

## Preliminary Announcement of the Annual Report 2008 of Søndagsavisen a-s

**The year 2008 – Disposal of foreign activities. Very difficult market. Substantial cost reductions.**

- Revenue from continuing and discontinuing activities amounted to DKK 1,527.0 million in 2008. Consolidated revenue from continuing activities amounted to DKK 1,235.8 million in 2008 against DKK 1,433.8 million in 2007.
- Consolidated profit before tax was DKK 195.0 million in 2008, representing continuing and discontinuing activities, gains from sales of companies and impairment of assets. Profit for the year after tax amounted to DKK 205.2 million in 2008 against DKK 24.1 million in 2007.
- Revenue and results for 2008 are in line with the expectations most recently published in Company Announcement No. 01-09 on 15 January 2009.
- Consolidated equity amounted to DKK 661.4 million at 31 December 2008.
- Consolidated net-interest bearing debt at 31 December 2008 was long-term mortgage credit financing, amounting to DKK 85.5 million.
- Sales of 66% of the shares in Gratistidningar i Sverige AB and 100% of the shares in Norsk Avisdrift AS generated a net gain totalling DKK 270.6 million including realized and unrealized exchange losses.
- Operating loss from continuing activities in 2008 was DKK -45.2 million against a profit of DKK 37.8 in 2007.
- The very poor performance of the advertisement and printing markets generated the unsatisfactory operating loss. It also made it necessary to make extraordinary impairments of intangible and non-current assets in a total amount of DKK -64.1 million.
- To adapt the company to the adverse market development, substantial cost reductions were made within all functions of the Group.
- Significant investments were made in developing the Group's Internet activities.
- A price war lasting several years, combined with growing sorting and distribution costs in the distribution business, made it necessary to implement extraordinary price increases and cost reductions. These have been made with a satisfactory effect for 2008. The conclusion of two-year agreements with major customers for 2009 and 2010 was another positive aspect.
- The Board of Directors decided to propose to the annual general meeting on 3 April 2009 that a capital reduction of DKK 11,125,000 nominal value be adopted. If the resolution is carried the total nominal share capital will amount to DKK 100,275,000. Furthermore, the Board of Directors has decided to propose to the annual general meeting on 3 April 2009 that an acquisition programme be adopted in preparation for a subsequent capital reduction.
- The Board of Directors of Søndagsavisen a-s will recommend to the general meeting in 2009 that no dividend be paid, in connection to the Annual meeting, but instead, it is recommended that the Board of Directors be authorised by an amendment to the Articles of Association to decide on an extraordinary dividend in the period until the next annual general meeting.

### **Expectations for the year 2009.**

- In response to the advertisement market's poor performance, cost reductions and rationalisations are given higher priority. In January 2009, Søndagsavisen's circulation was reduced from 2.1 million to 1.3 million, and additional staff cuts were made.
- Revenue from continuing activities in 2009 is expected to be about 10% lower than revenue from continuing activities in 2008.
- In 2009, the profit from continuing activities is expected to be at the level of the operating profit from continuing activities in 2008.
- In connection with the sale of GISAB, the second part of the payment of SEK 225 million will be received on 1 March 2009.
- The liberalisation of the postal markets, which must be implemented by the end of 2010, will provide the distribution business with new expansive opportunities. To exploit these opportunities capital will be required and an owner with more capital will be in a better position to exploit the potential of the new market opportunities. Therefore, the Board of Directors has decided to examine the strategic opportunities for the Group's distribution activities, including the possibility to divest the distribution activities.

For additional information, please contact Mads Dahl Andersen, CEO, tel.: +45 39 57 75 00.

## Financial highlights and ratios (DKKm)

	2008	2007	2006	2005	2004
<b><u>Income statement:</u></b>					
Revenue	1,235.8	1,433.8	1,666.6	1,417.4	1,223.8
Gross profit	295.9	358.1	560.9	467.0	378.4
EBITDA	33.8	114.8	253.3	165.4	85.9
Depreciation and amortisation	79.0	77.0	73.3	53.2	44.3
EBIT	-45.2	37.8	180.0	112.2	41.6
Share of profit in associates	-3.1	-2.5	2.1	6.4	4.8
Financials, net	-9.6	-8.3	-7.6	-10.5	-13.0
Special items	-92.9	-28.6	0.0	0.0	0.0
EBT	-150.8	-1.6	174.5	108.1	33.4
Tax for the year	-21.9	-3.3	42.8	30.5	-0.1
Net profit, continued operations	-128.9	1.7	131.7	77.6	33.5
Disposal of subsidiaries	299.4	0.0	0.0	0.0	0.0
Net profit, discontinued operations	34.7	22.4	0.0	0.0	0.0
Net profit	205.2	24.1	131.7	77.6	33.5
<b><u>Balance sheet:</u></b>					
Total assets	923.1	979.8	929.2	755.3	737.6
Share capital	111.4	111.4	111.4	111.4	111.4
Shareholders' equity incl. minorities	661.4	490.1	505.4	330.4	225.4
Net interest-bearing debt (1)	85.5	207.8	100.7	144.0	278.0
Non-current liabilities	93.7	119.2	129.5	107.9	188.3
Current liabilities	168.0	370.5	294.3	317.0	323.9
Net working capital (NWC) (1)	96.7	-21.9	-39.2	-68.8	-33.6
Invested capital	746.9	697.9	606.0	474.4	503.5
Investments in property, plant and equipment	36.4	102.4	86.5	34.0	99.6
Free cash flow	-93.8	-35.4	140.8	110.3	-32.5
<b><u>Cash flow statement</u></b>					
Cash flows from operating activities	39.3	94.4	182.4	163.0	39.0
Cash flows from investing activities	-70.0	-150.9	-125.7	-64.5	-104.8
Cash flows from financing activities	-25.7	-54.5	-20.5	-41.2	44.9
Changes in cash and cash equivalents, continued operations	-56.4	-111.0	36.2	57.3	-20.9
<b><u>Other information:</u></b>					
Average number of employees	927	991	1,191	975	969
Numbers of shares at year-end, in thousand	22,280	22,280	22,280	22,280	22,280
Treasury shares, in thousand	2,225	1,518	1,218	1,218	1,888
Share price at year-end, DKK	19.8	30.4	87.7	78.6	22.6
<b><u>Ratios:</u></b>					
Gross margin (%)	23.9	25.0	33.7	32.9	30.9
Operating margin (EBIT) (%)	-3.7	2.6	10.8	7.9	3.4
Liquidity ratio (%)	161.8	62.0	84.0	64.4	58.5
Equity ratio (%)	71.6	50.0	54.4	43.7	30.6
Return on equity (ROE) (%) (1)	35.6	4.8	31.5	27.9	15.8
Return on capital employed (ROIC) (%)	-6.3	5.8	33.3	22.9	9.1
Interest cover	Neg.	4.2	18.3	8.5	2.9
Financial gearing	0.1	0.4	0.2	0.4	1.2
Net interest-bearing debt as a ratio of EBITDA	2.5	1.8	0.4	0.9	3.3
Cash conversion (%)	207.5	-93.7	78.2	98.3	-78.1
Earnings per share (EPS) - continued operations	-5.2	-0.3	5.7	3.4	1.3
Earnings per share (EPS) - Total (1)	11.0	0.7	5.7	3.4	1.3
Price Earning (P/E) (1)	1.8	43.4	15.5	23.3	17.8
Price/Book Value (P/BV)	0.7	1.4	3.9	5.3	2.2
Cash flow per share (CFPS)	1.9	4.5	8.7	7.9	1.9
Dividend rate (%)	0.0	0.0	20.0	16.0	0.0
Dividend per share	0.0	0.0	1.0	0.8	0.0

