5

	Board of Directors of Parent Company	Board of management of Parent Company	Other managerial staff	Total
2005				
Wages and salaries	1.3	7.1	4.7	13.1
Pension	0.0	0.3	0.4	0.7
Severance pay	0.0	5.6	0.0	5.6
Remuneration of the Board of Dir., Management and man. staff	1.3	13.0	5.1	19.4

The Board of Directors of the Parent Company has in 2006 consisted of 6 members. From 29 April 2005 the Board of Directors was expanded from 4 to 6 members.

The Board of Management of the Parent Company was in 2005 reduced from 4 to 2 members. The Board of Management was expanded from 1 September 2006 and now consists of 3 members.

8 Share based payment

In spring 2006, Søndagsavisen a-s established a share option programme for the company's chief executive officer. The share option programme comprised a total of 100,000 share options at 31 December 2006. Each share option gives the option holder the right to buy one existing share of DKK 5.00 in Søndagsavisen a-s. The outstanding options correspond to 0.44% of the share capital if all share options are exercised.

The share option programme runs until 2009.

The options have been issued at an exercise price corresponding to the market price of the company's shares at the time of allocation. With a few exceptions, exercise of the share options is conditional on the option holder being employed by the Group at the time of exercise.

The options can be exercised in the period from one week after the publication of the company's preliminary announcement of the Annual Report for 2008 until five weeks after publication of the company's preliminary announcement of the Annual Report for 2009. Exercise can only take place within the trading windows which at the time of the exercise are stipulated in the company's internal rules, in accordance with the insider trading rules of the Danish Securities Trading Act and the Copenhagen Stock Exchange (Københavns Fondsbørs A/S).

The options can only be settled in shares. A portion of the company's holding of treasury shares has been reserved for settlement of the options granted.

During the year DKK 0.9 million was debited under staff costs relating to the option scheme.

Notes to the consolidated financial statements

	2006 DKK m	2005 DKK m
9 Amortisation, depreciation and impairment		
Intangible assets	22.2	18.4
Property, plant and equipment	51.1	34.8
Total amortisation, depreciation and impairment	73.3	53.2
Total amortisation, depreciation and impairment of intangible assets, property, plant and equipment is included under the following items in the income statement:		
Production costs	51.8	27.5
Sales and marketing expenses	3.8	2.6
Administrative expenses	17.7	23.1
Total amortisation, depreciation and impairment	73.3	53.2
10 Fee to the auditors appointed by the company in general meeting		
Audit:		
Ernst & Young	2.3	2.3
Andersen Hübertz Kirkhoff	0.2	0.2
Total audit	2.5	2.5
Advisory services:		
Ernst & Young	1.1	1.0
Total advisory services	1.1	1.0
Total audit and advisory services	3.6	3.5
11 Share of profit of associates after tax		
Share of profit before tax	3.8	8.1
Share of tax	-1.7	-1.9
Gain on the divestment of associates	0.0	0.2
Total share of profit of associates after tax	2.1	6.4
12 Net financials		
Interest income, etc.	2.4	3.1
Currency adjustments	-0.4	0.7
Interest expenses, etc.	-9.6	-14.3
Total net financials	-7.6	-10.5

Notes to the consolidated financial statements

	2006 DKKm	2005 DKKm
13 Income tax		
In the period under review income tax was paid in the amount of	-56.2	-3.6
Income taxes in the income statement:		
Current tax charge, incl. surcharges/allowances	37.3	16.4
Change in the deferred tax charge	5.9	12.6
Adjustment relating to IFRS, beginning of year	0.0	0.5
Adjustment relating to prior years	-0.4	0.0
Change of tax rate	0.0	1.0
Total income tax	42.8	30.5
Analysis of tax for the year:		
Calculated 28% tax on the profit before tax	48.9	30.3
Tax effect of:		
Capitalisation of tax assets, not previously included	-7.1	0.0
Other non-deductible expenses	2.0	2.0
Share of profit after tax of associates	-0.6	-1.8
Adjustment relating to prior years	-0.4	0.0
Total income tax	42.8	30.5
Effective tax rate	24.5%	28.2%
14 Earnings per share		
Net profit for the year	131.7	77.6
Minority interests' share of the consolidated profit	-12.2	-8.2
The Søndagsavisen a-s Group's share of the net profit for the year	119.5	69.4
Average number of shares	22.3	22.3
Average number of treasury shares	1.2	1.7
Average number of shares in circulation	21.1	20.6
Average dilution effect of outstanding share options	0.0	0.0
Average number of diluted shares in circulation	21.1	20.6
Earnings per share (EPS) of DKK 5	5.7	3.4
Diluted earnings per share (EPS-D) of DKK 5	5.7	3.4

The calculation of diluted earnings per share does not include 100,000 share options which on average have been out-of-the-money, but which can potentially dilute earnings per share in the future.

15 Dividend per share

At the annual general meeting on 27 April 2007, the Board of Directors will recommend payment of a dividend for 2006 of DKK 1.00 per share of DKK 5.00, equivalent to a payment of DKK 21.1 million, or a total dividend of DKK 22.3 million reduced by dividend on treasury shares of DKK 1.2 million.

The dividend for 2005 amounted to DKK 0.80 per share of DKK 5.00, equivalent to a total payment of DKK 16.8 million, or a total dividend of DKK 17.8 million reduced by dividend on treasury shares of DKK 1.0 million.

Notes to the consolidated financial statements

16 Acquired activities

Søndagsavisen acquired 12.67% of the shares in Helsingør Dagblad A/S on 1 January 2006, increasing its ownership interest to 57%. Helsingør Dagblad A/S is now a subsidiary.

In connection with the purchase of 12.67% of the shares Søndagsavisen measured identifiable intangible assets and property, plant and equipment at fair value.

	Fair value at the time of acquisition 100%	Carrying amount before acquisition 100%	Fair value at the time of acquisition 12.67%	Carrying amount before acquisition 12.67%
Intangible assets	15.8	0.0		
Property, plant and equipment assets	150.3	165.0		
Other long-term assets	4.7	4.7		
Inventories	2.2	2.2		
Receivables	20.5	20.5		
Cash	2.8	2.8		
Financial institutions	-1.0	-1.0		
Deferred tax	-24.5	-24.9		
Trade payables	-5.2	-5.2		
Other payables	-15.2	-12.7		
Net assets acquired	150.4	151.4	19.0	19.2
Goodwill	10.8		1.4	
Cost	161.2		20.4	
Of which cash	-2.8		-2.8	
Cash Costs	158.4		17.6	

After recognition of identifiable assets, liabilities and contingent liabilities at fair value goodwill in connection with the acquisition has been calculated at DKK 1.4 million. Goodwill represents the value of existing staff, know-how, access to future purchases of paper through 'Den Danske Presses Fællesindkøbs-Forening', as well as synergies from the increased ownership interest.

The result is fully included in the consolidated profit for 2006. If Helsingør Dagblad A/S had been consolidated into Søndagsavisen's profit for 2005 with an ownership interest of 57%, consolidated profit would have risen by DKK 5.0 million, of which DKK 4.0 million would have belonged to minority interests.

For further effect of the consolidated income statement of 2005 if Helsingør Dagblad A/S had been consolidated, see note 33.

