Annual Report 2007





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PART I · Consolidated Annual Report	Page
Business concept	1
Management's review	3
Financial highlights and ratios	3
Annual Report	4
Financial review	8
Corporate governance	10
Incentive schemes	11
Risk and risk management	11
Investor relations	13
Company description	17
Newspaper publication and distribution	17
Internet	22
Statement by the Board of Directors and Management	24
Statement by the Independent Auditors	25
Consolidated financial statements	27
Income statement	27
Balance sheet	28
Consolidated statement of changes in equity	30
Consolidated cash flow statement	31
Notes	33
Board of Directors and Management	66
Group structure	68
Group addresses	69
PART II – Parent financial statements (enclosed on cd-rom)	70-88

The Annual Report 2007 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

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 advertisements 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.

Designations

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

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



Søndagsavisen's headquarters in Søborg.



 $``Den \ Hvide \ Facet" \ in \ Vejle \ where \ Søndags avisen's \ and \ OFiR's \ Jutland \ departments \ are \ located.$

Management's review

Financial highlights and ratios

DKKm	2007	2006	2005	2004	2003
Income statement:					
Revenue	1,737.7	1,666.6	1,417.4	1,223.8	1,261.4
Gross profit	475.6	560.9	467.0	378.4	368.2
EBITDA	125.3	253.3	165.4	85.9	116.3
Depreciation and amortisation	80.1	73.3	53.2	44.3	41.9
Impairment	28.6	0.0	0.0	0.0	0.0
EBIT	45.2	180.0	112.2	41.6	74.3
Share of profit in associates	-7.5	2.1	6.4	4.8	10.7
Financials, net	-7.4	-7.6	-10.5	-13.0	-8.1
EBT	30.3	174.5	108.1	33.4	66.2
Net profit of the year	24.1	131.7	77.6	33.5	44.2
Balance sheet:					
Total assets	979.8	929.2	755.3	737.6	617.6
Share capital	111.4	111.4	111.4	111.4	111.4
Shareholders' equity incl. minorities	490.1	505.4	330.4	225.4	198.3
Net interest-bearing debt	207.8	100.7	144.0	278.0	207.5
Non-current liabilities	119.2	129.5	107.9	188.3	133.9
Current liabilities	370.5	294.3	317.0	323.9	273.6
Net working capital (NWC)	-21.9	-39.2	-68.8	-33.6	-60.3
Invested capital	698.0	606.0	474.4	503.5	405.8
Investments in property, plant and equipment	104.3	86.5	34.0	99.6	153.5
Free cash flow	-24.7	140.8	110.3	-32.5	-39.5
Cash flow statement:					
Cash flow from operating activities	108.7	182.4	163.0	39.0	30.2
Cash flow from investing activities	-165.1	-125.7	-64.5	-104.8	-194.4
Cash flow from financing activities	-56.0	-20.5	-41.2	44.9	136.9
Changes in cash and cash equivalents	-112.4	36.2	57.3	-20.9	-27.3
Other information:					
Average number of employees	1,242	1,191	975	969	886
Number of shares at year-end, in thousand	22,280	22,280	22,280	22,280	22,280
Treasury shares, in thousand	1,518	1,218	1,218	1,888	1,888
Share price at year-end, DKK	30.4	87.7	78.6	22.6	26.0
	50.4	07.7	70.0	22.0	20.0
Ratios:	07.4				
Gross margin (%)	27.4	33.7	32.9	30.9	29.2
Operating margin (EBIT) (%)	2.6	10.8	7.9	3.4	5.9
Liquidity ratio (%)	62.0	84.0	64.4	58.5	49.8
Equity ratio (%)	50.0	54.4	43.7	30.6	32.1
Return on Equity (ROE) (%)	4.8	31.5	27.9	15.8	24.1
Return on capital employed (ROIC) (%)	6.9	33.3	22.9	9.1	21.0
Interest cover	4.2	18.3	8.5	2.9	6.8
Financial gearing	0.4	0.2	0.4	1.2	1.0
Net interest-bearing debt as a ratio of EBITDA	1.7	0.4	0.9	3.3	1.8
Cash conversion (%)	-54.7	78.2	98.3	-78.1	-53.2
Earnings per share (EPS)	0.7	5.7	3.4	1.3	1.9
Price Earnings (P/E)	42.2	15.5	23.3	17.8	14.6
Price/Book Value (P/BV)	1.4	3.9	5.3	2.2	2.9
Cash flow per share (CFPS)	5.2	8.7	7.9	1.9	1.5
Dividend rate (%)	0.0	20.0	16.0	0.0	0.0
Dividend per share	0.0	1.0	0.8	0.0	0.0

Definition of financial ratios, see note 3.

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

ANNUAL REPORT

HIGHLIGHTS IN 2007 – A VERY DIFFICULT YEAR FOR SØNDAGSAVISEN

Contrary to expectation, 2007 turned out to be a very difficult year for Søndagsavisen.