The consolidated highlights are shown for continued operations if nothing else stated.

The consolidated highlights are only adjusted for discontinued operations for 2007 and 2008.

Note 1: The key figures also includes discontinued operations.

## Revenue and Operating profit by Country and by Business Area

	Revenue				Operating profit		
	2008	2007	Diff.	%	2008	2007	Diff.
DKKm							
<b>By Country</b>							
Denmark	1,209.6	1,404.1	-194.5	-14%	-44.6	31.4	-76.0
Sweden	268.7	269.1	-0.4	0%	45.5	30.9	14.6
Other countries	48.7	64.5	-15.8	-24%	-0.8	6.5	-7.3
<b>Total</b>	<b>1,527.0</b>	<b>1,737.7</b>	<b>-210.7</b>	<b>-12%</b>	<b>0.1</b>	<b>68.8</b>	<b>-68.7</b>
Discontinued operations	291.2	303.9	-12.7	-4%	45.3	31.0	14.3
<b>Continued operations</b>	<b>1,235.8</b>	<b>1,433.8</b>	<b>-198.0</b>	<b>-14%</b>	<b>-45.2</b>	<b>37.8</b>	<b>-83.0</b>
<b>By Business Area</b>							
Newspaper publication and distribution	1,433.5	1,646.7	-213.2	-13%	28.9	68.1	-39.2
Internet	93.5	91.0	2.5	3%	-28.8	0.7	-29.5
<b>Total</b>	<b>1,527.0</b>	<b>1,737.7</b>	<b>-210.7</b>	<b>-12%</b>	<b>0.1</b>	<b>68.8</b>	<b>-68.7</b>
Discontinued operations	291.2	303.9	-12.7	-4%	45.3	31.0	14.3
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### Highlights, Denmark – Highly adverse performance in the advertisement markets. Product development at Søndagsavisen and the online activities. Cost cuts within all activities.

In 2008, consolidated revenue in Denmark amounted to DKK 1,209.6 million, down DKK 194.5 million, or 14%, on 2007. The lower revenue was mainly driven by a rapidly falling market for recruitment ads and by Helsingør Dagblad's loss of significant printing jobs. Market declines and losses of market share are only to some extent compensated for by price increases for the distribution services.

Søndagsavisen experienced negative performance, particularly in the second half of 2008, on retail, motor and housing ads and on recruitment ads in particular owing to falling markets.

During the year, Søndagsavisen was restructured and management and expert competencies were added. On 3 October, [www.søndagsavisen.dk](http://www.søndagsavisen.dk) and [www.myLiving.dk](http://www.myLiving.dk) were launched, and in the second half of the year the printed newspaper Søndagsavisen underwent ongoing revitalisation.

Helsingør Dagblad lost several printing jobs in 2008, and competition intensified further in the printing market, competitors having invested in increased capacity despite the fact that the market for printing daily and weekly newspapers is declining.

In 2008, a general price increase was made within distribution activities. However, intensified competition led to a loss of market share, affecting revenue negatively compared with last year. The costs of distribution and packing were cut based on efficiency improvements, compensating for the lower revenue. The distribution quality remains high and satisfactory.

The operating results (EBIT) in Denmark were significantly lower in 2008 than in the previous year. The EBIT of the Danish activities was DKK -44.6 million in 2008. In 2007, EBIT in Denmark was DKK 31.4 million. The lower profit performance in 2008 was mainly the result of a falling job mar-

ket, Helsingør Dagblad's loss of printing jobs and higher costs of product development at the Internet portal OFiR Job.

The comprehensive product development at Søndagsavisen and in the Internet activities was generally implemented as planned despite the growing negative market trend.