Notes to the consolidated financial statements

17 Intangible assets

DKKm

	Goodwill	Other intangible assets	Completed develop. projects, software	Development projects in progress	Total
2006					
Cost at 1 January	49.4	15.4	110.1	3.9	178.8
Restatement at opening values	0.1	0.2	0.0	0.0	0.3
Additions, Group enterprise	0.0	15.6	0.2	0.0	15.8
Additions in the year	1.4	0.0	14.0	11.4	26.8
Disposals in the year	0.0	0.0	5.4	7.8	13.2
At 31 December	50.9	31.2	118.9	7.5	208.5
Amortisation and impairment at 1 January	7.8	12.2	72.5	0.0	92.5
Restatement at opening values	0.0	0.2	0.0	0.0	0.2
Amortisation and impairment in the year	0.0	1.0	21.2	0.0	22.2
Disposals in the year	0.0	0.0	5.3	0.0	5.3
Amortisation and impairment at 31 December	7.8	13.4	88.4	0.0	109.6
Carrying amount at 31 December	43.1	17.8	30.5	7.5	98.9

	Goodwill	Other intangible assets	Completed develop. projects, software	Development projects in progress	Total
2005					
Cost at 1 January	43.7	16.0	85.7	10.1	155.5
Restatement at opening values	-0.1	-0.1	0.0	0.0	-0.2
Additions in the year	5.8	0.0	25.2	13.4	44.4
Disposals in the year	0.0	0.5	0.8	19.6	20.9
At 31 December	49.4	15.4	110.1	3.9	178.8
Amortisation and impairment at 1 January	7.8	12.8	54.5	0.0	75.1
Restatement at opening values	0.0	-0.1	0.0	0.0	-0.1
Amortisation and impairment in the year	0.0	0.0	18.4	0.0	18.4
Disposals in the year	0.0	0.5	0.4	0.0	0.9
Amortisation and impairment at 31 December	7.8	12.2	72.5	0.0	92.5
Carrying amount at 31 December	41.6	3.2	37.6	3.9	86.3
Amortised over	- 10-20 years	3-5 years	-	-	

Other intangible assets was previously called 'acquired rights'.

17 Intangible assets, continued

Assets with an indefinite life

Assets with an indefinite life are not amortised but are instead subject to an impairment test.

Goodwill is by definition an asset with an indefinite life.

Other intangible assets in the Group comprise distribution rights acquired in connection with acquisitions. The Group cannot foresee a limit to the period over which the assets may be expected to generate future economic benefits for the Group. The distribution rights are therefore believed to have an indefinite life.

Impairment test

Goodwill and intangible assets were tested for impairment in connection with the preparation of the financial statements. Based on this test, it can be concluded that no write-down for impairment is required.

The impairment test was carried out by comparing the carrying amounts with the discounted values of future cash flows for each cash-generating unit (CGU).

The discount model is based on budget 2007, which is projected five years ahead based on conservative estimates, after which the terminal value is fixed as the value of an infinite series with EBIT growing by 1% every year. Discounting is carried out at a WACC of 8.6%.

A significant assumption underlying the projections is the EBIT growth rate, which is conservatively estimated for individual CGUs. The working capital does not incorporate any change, which is a conservative assumption since the business model is based on a negative working capital due to a relatively high turnover rate for customer receivables. Depreciation, amortisation and investments have been projected to increase at the same growth rate as EBIT. The tax rate of the model has been fixed at 28%.

Notes to the consolidated financial statements

18 Property, plant and equipment DKKm

	Land and buildings	Operating Plant and machi- nery	Property, equipment, fixtures and fittings	Property, plant and equipm. in course of construction	Total
2006					
Cost at 1 January	323.8	56.4	180.0	0.3	560.5
Restatement at opening values	0.0	0.0	0.5	0.0	0.5
Additions, Group enterprise	61.2	236.5	4.7	3.3	305.7
Additions in the year	21.8	26.4	27.4	53.1	128.7
Disposals in the year	0.1	0.2	13.1	42.2	55.6
At 31 December	406.7	319.1	199.5	14.5	939.8
Depreciation and impairment at 1 January	27.4	21.1	137.3	0.0	185.8
Restatement at opening values	0.0	0.0	0.4	0.0	0.4
Additions, Group enterprise	14.0	138.1	3.3	0.0	155.4
Impairment and depreciation in the year	7.8	24.2	19.1	0.0	51.1
Disposals in the year	0.1	0.2	9.9	0.0	10.2
Depreciation and impairment at 31 December	49.1	183.2	150.2	0.0	382.5
Carrying amount at 31 December	357.6	135.9	49.3	14.5	557.3

Plant and machinery is a significant category of fixed assets after consolidation of Helsingør Dagblad A/S and is therefore shown separately. At the same time, leasehold improvements are included under Land and buildings. Comparative figures have been restated to reflect the new form of presentation.

In 2006, the depreciation period of certain items of plant and machinery was reassessed. Compared with 2005, the changes had a positive effect of DKK 6.0 million on the profit.

The Group has entered into contracts for the supply of buildings and plant and machinery for a value of approximately DKK 45 million, which is not recognised in the balance sheet.

The public property evaluation of land and buildings totalled DKK 202.2 million at 1 January 2006, compared to DKK 142.6 million at 1 January 2005.

	Land and buildings	Operating Plant and machi- nery	Property, equipment, fixtures and fittings	Property, plant and equipm. in course of construction	Total
2005					
Cost at 1 January	313.4	0.0	223.6	0.0	537.0
Restatement at opening values	0.0	0.0	-0.6	0.0	-0.6
Additions in the year	10.6	2.9	20.2	0.3	34.0
Disposals in the year	0.2	0.0	9.7	0.0	9.9
Reclassification	0.0	53.5	-53.5	0.0	0.0
At 31 December	323.8	56.4	180.0	0.3	560.5
Depreciation and impairment at 1 January	20.9	0.0	138.0	0.0	158.9
Restatement at opening values	0.0	0.0	-0.5	0.0	-0.5
Impairment and depreciations in the year	6.6	11.4	16.8	0.0	34.8
Disposals in the year	0.1	0.0	7.3	0.0	7.4
Reclassification	0.0	9.7	-9.7	0.0	0.0
Depreciation and impairment at 31 December	27.4	21.1	137.3	0.0	185.8
Carrying amount at 31 December	296.4	35.3	42.7	0.3	374.7
Depreciated over	35-50 years	5-10 years	3-5 years	-	

Notes to the consolidated financial statements

19 Investments in Joint Ventures

Joint Venture companies are recognised on a pro rata basis in the consolidated income statement.

Joint Ventures:	Registered office	Ownership	
		2006	2005
Dansk Distributions Center P/S	Taastrup	50%	50%
Dansk Distributions Center Komplementar ApS	Søborg	50%	50%
Tryksagsomdelingen Fyn P/S	Svendborg	57%	57%
Tryksagsomdelingen Fyn Komplementar ApS	Søborg	60%	60%
MDA Holding ApS	Aarhus	50%	50%

Reference is made to the Group structure on page 68.

	2006 DKKm	2005 DKKm
Summary of the Group's share of the profits, etc. of Joint Ventures:		
Revenue	191.0	184.3
Expenses	170.6	164.7
Other operating income	0.5	0.5
Net financials	0.4	0.1
Profit before tax	21.3	20.2
Non-current assets	3.4	4.3
Current assets	23.6	22.2
Total assets	27.0	26.5
Current liabilities	2.9	2.1
Total liabilities	2.9	2.1

20 Investments in associates

Net assets value at 1 January	79.1	69.9
Restatement at opening values	0.0	-0.1
Addition in the year	0.0	8.0
Disposals in the year	-67.1	-0.2
Share of profit before tax	3.8	8.1
Share of tax	-1.7	-1.9
Revaluation	0.0	-0.1
Dividend	-3.6	-4.6
Net assets value at 31 December	10.5	79.1

Disposals during the year under associates represents the value of the shareholding in Helsingør Dagblad A/S at 1 January 2006 on the transition to full consolidation.

Notes to the consolidated financial statements

20 Investments in associates, continued

Associates:

	Registered office	Ownership	
		2006	2005
Helsingør Dagblad A/S, subsidiary at 1 January 2006	Helsingør	-	44%
A/S Vestsjællandske Distriktsblade	Slagelse	50%	50%
Lokalavisen Holding ApS	Frederikssund	50%	50%

Reference is made to the Group structure on page 68.