- The consolidated revenue was DKK 1,737.7 million, which is 4 % higher than in 2006.
- The consolidated operating profit was DKK 45.2 million, which is DKK 134.8 million lower than in 2006.
- The consolidated profit before tax was DKK 30.3 million, which is DKK 144.2 million lower than in 2006.

The results are in accordance with the most recently published expectations.

Strongly intensified competition, falling prices, a declining total market and higher distribution costs, including distribution salaries in particular, meant that the Group's net profit for 2007 was significantly lower than expected.

Revenue and Operating profit by country and business area

Revenue, DKKm

	2007	2006	Index
By country			
Denmark	1,404.1	1,353.4	104
Sweden	269.1	253.0	106
Other countries	64.5	60.2	107
Total revenue	1,737.7	1,666.6	104
	1,737.7	1,666.6	

Revenue, DKKm

	2007	2006	Index
By business area			
Newspaper publicat	ion		
and distribution	1,646.7	1,588.9	104
Internet	91,0	77.7	117
Total revenue	1,737.7	1,666.6	104

Operating profit, DKKm

	2007	2006	Index
By country			
Denmark	7.8	155.3	5
Sweden	30.9	21.5	144
Other countries	6.5	3.2	203
Total op. profit	45.2	180.0	25

Operating profit, DKKm

By business area	2007	2006	Index
Newspaper publicat	ion		
and distribution	47.2	173.6	27
Internet	-2.0	6.4	N/A
Total op. profit	45.2	180.0	25

Highlights, Denmark 2007 – increased competition, lower prices and higher costs

Revenue from the Danish activities rose moderately by 4 % from DKK 1,353.4 million in 2006 to DKK 1,404.1 million in 2007. Operating profit, on the other hand, declined sharply from DKK 155.3 million in 2006 to DKK 7.8 million in 2007, due primarily to causes within newspaper publication and distribution.

Competition intensified in the market for distribution of unaddressed printed matter in Denmark. Increased competition led to falling prices, which is a significant cause of the lower profit. The volume of unaddressed printed matter and newspapers grew less than expected and this together with an increase in the number of households with "No advertisements, please" signs caused the total number distributed to drop compared with 2006.

Distribution costs, which are mainly wage and salary costs, rose disproportionately in 2007 due to the general shortage of labour. Forbruger-Kontakt built up national mid-week distribution in the first quarter of 2007. However, the distribution costs were much higher than expected, so the mid-week coverage was subsequently reduced again.

In addition, packaging costs rose at Forbruger-Kontakt's two distribution terminals in Taastrup and in Tilst near Århus. Printed matter has generally become heavier, which makes efficient handling difficult. Conversion of the six packing lines has been started in order to achieve greater packing efficiency. The conversion made it necessary to make a DKK 18.5 million writedown on plant and machinery in 2007.

The market for retail ads was much more competitive in 2007 than in 2006, and Søndagsavisen lost market shares because of intensified price competition. At the same time, the market for national advertising did not develop as expected, so in the middle of the year it was decided to discontinue the North Jutland edition. In January 2007, Søndagsavisen and OFiR introduced a coordinated ad campaign with the aim to become Denmark's largest medium in the recruitment-ad market. Substantial investments were made in marketing, software development and in an increase in the sales force. Søndagsavisen achieved high growth rates in the market for recruitment ads, particularly in the Jutland editions. As several of the new online functions were delayed, OFiR was unable to achieve the estimated sales in 2007.

Competition in the printing market was intensified and Helsingør Dagblad lost several printing jobs towards the end of 2007. In addition, an edition competing with Helsingør Dagblad's local weekly was launched. This, too, affected results negatively.

The results of the Group's associated company LokalAvisen Holding ApS, which publishes the local mid-week newspapers Fjordbyerne Frederikssund and Fjordbyerne Roskilde did not come up to expectations. As a result, the capital contribution was written down partially by a total amount of DKK 5.0 million.

Highlights, Sweden 2007 – "Mitt i" retains a strong and profitable position in Stockholm

In Sweden revenue rose by DKK 16.1 million, or 6 %, to DKK 269.1 million in 2007. Operating profit in 2007 was DKK 30.9 million, up DKK 9.4 million on 2006.

In 2006, the advertisement market improved thanks to the Swedish parliamentary elections. Otherwise, market trends from 2006 to 2007 were generally flat in Sweden where the job segment increased while the market for housing ads declined. Despite this general trend, Søndagsavisen's Swedish subsidiary GISAB succeeded in increasing revenue, and GISAB improved its market share in housing ads in particular.

GISAB's principal activity is the publication of the free weekly newspaper "Mitt i", which is published in 31 individual editions in Greater Stockholm. GISAB also publishes five local newspapers outside Stockholm, which in 2007 had higher growth rates and improved earnings as a result of the implementation of concepts and utilisation of synergies from "Mitt i".

In September 2007, Södertälje Posten was acquired. For many years, GISAB has been publishing a newspaper in the Södertälje area, and the acquisition makes it possible to merge the two newspapers and realise synergy gains.