### **Highlights, Sweden – Gratistidningar i Sverige AB sold at 30 November 2008**

According to Company Announcement No. 14-08 of 25 September 2008, Søndagsavisen a-s had entered into an agreement with VLT AB regarding the latter's purchase of 66.7% of the shares in GISAB. The selling price for 66.7% of the shares has been fixed at SEK 400 million on a debt-free basis. The selling price will be paid in cash.

The shares were acquired on 30 November 2008, and the first payment of SEK 200 million was also made on that date. The second payment of SEK 200 million together with cash balance is to be paid in connection with the adoption of the GISAB financial statements for 2008, however, not later than 1 March 2009.

Søndagsavisen a-s's sales of 66.7% of the shares in GISAB generated an extraordinary income of DKK 272,1 million in 2008.

In addition, an agreement has been made to the effect that Søndagsavisen a-s will sell the remaining 33.3% of the shares in GISAB at a minimum price of SEK 160 million. The shares will be sold immediately after the financial reporting for 2010. If a number of conditions set for GISAB's future growth and earnings for 2008-2010 are met, the selling price will be higher. Søndagsavisen a-s will continue to have a seat on the company's Board of Directors until the remaining 33.3% of the shares have been sold. As from 1 December 2008, GISAB will be recognised as an associate.

Most of the revenue and the operating profit in Sweden is attributable to GISAB in the January 2008-November 2008 period. Revenue in Sweden amounted to DKK 268.7 million in 2008, which is at the 2007 revenue level. In 2008, the operating profit was DKK 45.5 million, up DKK 14.6 million, or 47 %, on 2007.

### **Highlights, Other countries – Norsk Avisdrift AS (NAD) sold at 23 October 2008**

On 28 June 2008, Søndagsavisen a-s entered into an agreement regarding NR1 Adressa-Trykk Oranger AS's purchase of Norsk Avisdrift AS. This was announced on the same day in Company Announcement No. 11-08.

The total price of the acquisition of 100% of the shares in Norsk Avisdrift AS was NOK 35 million on a debt-free basis. The shares were acquired on 23 October 2008 and Norsk Avisdrift AS is therefore included in consolidated revenue in the 1 January 2008 – 22 October 2008 period.

Søndagsavisen a-s's sale of Norsk Avisdrift generated an extraordinary income of DKK 27.3 million in 2008.

In 2008, the revenue of Norsk Avisdrift AS amounted to DKK 28.0 million for the period until the acquisition. Revenue for the full year 2007 was DKK 38.9 million. During the period of ownership in 2008, the operating profit of Norsk Avisdrift AS was DKK 0.9 million, which is at the 2007 profit level.

In Great Britain, the revenue performance of MatchWork's activities in local currency was flat up to and including August 2008. In the period thereafter the market for recruitment ads declined very rapidly in the UK as a result of the financial crisis. MatchWork's primary activity is to service daily newspapers etc. in the recruitment market. The UK is the company's largest single market.

**Highlights, The further development of Internet – OFiR Job continues as planned despite the slowdown in the market for recruitment ads. Søndagsavisen.dk and MyLiving.dk launched as planned.**

The revenue from the Group's Internet activities was DKK 93.5 million in 2008, up DKK 2.5 million, or 3 %. The operating loss was DKK -28.8 million in 2008, down DKK 29.5 million on 2007.

In the second half of 2008, the Internet based job services, OFiR Job and MatchWork, were both affected by the rapid decline in the recruitment market, which was caused by the accelerating economic crisis and resultant falling employment in Denmark as well as abroad.

However, both OFiR Job and MatchWork are in a development phase and heavily engaged in expanding and refining the enterprises' products. The investment in new forward-oriented user and customer platforms is costly. However, it was decided to continue these development activities unchanged despite the declining job market. The development of the projects is expected to be completed in the first half of 2009.

In the UK, the MatchWork activities were unable to maintain previous years' high growth rates. The UK job market slowed down and the British pound dropped approximately 25% against the Danish kroner which result of an appreciable reduction in revenue and profit in Danish kroner. The relatively newly established offices in Sweden and Germany show handsome growth rates, although the rate of growth was slower owing to market declines also in those countries.

At the end of the year, an international sales manager was recruited to be in charge of the establishment of MatchWork's international distribution network.

On 3 October 2008, [www.søndagsavisen.dk](http://www.søndagsavisen.dk) was launched, providing a complete platform for the existing FORUM.dk services and a strong coupling to the printed medium Søndagsavisen. In the transitional phase the restructuring process led to lower revenue and large development costs, which overall reduced net profit for the year considerably.

At the end of the year, the organisational structures of OFiR Job, MatchWork as well as [www.søndagsavisen.dk](http://www.søndagsavisen.dk) were heavily rationalised in response to the falling revenue.

BoligPortal.dk is Denmark's largest portal for housing rentals. The activity is growing. In the second half of 2008, MyLiving.dk was launched as a new site aimed at maintaining contact with users in the BoligPortal's universe, including also the period after the end of a housing search. MyLiving.dk is a site driven partly by its editorial contents with inspiration for the home and partly by user-generated contents. In addition, it is a market place.

## Management changes in 2008

As stated in Company Announcement No. 08-08 of 13 May 2008, Christian Lanng Nielsen resigned as manager of the Group's distribution activities and as member of the Executive Board of Søndagsavisen a-s. Mads Dahl Andersen has taken over responsibility for the Group's distribution activities in addition to his job as CEO of Søndagsavisen a-s.

## Expectations for the year 2009

After the disposal of Gratistidningar i Sverige AB and Norsk Avisdrift AS, the Group's continuing activities are mainly newspaper and distribution business in Denmark handled by Forbruger-Kontakt, Søndagsavisen and the partly owned company Helsingør Dagblad as well as online activities undertaken by [www.OFiR.dk](http://www.OFiR.dk), [www.søndagsavisen.dk](http://www.søndagsavisen.dk), [www.MatchWork.dk](http://www.MatchWork.dk), [www.MinReklame.dk](http://www.MinReklame.dk) and [www.BoligPortal.dk](http://www.BoligPortal.dk), among others.