Summary of the Group's share of profits etc. of associates:

	2006 DKKm	2005 DKKm
Revenue	30.3	92.3
Profit before tax	3.8	8.1
Total assets	11.4	98.0
Total liabilities	6.3	22.6

21 Deferred tax

Deferred tax at 1 January	-8.6	-11.6
Restatement at opening values	0.0	0.2
Deferred tax for the year included in the net profit for the year	5.9	12.6
Addition Group enterprises	24.4	0.0
Adjustment relating to reversals of property depreciation for tax purposes	0.0	-11.3
Adjustment relating to IFRS, beginning of year	0.0	0.5
Change in tax rate	0.0	1.0
Deferred tax at 31 December, net	21.7	-8.6

Specification of deferred tax:

DKKm	2006			2005		
	Assets	Liabilities	Total	Assets	Liabilities	Total
Intangible assets	7.9	23.1	-15.2	10.5	8.2	2.3
Property, plant and equipment	1.5	10.8	-9.3	5.3	0.1	5.2
Current assets	0.9	0.0	0.9	1.2	0.0	1.2
Non-current liabilities	0.0	0.2	-0.2	0.0	1.3	-1.3
Tax losses available for carry-forward	2.1	0.0	2.1	1.2	0.0	1.2
Total	12.4	34.1	-21.7	18.2	9.6	8.6
Set-off deferred tax assets and deferred tax liabilities within the same legal tax entities and jurisdictions	4.4	4.4	0.0	9.2	9.2	0.0
Deferred tax assets/deferred tax at 31 December	8.0	29.7	-21.7	9.0	0.4	8.6

Deferred tax assets and tax liabilities not recognised in the balance sheet:

The parent company is subject to an obligation concerning retaxation balances for some of the foreign subsidiaries. These balances are not expected to release current taxes in the Group in excess of 28%. This is because the retaxation balance for the Norwegian company is set off by local deficits carried forward, and retaxation balances for discontinuing companies are not expected to release current tax payable.

In addition, there are deficits carried forward mainly in Norwegian companies with a tax value of approximately DKK 40 million that do not fulfil the criteria for recognition since it is not expected that they can be utilised within the foreseeable future.

Notes to the consolidated financial statements

22 Equity

Share capital	Number in thousand		Nominal value DKK'000	
	2006	2005	2006	2005
At 1 January	22,280	22,280	111,400	111,400
At 31 December	22,280	22,280	111,400	111,400

The share capital consists of 22,280,000 shares of DKK 5.00 nominal value each. No shares carry special rights.

Treasury shares	Number in thousand		Nominal value DKK'000		% of share capital	
	2006	2005	2006	2005	2006	2005
At 1 January	1,218	1,888	6,090	9,440	5.47%	8.47%
Addition in the year	0	330	0	1,650	-	1.48%
Disposals in the year	0	1,000	0	5,000	-	4.49%
At 31 December	1,218	1,218	6,090	6,090	5.47%	5.47%

Søndagsavisen a-s is authorised to acquire a maximum nominal amount of DKK 11,140,000 of share capital in the period until the next Annual General Meeting, however before 1 June 2007 at the latest.

In 2006, Søndagsavisen a-s did not acquire or dispose of treasury shares.

The holding of treasury shares has been acquired as a part of the capital reserve for any future acquisitions and to hedge outstanding share options.

Management's share of issued options:

	Offered	Number	Lapsed Number	Exercised Number	Unexercised at 31.12.2006 Number	Exercise Price	Liability recognised	Total liability
							on an accrual basis	
							DKK m	DKK m
Mads Dahl Andersen	April 2006	100,000	0	0	100,000	77.28	0.9	3.7

The options are granted to promote the company's long-term growth and earnings.

The options can only be settled in shares. Søndagsavisen a-s has a holding of treasury shares, reserved to cover the option programme, which provides full cover for the exercise of the option programme so that the exercise will not affect the Group's liquidity through acquisitions of shares in the market.

The share options cannot be exercised until in 2009 at the earliest.

The fair value of the option programme for the Management is DKK 1.0 million at 31 December 2006.

The value of the options (calculated using the Black & Scholes formula) at the time of allocation was approx. one year's salary. The calculation of the fair value of the options is based on the following assumptions:

- The interest rate applied is the interest rate on Danish government securities with a maturity of three years.
- The expected dividend payment is equivalent to the 2005 dividend.
- The share's volatility is calculated as a monthly average (beginning to end of period) over five years.
- The options are exercised the first time they are exercisable.

Notes to the consolidated financial statements

	2006 DKKm	2005 DKKm
23 Other provisions		
Carrying amount at 1 January	0.5	0.1
Additions in the year	0.0	0.5
Used in the year	0.5	0.1
Carrying amount at 31 December	0.0	0.5

Other provisions are provided to counter expected losses in connection with the liquidation of foreign subsidiaries. The provisions have been used during the year.

24 Financial institutions		
Due within 1 year	72.4	89.8
Current	72.4	89.8
Due within 1 and 5 years	19.0	18.4
Due after 5 years	72.1	77.0
Non-current	91.1	95.4
Total debt to financial institutions	163.5	185.2

At 31 December the Group had the following loans and credits:

Loan	Expire	Fixed/ Variable	Effective interest		Carrying amount		Fair value	
			2006	2005	2006 DKKm	2005 DKKm	2006 DKKm	2005 DKKm
DKK	2022 ¹⁾	Fixed	5.44%	5.47%	42.4	44.4	42.4	44.5
DKK	2023	Fixed	5.76%	5.75%	31.9	33.1	32.5	33.7
DKK	2023	Fixed	5.76%	5.75%	20.2	21.0	20.6	21.3
DKK	2014	Fixed	5.73%	5.65%	0.9	1.0	0.9	1.0
SEK	2006	Fixed	-	6.85%	0.0	0.1	0.0	0.1
SEK	2006	Fixed	-	7.15%	0.0	0.1	0.0	0.1
DKK	2007 ²⁾	Variable	3.88%	2.91%	68.1	85.5	68.1	85.5
At 31 December					163.5	185.2	164.5	186.2
Specification:								
Non-current financial institutions					91.1	95.4		
Current financial institutions					4.3	4.3		
Cash pool, current financial institutions					68.1	85.5		
At 31 December					163.5	185.2		

The fair value is calculated as the market value of remaining bond debt.

1) Interest swapped from a floating to a fixed rate, see note 25.

2) Consists of short-term bank debt based on regular renegotiation of interest rates and repayment.

Notes to the consolidated financial statements

	2006 DKKm	2005 DKKm
25 Other accrued expenses, interest-rate swap		
Due after 5 year	1.7	4.6
Non-current	1.7	4.6
Other accrued expenses, interest-rate swap	1.7	4.6

To secure the future interest payments on adjustable rate loans Søndagsavisen has entered into an interest-rate swap with Nordea.

With this interest-rate swap the Group has secured adjustable rate loans with a principal of DKK 49.3 million. The interest-rate swap terminates at the expiry of the loan at the end of 2022. An annual interest-rate adjustment is made on the basis of CIBOR 12 months.

The interest swap is measured at fair value at 31 December 2006. The year's revaluation of DKK 2.9 million has been taken to equity.

The interest sensitivity of the interest-rate swap is described in further detail in the Management's review under the section Interest-rate risks.

26 Subordinated loan capital

DICO A/S has granted MatchWork World Wide A/S a subordinated loan of DKK 7.0 million and promised to voluntarily subordinate its liability to other liabilities in case the company should become distressed.

Notes to the consolidated financial statements

	2006 DKKkm	2005 DKKkm
27 Income tax payable		
Income tax payable at 1 January	16.2	-7.9
Current tax for the year	37.3	16.4
Adjustment relating to reversals of property depreciation for tax purposes	0.0	11.3
Adjustment relating to prior years	-0.3	0.0
Addition Group enterprise	-0.1	0.0
Income taxes paid in the year	-56.2	-3.6
Income tax payable at 31 December	-3.1	16.2
Appropriated as follows:		
Income tax receivable	4.7	0.0
Income tax payable	1.6	16.2
Income tax payable at 31 December	-3.1	16.2
28 Other payables		
A-tax (PAYE), etc. payable to public authorities	27.7	26.0
VAT liability	17.9	17.2
Other debt	93.6	78.3
Other payables	139.2	121.5
29 Adjustments for non-cash operating items		
Share of profit in associates	-2.1	-6.4
Tax for the year	42.8	30.5
Amortisation and impairment of non-current assets	73.3	53.2
Net financials	7.5	10.5
Total adjustments	121.5	87.8
30 Changes in working capital		
Change in receivables	-1.7	3.8
Change in current liabilities, excl. short-term bank debt	-24.6	31.8
Change in receivables and payables	-26.3	35.6
Change in income taxes payable	19.1	-24.1
Change in interest receivable	-0.5	-2.4
Total change in working capital	-7.7	9.1
31 Addition of intangible assets and property, plant and equipment		
Investment in goodwill	0.0	-5.9
Investment in software	-17.6	-22.4
Investment in land and buildings	-21.8	-10.6
Investment in property, plant and equipment in progress	-10.9	-0.3
Investment in plant and machinery	-26.4	-2.9
Investment in operating equipment, fixtures and fittings	-27.4	-20.2
Total investments	-104.1	-62.3
32 Cash and cash equivalents		
Cash and cash equivalents at 31 December comprise:		
Cash	64.6	45.8
Short-term bank debt	-68.1	-85.5
Cash and cash equivalent at 31 December	-3.5	-39.7

Notes to the consolidated financial statements

33 Proforma figures for 2005 if Helsingør Dagblad A/S had been consolidated (unaudited):

	2006 DKKm	2005 DKKm Incl. HD	2005 DKKm Excl. HD
Income statement:			
Revenue	1,666.6	1,551.6	1,417.4
Gross Profit	560.9	500.0	467.0
Operating profit before depreciation and amortisation (EBITDA)	253.3	197.5	165.4
Operating profit (EBIT)	180.0	122.6	112.2
Profit before tax (EBT)	174.5	114.3	108.1
Net profit for the year	131.7	82.8	77.6
Appropriated as follows:			
Shareholders in Søndagsavisen a-s	119.5	70.6	69.4
Minority interests	12.2	12.2	8.2
Net profit for the year	131.7	82.8	77.6
Balance sheet:			
Assets:			
Property, plant and equipment	557.3	525.0	374.7
Investments in associates	10.5	11.9	79.1
Total non-current assets	25.8	27.6	90.1
Trade receivables	143.5	133.4	119.8
Total current assets	247.2	203.9	204.2
Total assets	929.2	859.9	755.3
Equity & Liabilities:			
Shareholders' equity	425.4	317.4	317.8
Minority interests	80.0	77.2	12.6
Total equity	505.4	394.6	330.4
Provision for deferred tax	29.7	24.9	0.4
Total non-current liabilities	129.5	132.4	107.9
Total current liabilities	294.3	332.9	317.0
Total equity and liabilities	929.2	859.9	755.3
Average number of employees	1,191	1,108	975
Selected ratios:			
Gross margin (%)	33.7	32.2	32.9
Operating margin (%)	10.8	7.9	7.9
Equity ratio (%)	54.4	45.9	43.7
Return on equity (%)	31.5	26.7	27.9
Net interest-bearing debt as a ratio of EBITDA	0.4	0.7	0.9
Earnings per share (EPS)	5.7	3.4	3.4

Notes to the consolidated financial statements

	2006 DKKm	2005 DKKm
34 Operating leases and rent obligations		
Operating leases:		
Future total expenses related to operating leases:		
Due within 1 year	2.8	2.5
Due within 1 and 5 years	2.0	3.1
Total	4.8	5.6
For operating leases the following amounts have been recognised in the income statement:	3.6	2.5
The Group has entered into operating leases relating to operating assets. The lease term is typically a period of between 2 and 8 years, with extension as may be arranged after the end of the term. No lease contains conditional rent payments.		
Rent obligations:		
Future total expenses related to rent obligations:		
Due within 1 year	14.1	9.0
Due within 1 and 5 years	16.1	14.5
Total	30.2	23.5
For the rent obligations the following amounts have been recognised in the income statement:	11.7	11.9
35 Contingent assets and liabilities, and guarantee obligations		
Guarantees and commitments:		
Søndagsavisen a-s' bank has provided a payment guarantee towards the 'Turnkey contractors'	2.0	0.0
Other guarantees	0.2	0.3
Other contingent liabilities:		
The company has entered into a contract for the supply of fixed assets for a value of approx. DKK 45 million, which has not been delivered at the balance-sheet date.		
36 Security for loan		
A mortgage deed registered to the mortgagor has been pledged as security for the loan.	50.0	50.0
Carrying amount of mortgaged properties	363.4	295.6

Notes to the consolidated financial statements

37 Related parties

As majority shareholders, Britt and Richard Bunck are affected by the disclosure requirements for related parties. During the financial year 2006, there were no transactions with Britt and Richard Bunck except for the payment of remuneration to the Board of Directors.

Søndagsavisen has transactions with a number of associates. All transactions are based on fair market values.

	2006 DKKm	2005 DKKm
Transactions with associates:		
Västsvenska Lokaltidningar AB, sale	0.0	1.3
Helsingør Dagblad A/S, purchase	0.0	-24.1
Lokalavisen Holding ApS, sale	3.8	0.0
A/S Vestsjællandske Distriktsblade, sale	6.8	5.6
Total transactions	10.6	-17.2
Helsingør Dagblad A/S	0.0	-6.3
Lokalavisen Holding ApS	2.2	0.0
A/S Vestsjællandske Distriktsblade	0.8	0.7
Receivables/payables from associates	3.0	-5.6

In the year under review no transactions were made with the Board of Directors, Management, managerial staff, significant shareholders or other related parties, except for the salaries and remuneration set out in note 7.

38 Subsequent events

No events other than those mentioned in the Annual Report have occurred since the presentation of the Annual Report on 28 February 2007 which would influence the reader's perception of the Annual Report.



Board of Directors and Corporate Management

Corporate Management

Mads Dahl Møberg Andersen
CEO, Søndagsavisen a-s

Kåre Stausø Wigh
CFO, Søndagsavisen a-s

Benny Juul Lundgaard
General Manager, Forbruger-Kontakt

Henrik Arndt
Group IT Officer, Søndagsavisen a-s
and Acting General Manager of
Søndagsavisen as of 26 January 2007

Thomas Egebøl
CSO, Søndagsavisen a-s

Lars Nymann Andersen
Legal Manager, Søndagsavisen a-s

Niels Kemal Onat
General Manager, OFiR a-s

Per Bowallius
VD, Gratistidningar i Sverige AB

Gorm Wesing Flyvholm
General Manager, Søndagsavisen
(Resigned on 26 January 2007)

Board of Directors

Publisher Richard Bunck, Chairman

Chairman of the Board of Directors of:
Samson Enviro Chemicals A/S

Vice Chairman of the Board of Directors of:
OFiR a-s

Member of the Board of Directors of:
OFiR Danmark a-s
OFiR Services A/S
MatchWork World Wide A/S

Peter Rasztar, Vice Chairman

Chairman of the Board of Directors of:
Nyhléns Hugosons AB, Luleå

Member of the Board of Directors of:
Tractechology, Stockholm
Danish Lithuanian Holding A/S, Vilnius

Steen Gede

Chairman of the Board of Directors of:
Brandhouse A/S
Elsparefonden
Unicare Nordic A/S
Forenede Service A/S

Vice Chairman of the Board of Directors of:
Sanistål A/S
DSB

Member of the Board of Directors of:
Gumlink A/S
Thiele A/S

Jesper Balsler

Member of the Board of Directors of:
Ascio Technologies Holding A/S

Ole Larsen

Chairman of the Board of Directors of:
Electronic Invest i Stockholm AB
Broadcast Consult ApS
Nordisk Film Post Production A/S
Nordisk Film Post Production AB
Nordisk Film Post Production AS
Egmont Imagination A/S
Mermaid Casino A/S