- The revenue from continuing activities in 2009 is expected to be around 10% lower than the revenue from continuing activities in 2008.
- In 2009, the operating profit from continuing activities is expected to be at approximately the same level as the operating profit from continuing activities in 2008.
- The Group's total operating investments are expected to amount to DKK 30 million.

In the advertisement markets, developments in 2009 are subject to considerable uncertainty as a result of the recession and the uncertainty about developments in the economy.

In January 2009, Søndagsavisen's circulation was reduced from 2.1 million to 1.3 million copies. The reduction in circulation and a major reduction in the number of staff within all Group functions result in non-recurring costs of the order of DKK 15 million, which is included in the above expectations.

OFiR Job continues to develop new products which are expected to have a very favourable effect on OFiR Job's position as one of the market leaders within online job advertising.

The Group's total operating investments are expected to be of the order of DKK 30 million. The investments comprise IT solutions and IT hardware as well as plant and machinery at the two packing terminals at Taastrup and at Tilst near Århus.

The liberalisation of the postal markets, which must be implemented by the end of 2010, will provide the distribution business with new expansive opportunities. To exploit these opportunities capital will be required and an owner with more capital will be in a better position to exploit the potential of the new market opportunities. Therefore, the Board of Directors has decided to examine the strategic opportunities for the Group's distribution activities including a potential divestment of the distribution activities. Any potential consequence of this is not included in the above expectations for revenue and results for 2009.

## **Board resolutions and resolutions to be proposed at the general meeting**

The Board of Directors of Søndagsavisen a-s will recommend to the general meeting in 2009 that no dividend be paid, in connection to the Annual meeting, but instead, it is recommended that the Board of Directors be authorised by an amendment to the Articles of Association to decide on an extraordinary dividend in the period until the next annual general meeting.

The Board of Directors has decided to propose to the annual general meeting on 3 April 2009 that a capital reduction of DKK 11,125,000 nominal value be adopted. If the resolution is carried the total nominal share capital will amount to DKK 100,275,000. The capital reduction will be carried out in accordance with the provisions of Part 7 of the Danish Public Limited Companies Act and will be regarded as having been paid to shareholders, cf. paragraph (2) of section 44a(1) of the Danish Public Limited Companies Act.

Furthermore, the Board of Directors has decided to propose a resolution to the annual general meeting on 3 April 2009 for adoption of an acquisition programme with a view to a subsequent capital reduction:

It is proposed that a special acquisition programme be established, according to which the Board of Directors may let the company acquire up to 2,005,500 treasury shares of DKK 5 nominal value each before the next annual general meeting in 2010, in addition to acquisition of treasury shares within a total nominal value of altogether 10% of the company's share capital. The special share acquisition programme is based on the assumption that the shares are acquired at market price + / - 5 % always provided that the total market value of treasury shares that may be acquired under the special acquisition programme must not exceed DKK 55 million in total. The Board of Directors is authorised to cancel or reduce the acquisition programme where this is found to be commercially wise or if this is otherwise dictated by the company's capital conditions.

The shares that are comprised by the acquisition programme are to be acquired for the purpose of making a subsequent capital reduction, and payment to the selling shareholders in connection with acquisitions of treasury shares in excess of the 10 % limit is conditional upon the capital reduction being adopted at an annual or extraordinary general meeting.



## COMMENTS ON THE FINANCIAL STATEMENTS

### Income statement (continuing activities)

#### Gross profit

The Group's gross profit for 2008 was DKK 295.9 million, representing a gross margin of 23.9%. The gross profit in 2008 was DKK 62.2 million lower than in 2007 when the gross profit was DKK 358.1 million. The reduction mainly reflects lower revenue at Søndagsavisen, Helsingør Dagblad as well as higher product development costs at OFiR Job, which had a negative effect on the gross profit. The gross profit from the distribution activities improved as a result of higher prices and efficiency improvements in production.

#### Selling and marketing expenses

Selling and marketing expenses amounted to DKK 142.2 million in 2008, which is 2.3%, or DKK 3.4 million, less than in the previous year. The decrease is primarily driven by a lower level of costs within newspaper activities.

#### Administrative expenses

Total administrative expenses amounted to DKK 203.2 million in 2008. The administrative expenses rose by DKK 22.9 million, or 13 %. The increase is mainly due to costs related to restructuring within online activities and the addition of more management and expert competencies. The effect of the reductions in the number of staff which were carried out in December 2008 and in January 2009 will not come through until some time in 2009.

#### Share of the profits/(losses) of associates

Associates are Lokalavisen Holding ApS, Vestsjællandske Distriktsblade and at 1 December 2008, Gratistidningar i Sverige AB. The share of the profits/(losses) of associates was DKK -3.1 million in 2008, which is DKK 0.6 million lower than in 2007 when the share of the profits/(losses) was DKK -2.5 million.

#### Financials

The Group's total financials amounted to DKK -9.6 million in 2008 against DKK -8.3 million in 2007. The increase is due to higher average debt over the year combined with higher interest rates.

#### Special items

The Group's performance in 2008 was affected by a number of special items in a total amount of DKK -92.9 million. In 2007, special items amounted to DKK -28.6 million.

In 2008, impairments of values of buildings and plant at Helsingør Dagblad accounted for the greater part of special items. Furthermore, Hillerød Avis had to close down because of increased competition in the mid-week newspaper market. Total non-recurring expenses relating to impairment of assets and the closing of Hillerød Avis amounted to DKK -54.1 million. The impairment loss results from reduced earnings expectations at Helsingør Dagblad on account of increased printing capacity in the market combined with lower demand.