Member of the Board of Directors of:
Nordisk Film Post Production Sales
Dina Production AS
Nordisk Film TV-Produktion AB
Nordisk Film Produktion Sverige AB
Nordisk Film Post Production AB
Nordisk Film & TV Oy
Locomotion A/S
Nordisk Film AB
Nordisk Film AS
Nordisk Film Biografer

Björn Lindberg

Chairman of the Board of Directors of:
Gratistidningar i Stockholm AB
Lekolar AB
Ariterm AB
Ipendo AB

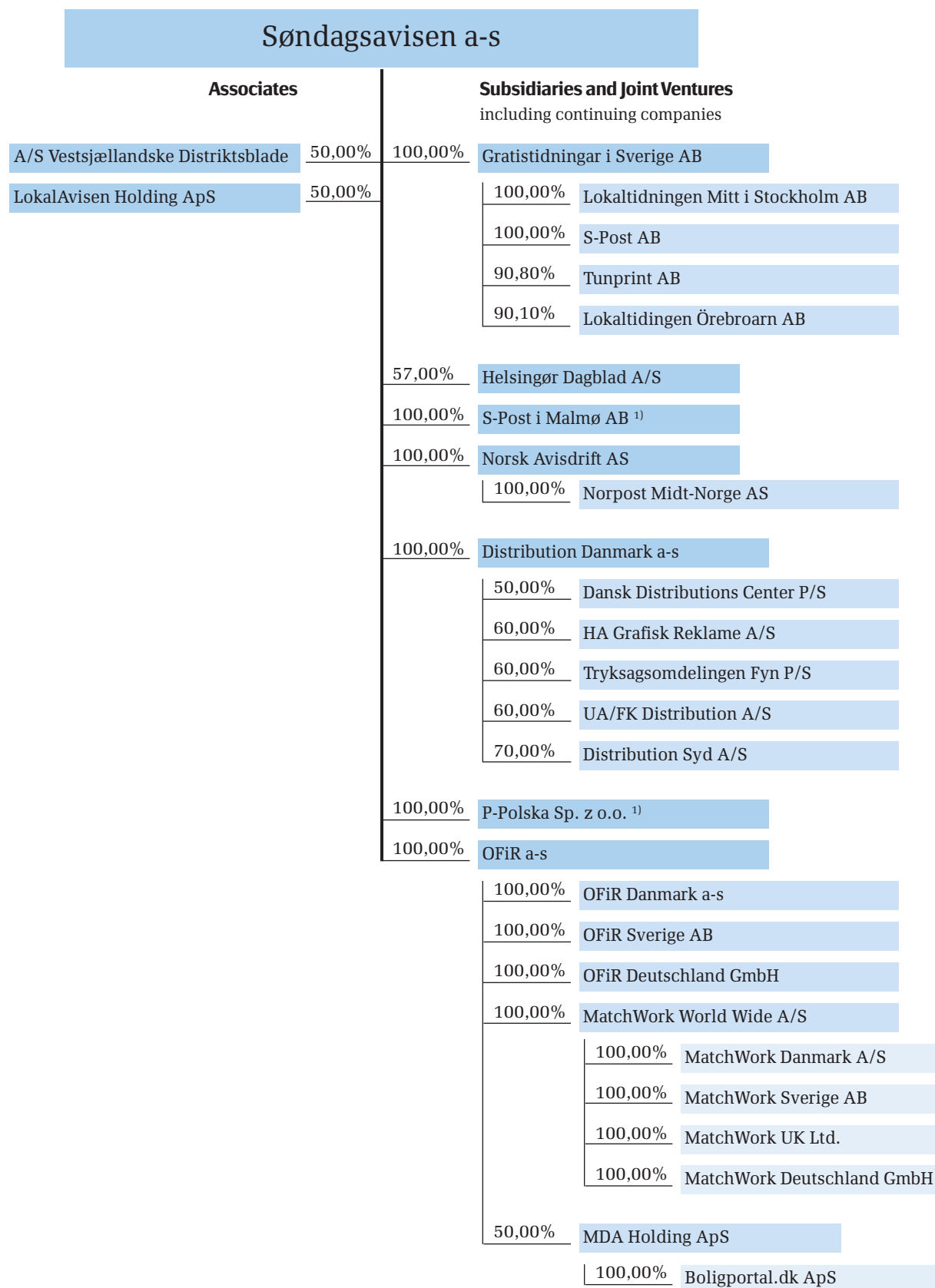
Board of Directors and Corporate Management



Board of Directors and Corporate Management from left to right: Benny Juul Lundgaard, Richard Bunck, Mads Dahl Møberg Andersen, Peter Rasztar, Jesper Balsler, Ole Larsen, Björn Lindberg, Steen Gede, Per Bowallius, Niels Kemal Onat, Thomas Egebøl, Henrik Arndt, Lars Nymann Andersen, Kåre Stausø Wigh.

GROUP STRUCTURE

At 31 December 2006



Newspaper publication and distribution

Internet

1) The companies are in the process of being wound up.

Group addresses

Parent company: Søndagsavisen a-s			
Søndagsavisen Gladsaxe Møllevvej 28 DK-2860 Søborg Phone: + 45 39 57 75 00 Fax: + 45 39 57 75 80 www.sondagsavisen.dk	Forbruger-Kontakt Bredebjergvej 6 DK-2630 Taastrup Phone: + 45 43 43 99 00 Fax: + 45 43 43 90 22 www.fk.dk	AL-FO Distribution Blomstervej 56 DK-8381 Tilst Phone: + 45 87 45 14 00 Fax: + 45 87 45 14 14 www.alfodk.dk	
Subsidiaries			
Gratis-tidninger i Sverige AB Årstaängsvägen 11, 6 tr. S-100 74 Stockholm Phone: + 46 8 550 550 00 Fax: + 46 8 550 554 77	Lokaltidningen Mitt i Stockholm AB Årstaängsvägen 11, 6 tr. S-100 74 Stockholm Phone: + 46 8 550 550 00 Fax: + 46 8 550 554 77 www.mitti.se	S-Post AB Ekbacksvägen 26 S-168 69 Bromma Phone: + 46 8 634 9000 Fax: + 46 8 634 0525 www.s-post.se	Tunprint AB Västra Storgatan 15, Box 457 S-631 06 Eskilstuna Phone: + 46 16 51 85 86 Fax: + 46 16 51 00 87
	Lokaltidningen Örebro'n AB Östra Bangatan 26 S-703 61 Örebro Phone: + 46 0 191 707 80		
Norsk Avisdrift AS Nardoveien 16 A N-7032 Trondheim Phone: + 47 73 95 49 00 Fax: + 47 73 95 49 40 www.byavisa.no	Norpost Midt-Norge AS Nardoveien 16 A N-7032 Trondheim Phone: + 47 73 82 16 90 Fax: + 47 73 82 16 99		
Distribution Danmark a-s Gladsaxe Møllevvej 28 DK-2860 Søborg	Dansk Distributions Center P/S Bredebjergvej 6 DK-2630 Taastrup Phone: + 45 36 48 80 00 Fax: + 45 36 48 88 00 www.d-d-c.dk	H.A. Grafisk Reklame A/S Sverigesvej 10 DK-8700 Horsens Phone: + 45 75 61 08 88 Fax: + 45 75 61 03 15 www.ha-grafisk.dk	Tryksagsomdelingen Fyn P/S Ryttermarken 17 B DK-5700 Svendborg Phone: + 45 62 22 22 22 Fax: + 45 62 20 10 78 www.tof.dk
	UA/FK Distribution A/S Bødkervej 11-13 DK-7100 Vejle Phone: + 45 75 85 84 11 Fax: + 45 75 85 96 26 www.uadistribution.dk	Distribution Syd A/S Energivej 8 DK- 6700 Esbjerg Phone: + 45 75 13 34 33 Fax: + 45 75 13 34 66 www.distribution-syd.dk	
Helsingør Dagblad A/S Klostermosevej 101 DK-3000 Helsingør Phone: +45 49 22 21 10 Fax: +45 49 26 65 05 www.helsingordagblad.dk	Nordsjællands Avis A/S Klostermosevej 101 DK-3000 Helsingør Phone: +45 49 22 21 10 Fax: +45 49 26 65 05 www.nsnnet.dk		
OFiR a-s Gladsaxe Møllevvej 26 DK-2860 Søborg Phone: + 45 39 57 77 00 Fax: + 45 39 66 46 67 www.ofir.com	OFiR Danmark a-s Gladsaxe Møllevvej 26 DK-2860 Søborg Phone: + 45 39 57 78 00 Fax: + 45 39 57 78 01 www.ofir.dk	OFiR Services A/S Gladsaxe Møllevvej 26 DK-2860 Søborg Phone: +45 88 20 98 00 Fax: +45 88 20 98 01 www.forum.dk	MatchWork World Wide A/S Gladsaxe Møllevvej 26 DK-2860 Søborg Phone: + 45 36 95 95 95 Fax: + 45 36 95 95 37 www.matchwork.com
	MDA Holding ApS Helsingforsgade 27 8200 Århus N		
Associated companies			
A/S Vestsjællandske Distriktsblade Klingeberg 14 DK-4200 Slagelse Phone: + 45 58 53 32 22 Fax: + 45 58 52 90 88	Lokalavisen Holding ApS Akselundsvej 2, 1. DK-3600 Frederikssund		

Søndagsavisen a-s

FINANCIAL STATEMENT OF THE PARENT COMPANY

2006

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The Financial Statement of the parent year is an integral part of the full Annual Report. The full Annual Report will be sent to the Danish Commerce and Companies Agency, from which a copy can be obtained.

The Financial Statement 2006 has been prepared in Danish and English. The Danish text shall be the governing text for all purposes and in case of any discrepancy the Danish wording shall be applicable.

PARENT INCOME STATEMENT

Note	2006 DKKm	2005 DKKm
	1,046.1	962.2
Revenue		
42,43 Production costs	777.2	738.1
Gross profit	268.9	224.1
42,43 Sales and marketing expenses	87.3	86.9
42,43,44 Administrative expenses	113.4	111.5
Other operating income	19.9	16.0
Operating profit/loss	88.1	41.7
45 Net financials	-9.8	-11.4
Dividends received	50.2	27.1
50 Revaluations of investments	0.0	0.0
Profit/loss before tax	128.5	57.4
46 Tax for the year	24.1	10.3
Net profit/loss for the year	104.4	47.1
47 Earning per share, inn DKK		
Earnings per share (EPS) of DKK 5.00	5.0	2.3
Diluted earnings per share (EPS-D) of DKK 5.00	5.0	2.3
Appropriation of profit		
Retained earnings at 1 January	532.4	467.9
Other equity adjustments	4.8	-1.2
Net profit of the year	104.4	47.1
Gain and sale from divestment of treasury shares	0.0	36.4
Available for appropriation	641.6	550.2
The Board of Directors submits the following appropriation of the profit for approval by the general meeting:		
Dividend to the shareholders	22.3	17.8
Retained earnings at 31 December	619.3	532.4
Total appropriation	641.6	550.2

PARENT BALANCE SHEET

Assets

Note	2006 DKKm	2005 DKKm
	19.5	19.5
	20.1	29.2
	5.3	2.6
48	44.9	51.3
	307.3	292.4
	50.3	35.3
	8.6	0.3
	32.3	30.9
49	398.5	358.9
50	557.7	549.9
51	7.2	27.3
	1.2	0.9
	566.1	578.1
	1,009.5	988.3
	73.7	68.2
	28.9	25.5
	2.8	0.9
56	17.7	0.0
	3.9	12.0
	10.0	10.2
	0.0	6.3
	137.0	123.1
	1,146.5	1,111.4

PARENT BALANCE SHEET

Equity and Liabilities

Note		2006 DKKm	2005 DKKm
53	Share capital	111.4	111.4
	Treasury shares	-30.7	-30.7
	Hedging reserves	-1.7	-4.6
	Retained earnings	651.7	567.7
	Proposed dividend	22.3	17.8
	Shareholders' equity	753.0	661.6
52	Provisions for deferred tax	7.6	2.6
54	Financial institutions	90.3	94.4
55	Other accrued expenses, interest-rate swap	1.7	4.6
	Total non-current liabilities	99.6	101.6
54	Financial institutions	136.0	128.8
	Trade payables	36.3	45.7
	Payables to subsidiaries	48.0	81.1
	Payables to associates	0.0	6.5
56	Income taxes	0.0	10.4
57	Other payable	65.9	67.7
	Deferred income	7.7	8.0
	Total current liabilities	293.9	348.2
	Total liabilities	393.5	449.8
	Total equity and liabilities	1,146.5	1,111.4

PARENT STATEMENT OF CHANGES IN EQUITY

DKKm						
2006	Share capital	Treasury shares	Hedging reserves	Retained earnings	Proposed dividend	Total
Equity at 1 January 2006	111.4	-30.7	-4.6	567.7	17.8	661.6
Changes in equity in 2006						
Fair value adjustments of hedging instruments	0.0	0.0	2.9	0.0	0.0	2.9
Net gains taken directly to equity	0.0	0.0	2.9	0.0	0.0	2.9
Net profit/loss for the year	0.0	0.0	0.0	82.1	22.3	104.4
Total income	0.0	0.0	2.9	82.1	22.3	107.2
Distributed dividend	0.0	0.0	0.0	0.0	-17.8	-17.8
Dividend, own shares	0.0	0.0	0.0	1.0	0.0	1.0
Share based payment	0.0	0.0	0.0	0.9	0.0	0.9
Total changes in equity in 2006	0.0	0.0	2.9	84.0	4.5	91.4
Total changes in equity in 2006	111.4	-30.7	-1.7	651.7	22.3	753.0

DKKm						
2005	Share capital	Treasury shares	Hedging reserves	Retained earnings	Proposed dividend	Total
Equity at 1 January 2006	111.4	-44.4	-3.4	515.7	0.0	579.3
Changes in equity in 2006						
Fair value adjustments of hedging instruments	0.0	0.0	-1.2	0.0	0.0	-1.2
Net gains taken directly to equity	0.0	0.0	-1.2	0.0	0.0	-1.2
Net profit/loss for the year	0.0	0.0	0.0	29.3	17.8	47.1
Total income	0.0	0.0	-1.2	29.3	17.8	45.9
Purchase of treasury shares	0.0	-11.5	0.0	0.0	0.0	-11.5
Disposal of treasury shares	0.0	25.2	0.0	22.7	0.0	47.9
Total changes in equity in 2006	0.0	13.7	-1.2	52.0	17.8	82.3
Total changes in equity in 2006	111.4	-30.7	-4.6	567.7	17.8	661.6

PARENT CASH FLOW STATEMENT

	2006 DKKm.	2005 DKKm
Net profit/loss for the year	104.4	47.1
58 Adjustment for non-cash operating items	74.1	61.7
59 Changes in working capital	-53.7	22.7
Cash flows from operating activities before net financials	124.8	131.5
Interest received	0.2	0.6
Interest paid	-7.6	-8.7
Cash flows from ordinary activities	117.4	123.4
56 Income tax paid	-47.2	4.3
Cash flows from operating activities	70.2	127.7
60 Additions of intangible assets and property, plant and equipment	-76.3	-46.1
Disposals of intangible assets and property, plant and equipment	2.5	6.1
Investments in other non-current assets	-0.2	0.0
Investments in associates	0.0	-7.0
Investments in subsidiaries	11.7	0.0
Cash flow from investing activities	-62.3	-47.0
Change in other provisions	0.0	0.0
Repayments/increase of non-current liabilities	-7.0	-74.6
Investment in treasury shares	0.0	36.4
Exchange rate adjustment	2.8	0.0
Dividend, own shares	1.0	0.0
Paid dividend	-17.8	0.0
Cash flows from financing activities	-21.0	-38.2
Changes in cash and cash equivalents	-13.1	42.5
Cash and cash equivalents at 1 January	-118.5	-161.0
61 Cash and cash equivalents at 31 December	-131.6	-118.5

NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENT

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NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENT

39 Accounting policies general

The Financial Statement of the parent company is presented in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for the annual reports of listed companies, cf. the Copenhagen Stock Exchange's disclosure requirements for the presentation of the annual reports of listed companies and the IFRS Executive Order issued in pursuance of the Danish Financial Statements Act.