In addition, software was written down by DKK -10.0 million, mainly within online activities, and realised and unrealised foreign exchange losses totalling DKK -28.8 million resulted from the sale of Gratistidningar i Sverige AB and Norsk Avisdrift AS.

In 2007, special items represented impairment of fixed assets in a total amount of DKK 19.4 million, and mainly related to the rebuilding of the distribution terminals at Taastrup and Tilst. Furthermore, software was written down by DKK -4.2 million and investments in associates were written down by DKK -5.0 million.

#### Profit before tax

The loss before tax from continuing activities in 2008 was DKK -150.8 million. In 2007, the corresponding result was DKK -1.6 million. The decline in results of DKK -149.2 million mainly comprises reduced operating earnings totalling DKK -83.0 million, increased depreciation on assets in a total amount of DKK -35.5 million and foreign exchange losses in a total amount of DKK -28.8 million relating to the sale of Gratistidningar i Sverige AB and Norsk Avisdrift AS.

#### Tax

The Group's total tax on continuing activities was DKK -21.9 million and corresponds to an effective tax rate of 14,5%. The tax rate is primarily affected by recapture of tax losses and additions from purchases of minorities in group companies.

#### Gains from sales of companies

Gains from sales of companies totalled DKK 299.4 million, relating to the sale of Gratistidningar i Sverige AB with a gain of DKK 272.1 million and the sale of Norsk Avisdrift AS with a gain of DKK 27.3 million.

Related to the sales are also realised and unrealised exchange rate losses totalling DKK 28.8 million, which amount is recognised under special items. Thus, the net gain on sales of companies was DKK 270.6 million.

#### Investments

The year's total investments in intangible assets and non-current assets amounted to DKK 70.1 million. Of this amount, DKK 36.4 million was investments in non-current assets, which consisted of plant within distribution activities. The other investments were mainly owned developed software related to the product development within the online activities.

#### Trade receivables

Trade receivables amounted to DKK 82.5 million at year-end 2008. At the end of 2007, receivables amounted to DKK 156.5 million. The reduction was partly due to the sale of Gratistidningar i Sverige AB and Norsk Avisdrift AS, which represented around DKK 30 million. Furthermore, receivables were reduced as a result of lower revenue and fewer credit days.

## Other payables

At 31 December 2008, other payables amounted to DKK 97.3 million, which is DKK 44.2 million lower than at 31 December 2007 when other payables amounted to DKK 141.5 million. The decline in other debt was primarily caused by the sale of Gratistidningar i Sverige AB and Norsk Avidrift AS, representing approx. DKK 30 million. Just over half of other payables are holiday pay obligations, tax-at-source payable and VAT. The balance is other expenses payable.

## Cash flows and interest-bearing debt

The year's cash flows in 2008 amounted to DKK 126.2 million.

Cash flows from operating activities relating to continuing activities in 2008 amounted to DKK 39.3 million, which is DKK 55.1 million lower than in 2007. The reason for this was lower operating results while items not affecting liquidity such as impairment losses to some extent reduced the negative impact on liquidity.

Cash flows from investing activities relating to continuing activities in 2008 amounted to DKK -70.0 million compared with DKK -150.9 million in 2007. The reduction was mainly driven by a much lower investment level in intangible and non-current assets.

The cash flows from financing activities relating to continuing activities were DKK -25.7 million in 2008 and mainly consisted of purchases of treasury shares. In 2007, cash flows from financing activities amounted to DKK -54.5 million, reflecting dividend payments and a larger payment for the purchase of treasury shares.

Total cash flows for continuing activities were DKK -56.4 million in 2008, up DKK 54.6 million on 2007 when the corresponding cash flows were DKK -111.0 million.

Total cash flows for discontinuing activities were DKK 182.6 million in 2008 against DKK -1.4 million in 2007. The increase mainly reflects the first payment of SEK 200 million from the buyer of Gratistidningar i Sverige AB and payment of NOK 39.2 million from the buyer of Norsk Avidrift.

## Capital structure

The Group's net interest-bearing debt was DKK 85.5 million at 31 December 2008. Most of the debt is composed of long-term mortgage credit financing. At year-end 2007, the Group's net interest-bearing debt was DKK 207.8 million.

EBITDA for continuing activities amounted to DKK 33.8 million in 2008, increasing net interest-bearing debt relative to EBITDA to 2.5 at year-end 2008 against 1.8 at year-end 2007.

The Group's financial gearing was 0.1 at 31 December 2008. At year-end 2007, the Group's financial gearing was 0.4.

## Equity and holding of treasury shares

On 31 December 2008, the Group's equity amounted to DKK 661.4 million, up DKK 171.3 million on the previous year. The increase primarily reflects net profit for the year of DKK 205.2 million while purchases of treasury shares have a negative impact of DKK -18.5 million.

In the course of 2008 the Group purchased 707,000 treasury shares in a total amount of DKK 18.5 million equivalent to an average price of DKK 26.2 per share. At year-end 2008, the Group's holding of treasury shares was 2,225,000, or 9.99% of the share capital.

## **Publication of the Annual Report**

The Group's Annual Report for 2008 is expected to be issued on Tuesday 17 March 2009.

## Consolidated income statement

	<i>2008</i>	<i>2007</i>
	<i>DKKm</i>	<i>DKKm</i>
Revenue	1,235.8	1,433.8
Production costs	939.9	1,075.7
<b>Gross profit</b>	<b>295.9</b>	<b>358.1</b>
Sales and marketing expenses	142.2	145.6
Administrative expenses	203.2	180.3
Other operating income	4.3	5.6
<b>Operating profit</b>	<b>-45.2</b>	<b>37.8</b>
Share of profit of associates	-3.1	-2.5
Net financials	-9.6	-8.3
Special items	-92.9	-28.6
<b>Profit before tax, continued operations</b>	<b>-150.8</b>	<b>-1.6</b>
Tax, continued operations	-21.9	-3.3
<b>Net profit, continued operations</b>	<b>-128.9</b>	<b>1.7</b>
Profit of disposal of subsidiaries	299.4	0.0
Net profit, discontinued operations	34.7	22.4
<b>Net profit for the period</b>	<b>205.2</b>	<b>24.1</b>
<b>Attributable to:</b>		
Shareholders in Søndagsavisen a-s	<b>226.5</b>	<b>15.1</b>
Minority interests	-21.3	9.0
	<b>205.2</b>	<b>24.1</b>
<b>Earnings per share, in DKK</b>		
Earnings per share (EPS) - total	11.0	0.7
Diluted earnings per share (EPS-D) - total	11.0	0.7
Earnings per share (EPS) - continued operations	-5.2	-0.3
Diluted earnings per share (EPS-D) - continued operations	-5.2	-0.3

## Consolidated balance sheet at 31 December

### Assets

	<i>2008</i>	<i>2007</i>
	<i>DKKm</i>	<i>DKKm</i>
Goodwill	56.4	67.2
Other intangible assets	26.0	44.7
Completed development projects, software	26.0	26.8
Development projects in progress	11.7	12.7
<b>Intangible assets</b>	<b>120.1</b>	<b>151.4</b>
Land and buildings	365.7	379.8
Plant and machinery	111.4	148.7
Operating equipment, fixtures and fittings	34.9	47.5
Property, plant and equipment in course of construction	1.9	7.4
<b>Property, plant and equipment</b>	<b>513.9</b>	<b>583.4</b>
Investments in associates	11.4	3.5
Other securities and investments	3.7	3.9
Deferred tax assets	0.0	5.5
Other receivables	2.1	2.4
<b>Other non-current assets</b>	<b>17.2</b>	<b>15.3</b>
<b>Total non-current assets</b>	<b>651.2</b>	<b>750.1</b>
Inventory	2.5	3.2
Trade receivables	82.5	156.5
Receivables from associates	1.1	0.4
Receivables from parent company	0.0	5.4
Other receivables	4.8	21.9
Receivable salesprice from disposal of subsidiaries	149.7	0.0
Prepayments	18.9	17.1
Cash	12.4	25.2
<b>Total current assets</b>	<b>271.9</b>	<b>229.7</b>
<b>Total assets</b>	<b>923.1</b>	<b>979.8</b>

## Consolidated balance sheet at 31 December

### Equity & liabilities

	<i>2008</i>	<i>2007</i>
	<i>DKKm</i>	<i>DKKm</i>
Share capital	111,4	111,4
Treasury shares	-72,7	-54,2
Hedging reserves	-5,0	0,0
Revaluation reserves	-7,4	-2,2
Retained earnings	579,6	350,0
Proposed dividend	0,0	0,0
<b>Shareholders' equity</b>	<b>605,9</b>	<b>405,0</b>
Minority interest	55,5	85,1
<b>Total equity</b>	<b>661,4</b>	<b>490,1</b>
Provision for deferred tax	1,0	30,3
Financial institutions	86,0	88,9
Other accrued expenses, interest-rate swap	6,7	0,0
<b>Total non-current liabilities</b>	<b>93,7</b>	<b>119,2</b>
Financial institutions	5,2	144,1
Trade payables	32,9	57,5
Income taxes	0,4	7,4
Other payables	97,3	141,5
Deferred income	32,2	20,0
<b>Total current liabilities</b>	<b>168,0</b>	<b>370,5</b>
<b>Total liabilities</b>	<b>261,7</b>	<b>489,7</b>
<b>Total equity and liabilities</b>	<b>923,1</b>	<b>979,8</b>

## Consolidated statement of changes in equity

DKKm	Share equity	Treasury shares	Hedging reserves	Revaluation reserves	Retained earnings	Proposed dividend	Shareholders' total share	Minority-interests	Total
<b>2008</b>									
<b>Equity at 1 January 2008</b>	<b>111.4</b>	<b>-54.2</b>	<b>0.0</b>	<b>-2.2</b>	<b>350.0</b>	<b>0.0</b>	<b>405.0</b>	<b>85.1</b>	<b>490.1</b>
<b>Changes in equity in 2008</b>									
Currency adjustments, foreign companies	0.0	0.0	0.0	-5.2	0.0	0.0	-5.2	0.0	-5.2
Fair value adjustment of hedging instruments	0.0	0.0	-5.0	0.0	0.0	0.0	-5.0	0.0	-5.0
Adjustment for fair value allocated to share of company owned before acquisition of majority interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net gains/-losses recognised directly in equity	0.0	0.0	-5.0	-5.2	0.0	0.0	-10.2	0.0	-10.2
Net profit for the period	0.0	0.0	0.0	0.0	226.5	0.0	226.5	-21.3	205.2
<b>Total income</b>	<b>0.0</b>	<b>0.0</b>	<b>-5.0</b>	<b>-5.2</b>	<b>226.5</b>	<b>0.0</b>	<b>216.3</b>	<b>-21.3</b>	<b>195.0</b>
Addition of minority interests, net	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-5.4	-5.4
Purchase of treasury shares	0.0	-18.5	0.0	0.0	0.0	0.0	-18.5	0.0	-18.5
Dividend distributed	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-2.9	-2.9
Dividend treasury shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Share based payments	0.0	0.0	0.0	0.0	3.1	0.0	3.1	0.0	3.1
<b>Total changes in equity in 2008</b>	<b>0.0</b>	<b>-18.5</b>	<b>-5.0</b>	<b>-5.2</b>	<b>229.6</b>	<b>0.0</b>	<b>200.9</b>	<b>-29.6</b>	<b>171.3</b>
<b>Equity at 31 December 2008</b>	<b>111.4</b>	<b>-72.7</b>	<b>-5.0</b>	<b>-7.4</b>	<b>579.6</b>	<b>0.0</b>	<b>605.9</b>	<b>55.5</b>	<b>661.4</b>