The financial statements are presented in Danish kroner.

40 Accounting policies

The parent company's accounting policies are identical to those of the Group except in the following areas:

INCOME STATEMENT

Dividends received and revaluations

In the parent financial statements the items comprise revaluations and dividend for the year received by the parent company from subsidiaries and associates. Dividend is recognised when the shareholders' right to receive dividend has been approved by the general meeting.

BALANCE SHEET

Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured in the parent company's financial statements at cost less impairment losses.

41 Significant accounting estimates and judgment

Accounting estimates and judgment made in the parent company do not differ from those made in the Group, and reference is therefore made to the description in the Group's notes.

PARENT CASH FLOW STATEMENT

	2006 DKKm	2005 DKKm
42 Employee and staff costs		
Average number of employee	610	561
In addition, a large number of part-time employees are working within distribution.		
Analysis of total salaries and remuneration for the year:		
Wages and salaries, incl. compensated absence	396.7	378.3
Defined contribution pensions	8.0	7.4
Other social security costs	0.5	0.6
Remuneration of the Parent Company's Board of Directors	1.2	1.3
Share based payment	0.9	0.0
Other staff costs	15.1	15.6
Employee and staff costs	422.4	403.2
The total staff costs are included under the following items in the income statement:		
Production costs	307.8	290.3
Sales and marketing expenses	56.5	57.2
Administrative expenses	58.1	55.7
Employee and staff costs	422.4	403.2

Remuneration of the Board of Directors, Management and managerial staff:
DKKm

	Board of Directors of Parent Company	Board of Managem ent of Parent Company	Other managerial staff	Total
2006				
Wages and salaries	1.3	6.5	5.3	13.1
Pension	0.0	0.3	0.2	0.5
Share based payment	0.0	0.9	0.0	0.9
	1.3	7.7	5.5	14.5
2005				
Wages and salaries	1.3	7.1	1.1	9.5
Pension	0.0	0.3	0.0	0.3
Severance pay	0.0	5.6	0.0	5.6
	1.3	13.0	1.1	15.4

PARENT CASH FLOW STATEMENT

	2006 DKKm	2005 DKKm
43 Amortisation, depreciation and impairment		
Intangible assets, amortization and impairment	15.0	11.4
Property, plant and equipment, depreciation and impairment	25.1	28.6
Total amortisation, depreciation and impairment	40.1	40.0
Total amortisation, depreciation and impairment of intangible assets, property, plant and equipment is included under the following items in the income statements:		
Production costs	21.2	23.2
Sales and marketing expenses	2.1	1.6
Administrative expenses	16.8	15.2
Total amortisation, depreciation and impairment	40.1	40.0
44 Fee to the auditors appointed by the company in general meeting		
Audit:		
Ernst & Young	0.9	0.9
Andersen Hübertz Kirkhoff	0.1	0.2
Total audit	1.0	1.1
Advisory services:		
Ernst & Young	0.5	0.8
Total advisory services	0.5	0.8
Total audit and advisory services	1.5	1.9
45 Net financials		
Interest income, etc.	0.2	0.7
Interest income, Group	0.0	0.3
Currency adjustments	-0.3	1.4
Interest expenses, etc.	-8.9	-12.2
Interest expenses, Group	-0.8	-1.6
Total net financials	-9.8	-11.4

NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENT

	2006	2005
	DKKm	DKKm
46 Income taxes		
In the period under review income tax was paid in the amount of	47.2	-4.3
Income tax in the income statement:		
Current tax charge, incl. surcharges/allowances	19.1	5.6
Change in the deferred tax charge	5.0	4.1
Adjustment relating to IFRS, beginning of year	0.0	0.5
Change of tax rate	0.0	0.1
Total income tax	24.1	10.3
Analysis of tax for the year:		
Calculated 28% tax on the profit before tax	36.0	16.1
Calculated 28% tax of dividends received	-14.1	-7.6
Calculated 28% tax of revaluations of investments	0.0	0.0
Tax effect of:		
Other non-deductible expenses	2.2	1.8
Compensation in jointly taxation	0.0	0.0
Total income tax	24.1	10.3
Effective tax rate	31%	34%
47 Earnings per share		
Net profit for the year	104.4	47.1
Average number of shares	22.3	22.3
Average number of treasury shares	1.2	1.7
Average number of shares in circulation	21.1	20.6
Average dilution effect of outstanding share options	21.1	20.6
Earnings per share (EPS) of DKK 5.00	5.0	2.3
Diluted earnings per share (EPS-D) of DKK 5.00	5.0	2.3

PARENT CASH FLOW STATEMENT

48 Intangible assets
DKKm

	Goodwill	Acquire d rights	Comple ted develop ment projects, software	Develop ment projects in progress	Total
2006					
Cost at 1 January	26.2	8.0	58.6	2.6	95.4
Additions in the year	0.0	0.0	5.9	5.7	11.6
Disposals in the year	0.0	0.0	0.5	3.0	3.0
At 31 December	26.2	8.0	64.5	5.3	104.0
Amortisation and impairment at 1 January	6.7	8.0	29.4	0.0	44.1
Amortisation and impairment in the year	0.0	0.0	15.0	0.0	15.0
Amortisation and impairment at 31 December	6.7	8.0	44.4	0.0	59.1
Carrying amount at 31 December	19.5	0.0	20.1	5.3	44.9
2005					
Cost at 1 January	26.2	8.0	38.3	9.1	81.6
Additions in the year	0.0	0.0	20.8	7.2	28.0
Disposals in the year	0.0	0.0	0.0	13.7	14.2
At 31 December	26.2	8.0	58.6	2.6	95.4
Amortisation and impairment at 1 January	6.7	8.0	18.2	0.0	32.9
Amortisation and impairment in the year	0.0	0.0	11.4	0.0	11.4
Disposals in the year	0.0	0.0	0.2	0.0	0.2
Amortisation and impairment at 31 December	6.7	8.0	29.4	0.0	44.1
Carrying amount at 31 December	19.5	0.0	29.2	2.6	51.3
Amortised over (year)	-	-	3-5	-	

Reference is made to note 17 to the consolidated Annual Report for a description of assets with an indefinite life and the impairment test.

PARENT CASH FLOW STATEMENT

49 Property, plant and equipment DKKm

	Land and buildings	Plant and machine ry	Land and buildings in progress	Plant, machine ry and equipme nts	Total
2006					
Cost at 1 January	319.2	56.4	0.3	127.2	503.1
Additions in the year	21.3	21.8	46.0	16.1	105.2
Disposals in the year	0.0	0.0	37.6	7.3	44.9
At 31 December	340.5	78.2	8.7	136.0	563.4
Depreciation and impairment at 1 January	26.8	21.1	0.0	96.3	144.2
Depreciation and impairment in the year	6.4	6.9	0.0	11.8	25.1
Disposals in the year	0.0	0.0	0.0	4.4	4.4
Depreciation and impairment at 31 December	33.2	28.0	0.0	103,7	164.9
Carrying amount at 31 December	307.3	50.2	8.7	32.3	398.5
2005					
Cost at 1 January	308.8	0.0	0.0	169.6	478.4
Reclassification	0.0	53.5	0.0	-53.5	0.0
Additions in the year	0.0	2.9	0.3	14.7	28.2
Disposals in the year	10.3	0.0	0.0	3.5	3.5
At 31 December	319.1	56.4	0.3	127.3	503.1
Depreciation and impairment at 1 January	20.5	0.0	0.0	97.3	117.8
Reclassification	0.0	9.7	0.0	-9.7	0.0
Depreciation and impairment in the year	6.3	11.4	0.0	10.9	28.6
Disposals in the year	0.0	0.0	0.0	2.2	2.2
Depreciation and impairment at 31 December	26.8	21.1	0.0	96.3	144.2
Carrying amount at 31 December	292.3	35.3	0.3	31.0	358.9
Depreciated over (year)	5	20-50	-	3-5	

The real-estate value of land and buildings totalled DKK 139.7 million at 1 January 2005, compared to DKK 102.1 million at 1 January 2004.