## Consolidated statement of changes in equity

DKKm	Share equity	Treasury shares	Hedging reserves	Revaluation reserves	Retained earnings	Proposed dividend	Shareholders' total share	Minority-interests	Total
<b>2007</b>									
<b>Equity at 1 January 2007</b>	<b>111.4</b>	<b>-30.7</b>	<b>-1.7</b>	<b>0.3</b>	<b>323.8</b>	<b>22.3</b>	<b>425.4</b>	<b>80.0</b>	<b>505.4</b>
<b>Changes in equity in 2007</b>									
Currency adjustments, foreign companies	0.0	0.0	0.0	-2.5	0.0	0.0	-2.5	0.0	-2.5
Fair value adjustment of hedging instruments	0.0	0.0	1.7	0.0	0.0	0.0	1.7	0.0	1.7
Adjustment for fair value allocated to share of company owned before acquisition of majority interests	0.0	0.0	0.0	0.0	7.5	0.0	7.5	0.0	7.5
Net gains/-losses recognised directly in equity	0.0	0.0	1.7	-2.5	7.5	0.0	6.7	0.0	6.7
Net profit for the period	0.0	0.0	0.0	0.0	15.1	0.0	15.1	9.0	24.1
<b>Total income</b>	<b>0.0</b>	<b>0.0</b>	<b>1.7</b>	<b>-2.5</b>	<b>22.6</b>	<b>0.0</b>	<b>21.8</b>	<b>9.0</b>	<b>30.8</b>
Addition of minority interests, net	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.1	4.1
Purchase of treasury shares	0.0	-23.5	0.0	0.0	0.0	0.0	-23.5	0.0	-23.5
Dividend distributed	0.0	0.0	0.0	0.0	0.0	-22.3	-22.3	-8.0	-30.3
Dividend treasury shares	0.0	0.0	0.0	0.0	1.2	0.0	1.2	0.0	1.2
Share based payments	0.0	0.0	0.0	0.0	2.4	0.0	2.4	0.0	2.4
<b>Total changes in equity in 2007</b>	<b>0.0</b>	<b>-23.5</b>	<b>1.7</b>	<b>-2.5</b>	<b>26.2</b>	<b>-22.3</b>	<b>-20.4</b>	<b>5.1</b>	<b>-15.3</b>
<b>Equity at 31 December 2007</b>	<b>111.4</b>	<b>-54.2</b>	<b>0.0</b>	<b>-2.2</b>	<b>350.0</b>	<b>0.0</b>	<b>405.0</b>	<b>85.1</b>	<b>490.1</b>

## Consolidated cash flow statement

	2008 DKKm	2007 DKKm
<b>Net profit, continued operations</b>	<b>-128.9</b>	<b>1.7</b>
Adjustments for non-cash operating items	133.8	113.1
Changes in working capital	40.6	-17.6
<b>Cash flow from operating activities before net financials</b>	<b>45.5</b>	<b>97.2</b>
Interest received	0.9	1.7
Interest paid	-12.2	-3.8
<b>Cash flows from ordinary activities</b>	<b>34.2</b>	<b>95.1</b>
Income tax paid	5.1	-0.7
<b>Cash flows from operating activities, continued operations</b>	<b>39.3</b>	<b>94.4</b>
Cash flows from operating activities, discontinued operation	40.8	14.3
<b>Cash flows from operating activities total</b>	<b>80.1</b>	<b>108.7</b>
Additions of intangible assets and property, plant and equipm.	-70.1	-125.5
Disposals of intangible assets and property, plant and equipm.	4.1	2.2
Dividend from associates	1.2	4.3
Dividend to minorities	-2.9	-8.0
Investment in other non-current assets	0.4	1.1
Investment in subsidiaries	0.0	-20.2
Investment in associates	-2.7	-4.8
<b>Cash flows from investing activities, continued operations</b>	<b>-70.0</b>	<b>-150.9</b>
Cash flows from investing activities, discontinued operations	144.1	-14.2
<b>Cash flows from investing activities total</b>	<b>74.1</b>	<b>-165.1</b>
Repayment and non-current liabilities	-2.8	-10.9
Currency adjustments, etc.	-4.4	1.0
Investment in treasury shares	-18.5	-23.5
Dividend, treasury shares	0.0	1.2
Dividend to shareholders	0.0	-22.3
<b>Cash flows from financing activities, continued operations</b>	<b>-25.7</b>	<b>-54.5</b>
Cash flows from financing activities, discontinued operations	-2.3	-1.5
<b>Cash flows from financing activities total</b>	<b>-28.0</b>	<b>-56.0</b>
<b>Changes in cash and cash equivalents</b>	<b>126.2</b>	<b>-112.4</b>
<b>Cash and cash equivalents at 1 January</b>	<b>-115.9</b>	<b>-3.5</b>
<b>Cash and cash equivalents at 31 December</b>	<b>10.3</b>	<b>-115.9</b>

## Revenue by Country and Business Area

DKKm	Revenue									
	Q4 2008	Q3 2008	Q2 2008	Q1 2008	Year 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Year 2007
<b>By Country</b>										
Denmark	286.8	283.8	319.3	319.7	1,209.6	355.5	328.9	351.8	367.9	1,404.1
<i>Indeks cp. same period last year</i>	80.7	86.3	90.8	86.9	86.1					
Sweden	47.2	67.1	84.5	69.9	268.7	84.8	53.0	69.3	62.0	269.1
<i>Indeks cp. same period last year</i>	55.6	126.6	122.0	112.7	99.8					
Other countries	5.0	11.8	16.7	15.2	48.7	16.2	14.0	17.5	16.8	64.5
<i>Indeks cp. same period last year</i>	30.9	84.3	95.4	90.5	75.5					
<b>Total</b>	<b>339.0</b>	<b>362.7</b>	<b>420.5</b>	<b>404.8</b>	<b>1,527.0</b>	<b>456.5</b>	<b>395.9</b>	<b>438.6</b>	<b>446.7</b>	<b>1,737.7</b>
Discontinued operations	48.4	72.4	93.4	77.0	291.2	94.4	60.0	79.1	70.4	303.9
<b>Continued operations</b>	<b>290.6</b>	<b>290.4</b>	<b>327.1</b>	<b>327.8</b>	<b>1,235.8</b>	<b>362.1</b>	<b>335.9</b>	<b>359.5</b>	<b>376.3</b>	<b>1,433.8</b>
<i>Indeks cp. same period last year</i>	80.2	86.5	91.0	87.1	86.2					
<b>By Business Area</b>										
Newspaper publication and distribution	320.5	340.2	394.0	378.8	1,433.5	434.0	373.4	415.5	423.8	1,646.7
<i>Indeks cp. same period last year</i>	73.8	91.1	94.8	89.4	87.1					
Internet	18.5	22.5	26.6	25.9	93.5	22.4	22.4	23.2	23.0	91.0
<i>Indeks cp. same period last year</i>	82.6	100.4	114.7	112.6	102.7					
<b>Total</b>	<b>339.0</b>	<b>362.7</b>	<b>420.6</b>	<b>404.7</b>	<b>1,527.0</b>	<b>456.4</b>	<b>395.8</b>	<b>438.7</b>	<b>446.8</b>	<b>1,737.7</b>
<i>Indeks cp. same period last year</i>	74.3	91.6	95.9	90.6	87.9					
Discontinued operations	48.4	72.4	93.4	77.0	291.2	94.4	60.0	79.1	70.4	303.9
<b>Continued operations</b>	<b>290.6</b>	<b>290.3</b>	<b>327.2</b>	<b>327.7</b>	<b>1,235.8</b>	<b>362.0</b>	<b>335.8</b>	<b>359.6</b>	<b>376.4</b>	<b>1,433.8</b>

## Operating profit by Country and Business Area

DKKm	Operating profit									
	Q4 2008	Q3 2008	Q2 2008	Q1 2008	Year 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Year 2007
<b>By Country</b>										
Denmark	-21.4	-13.7	-6.9	-2.6	-44.6	-2.8	-1.4	9.1	26.5	31.4
<i>Operating margin</i>	-7.5%	-4.8%	-2.2%	-0.8%	-3.7%	-0.8%	-0.4%	2.6%	7.2%	2.2%
Sweden	10.1	9.8	18.6	7.0	45.5	20.6	-1.4	8.7	3.0	30.9
<i>Operating margin</i>	21.4%	14.7%	22.0%	10.1%	16.9%	24.3%	-2.7%	12.5%	4.8%	11.5%
Other countries	-1.5	-0.4	0.8	0.3	-0.8	1.2	1.9	2.1	1.3	6.5
<i>Operating margin</i>	-29.6%	-3.6%	5.0%	1.7%	-1.6%	7.3%	13.4%	12.2%	8.0%	10.1%
<b>Total</b>	<b>-12.8</b>	<b>-4.3</b>	<b>12.6</b>	<b>4.7</b>	<b>0.1</b>	<b>19.0</b>	<b>-0.9</b>	<b>19.9</b>	<b>30.8</b>	<b>68.8</b>
Discontinued operations	10.3	9.9	18.6	6.5	45.3	21.1	-0.7	8.9	1.7	31.0
<b>Continued operations</b>	<b>-23.0</b>	<b>-14.2</b>	<b>-6.0</b>	<b>-1.8</b>	<b>-45.2</b>	<b>-2.1</b>	<b>-0.2</b>	<b>10.9</b>	<b>29.1</b>	<b>37.8</b>
<b>By Business Area</b>										
Newspaper publication and distribution	1.8	4.8	16.0	6.3	28.9	22.7	0.9	15.3	29.2	68.1
<i>Operating margin</i>	0.6%	1.4%	4.1%	1.7%	2.0%	5.2%	0.2%	3.7%	6.9%	4.1%
Internet	-14.6	-9.1	-3.5	-1.7	-28.8	-3.6	-1.9	4.6	1.6	0.7
<i>Operating margin</i>	-79.1%	-40.4%	-13.2%	-6.4%	-30.8%	-16.1%	-8.5%	19.8%	7.0%	0.8%
<b>Total</b>	<b>-12.8</b>	<b>-4.3</b>	<b>12.6</b>	<b>4.7</b>	<b>0.1</b>	<b>19.0</b>	<b>-1.0</b>	<b>19.9</b>	<b>30.8</b>	<b>68.8</b>
<i>Operating margin</i>	-3.8%	-1.2%	3.0%	1.2%	0.0%	4.2%	-0.3%	4.5%	6.9%	4.0%
Discontinued operations	10.3	9.9	18.6	6.5	45.3	21.1	-0.7	8.9	1.7	31.0
<b>Continued operations</b>	<b>-23.0</b>	<b>-14.2</b>	<b>-6.0</b>	<b>-1.8</b>	<b>-45.2</b>	<b>-2.0</b>	<b>-0.3</b>	<b>11.0</b>	<b>29.1</b>	<b>37.8</b>