PARENT CASH FLOW STATEMENT

	2006	2005	
	DKKm	DKKm	
50 Investment in subsidiaries			
Net assets value at 1 January	549.9	549.9	
Addition in the year	40.5	0.0	
Reduction of Capital	-32.7	0.0	
Net assets value at 31 December	557.7	549.9	
51 Investments in associates			
Net assets value at 1 January	27.3	20.3	
Addition in the year	-20.1	7.0	
Net assets value at 31 December	7.2	27.3	
Associates:	Ownership	Registered office	
	2006	2005	
Helsingør Dagblad A/S	-	44%	Helsingør
A/S Vestsjællandske Distriktsblade	50%	50%	Slagelse
Lokalavisen Holding ApS	50%	0%	Frederikssund
52 Deferred tax			
Deferred tax at 1 January	2.6	9.4	
Deferred tax for the year included in the net profit/losses for the year	5.0	4.1	
Adjustment relating to reversals of property depreciation for tax purposes	0.0	-11.5	
Adjustment relating to IFRS, beginning of year	0.0	0.5	
Change in tax rate	0.0	0.1	
Deferred tax at 31 December, net	7.6	2.6	

PARENT CASH FLOW STATEMENT

52 Deferred tax, continued

Specification of deferred tax:

DKK m

2006	Assets	Liabilities	Total
Intangible assets	0.0	8.4	-8.4
Property, plant and equipment	0.3	0.0	0.3
Current assets	0.7	0.0	0.7
Non-current liabilities	0.0	0.2	-0.2
Total	1.0	8.6	-7.6
Set-off deferred tax assets and deferred tax liabilities within the same legal tax entities and jurisdictions	1.0	1.0	0.0
Deferred tax assets/deferred tax at 31 December	0.0	7.6	-7.6

2005	Assets	Liabilities	Total
Intangible assets	0.0	6.2	-6.2
Property, plant and equipment	3.9	0.0	3.9
Current assets	1.0	0.0	1.0
Non-current liabilities	0.0	1.3	-1.3
Total	4.9	7.5	-2.6
Set-off deferred tax assets and deferred tax liabilities within the same legal tax entities and jurisdictions	4.9	4.9	0.0
Deferred tax assets/deferred tax at 31 December	0.0	2.6	-2.6

53 Equity

See note 22 in the consolidated Annual Report for a specification of share capital and treasury shares.

PARENT CASH FLOW STATEMENT

	2006 DKKm	2005 DKKm
54 Financial institutions		
Due within 1 year	136.0	128.8
Current	136.0	128.8
Due within 1 and 5 year	18.5	17.8
Due after 5 year	71.8	76.6
Non-current	90.3	94.4
Total debt to financials institutions	226.3	223.2

Financial institutions

At 31 December the parent company had the following loans and credits:

Loan	Expiry	Fixed/ variable	Effective interest		Carrying amount		Fair value	
			2006	2005	2006 DDKm	2005 DDKm	2006 DDKm	2005 DDKm
DKK	2022	Fast	5,44%	5,47%	42.4	44.4	42.4	44.5
DKK	2023	Fast	5,76%	5,75%	31.9	33.1	32.5	33.7
DKK	2023	Fast	5,76%	5,75%	20.2	21.0	20.6	21.3
DKK	2006 1)	Variable	3,88%	2,91%	131.8	124.7	131.7	124.7
At 31 December					226.3	223.2	227.2	224.2

The fair value is calculated as the marked value of remaining bond debt.

Re 1) Consists of short-term bank debt base don regular renegotiation of interest rates and repayments.

PARENT CASH FLOW STATEMENT

	2006 DKKm	2005 DKKm
55 Other accrued expenses, interest-rate swap		
See description of 'Other accrued expenses, interest-rate swap' under note 25 to the consolidated Annual Report.		
56 Income taxes payable		
Income taxes payable at 1 January	10.4	-10.9
Current tax for the year	19.1	5.6
Adjustment relating to reversals of property depreciation for tax purposes	0.0	-11.4
Income taxes paid in the year	-47.2	4.3
Income taxes payable at 31 December	-17.7	10.4
57 Other payables		
A-tax (PAYE), etc. payable to public authorities	13.8	14.2
VAT liability	6.0	5.7
Other debt	46.1	47.8
Other payables	65.9	67.7
58 Adjustments for non-cash operating items		
Tax for the year	24.1	10.3
Amortisation and impairment of non-current assets	40.2	40.0
Net financials	9.8	11.4
Total restatements	74.1	61.7
59 Changes in working capital		
Change in receivables from subsidiaries	-3.4	-12.1
Change in receivables	-16.7	8.0
Change in payables to subsidiaries	-33.1	22.3
Change in current liabilities, excl. short-term bank debt	-26.3	29.1
Change in receivables and payables	-79.5	47.3
Change in income tax payables	28.1	-21.3
Change in interest receivable	-2.3	-3.3
Total change in working capital	-53.7	22.7

PARENT CASH FLOW STATEMENT

	2006 DKKm	2005 DKKm
60 Addition of intangible assets and property, plant and equipment		
Investments in software	-8.7	-17.8
Investments in leasehold improvements	-21.8	-0.1
Investments in land and buildings	-21.3	-10.4
Investments in land and buildings in course of construction	-8.4	-0.3
Investments in operating equipment, fixtures and fittings	-16.1	-17.5
Total investments	-76.3	-46.1
61 Cash and cash equivalents		
Cash and cash equivalents at 31 December comprise:		
Cash	0.0	6.3
Short-term bank debt	-131.6	-124.8
Cash and cash equivalents at 31 December	-131.6	-118.5
62 Operating leases and rent obligations		
Operating leases		
Future total expenses related to operating leases:		
Due within 1 year	0.1	0.1
Due within 1 and 5 year	0.0	0.1
Total	0.1	0.2
For operating leases the following amounts have been recognised in the income statement:	0.1	0.1
See description of 'operating leases' under note 34 to the consolidated Annual Report.		
Rent obligations		
Future total expenses related to rent obligations:		
Due within 1 year	2.7	1.6
Due within 1 and 5 year	1.8	0.0
Total	4.5	1.6
For the rent obligations the following amounts have been recognised in the income statement:	3.0	3.2
63 Contingent assets and liabilities, and guarantee obligations		
Søndagsavisen a-s has submitted a letter of comfort to its subsidiary, OFiR a-s.		
Reference is made to note 35 to the consolidated Annual Report concerning other guarantee obligations and contingent liabilities.		

PARENT CASH FLOW STATEMENT

	2006 DKKm	2005 DKKm
64 Security for loan		
Søndagsavisen a-s has furnished security to the Group enterprise OFiR a-s for a maximum of	20.0	20.0
Reference is made to note 36 to the consolidated Annual Report concerning other security.		
 65 Related parties		
Transactions with associates:		
Lokalavisen Holding	3.7	0.0
Helsingør Dagblad A/S, purchase	0.0	-24.1
A/S Vestsjællandske Distriktsblade, sale	6.8	5.6
Total transactions	10.5	-18.5
 Lokalavisen Holding	 2.0	 0.0
Helsingør Dagblad A/S	0.0	-6.3
A/S Vestsjællandske Distriktsblade	0.7	0.7
Receivables/payables from associates	2.7	-5.6

Reference is made to note 37 to the consolidated Annual Report for a description of related party transactions.



Photographer: Carsten Lundager



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