Thanks to amendments to Swedish legislation, Swedish companies with newspaper publication activities will obtain repayment of the advertising tax that was paid in 2007. The amended legislation increased the revenue and the profit from the Swedish activities by DKK 7.8 million in 2007 and accounts for a significant part of the improved profit performance compared with the previous year.

Highlights, Other countries 2007 – strong growth in MatchWork UK, positive results in Norway

Norsk Avisdrift's revenue in 2007 was DKK 38.9 million, which is at the same level as the revenue in 2006.

To cut costs, the circulation in Stjørdal was reduced, and the commercial newspaper Byens Næringsliv was inserted into Byavisa Trondheim.

The operating profit of Norsk Avisdrift in 2007 was DKK 0.7 million, which represents an improvement of DKK 0.9 million compared with 2006.

MatchWork was successful in the UK in 2007, increasing revenue by 25 %.

The building up of a German and a Swedish MatchWork office progresses as planned.

Highlights, Newspaper publication and distribution 2007 – significantly lower results

Consolidated revenue from the Group's total newspaper and distribution activities amounted to DKK 1,646.7 million in 2007, up by 4 % on the previous year. Operating profit, on the other hand, was significantly lower, amounting to DKK 47.2 million in 2007 compared with DKK 173.6 million in 2006.

Highlights, Internet 2007 – late launch of new online functions on OFiR Job

The revenue from the Group's Internet activities came to DKK 91.0 million in 2007, representing growth of DKK 13.3 million, or 17 %. Operations



returned a loss of DKK 2.0 million in 2007. This result was DKK 8.4 million lower than in 2006.

The main cause of the significantly lower results from the Internet activities are the coordinated ad campaign launched by Søndagsavisen and OFiR in 2007 with the objective of expanding the Group's position as the largest actor in the market for recruitment ads. An increase in the sales labour force, investment in new online facilities as well as marketing were significant elements of the campaign and led to substantially higher costs. However, delay in the development of the new online facilities meant that the job portal did not achieve the expected revenue growth and market share.

The MatchWork activities developed as planned, with high growth rates driven by the activities in the UK in particular. Also the internationalisation strategy with expansions in Germany and Sweden progressed as planned.

In 2007, FORUM.DK focused on developing new forward-oriented products. Revenue was lower in 2007 compared with 2006 due to reorganisation. At the end of the year the organisation and product offerings were in place.

At 1 January 2007, OFiR a-s increased its ownership interest in MDA Holding ApS, whose primary activity is to operate Boligportal.dk. The ownership interest was increased from 50 % to 77.5 %. As a result, the company is recognised as a subsidiary in 2007. Previously it was recognised as a joint venture.

Boligportal.dk is Denmark's largest portal for housing rentals. It has more than 450,000 visitors every month. The activity develops very favourably and better than expected.

At 1 November 2007, the company MinReklame ApS was acquired. MinReklame ApS operates the portal MinReklame.dk and is the leading company within digital advertising for retail chains in Denmark. MinReklame.dk distributes, among other things, printed matter on a digital basis to more than 150,000 consumers per month.

Management changes in 2007

As future growth is especially expected to be generated by the online activities, it was decided to



expand the Management by one manager. On 8 October 2007, Hans Henrik Lund took up his position as manager and member of the Management of Søndagsavisen a-s, with responsibility for the Group's total Media-Online activities.

The Group's poor financial performance has made it necessary to focus on innovation and commercial development of the Group's core business areas. In that connection, managerial and organisational changes have been made.

As stated in Announcement No. 15-07 of 25 September 2007, Benny Juul Lundgaard resigned as Director and member of the Management of Søndagsavisen a-s. For five years, Benny Juul Lundgaard was responsible for the Group's distribution activities, including Forbruger-Kontakt.

Furthermore, Announcement No. 17-07 of 8 October 2007 stated that on 24 October 2007 Christian Lanng Nielsen takes up his position as Director of the Group's total distribution activities and become a member of the Management of Søndagsavisen a-s.

Moreover, cost adaptation to the changed market conditions was commenced. At the same time, increased focus was placed on strengthening the organisation's competencies.

Expectations for 2008 – revenue and profit lower than in 2007

- In 2008, consolidated revenue is expected to be DKK 1,600 1,650 million.
- Expectations for consolidated profit before tax in 2008 are DKK 0 20 million.
- The Group's total operating investments are expected to amount to DKK 70 million.

The expectations for the profit performance in 2008 are disappointing, and the year will be used to bring the Group forward into a position where we will again be able to produce satisfactory results.

Market developments and intensified competition have reduced the profitability of the newspaper and distribution markets. This necessitates a new mindset and commercial development of the core business in Denmark.

The strategy and evaluation of the present commercial basis of the Group are therefore being revised, and the Group's future growth is largely expected to be generated by online activities. Expansion of newspaper and distribution activities outside of Denmark is therefore stopped. The growth in the online activities is expected to be generated both organically and through acquisitions. To finance the potential acquisition of online activities, a process, which aims at selling Gratistidningar i Sverige AB, Norsk Avisdrift AS and MatchWork World Wide A/S has been initiated.

It is believed that the three companies represent considerable value, both in absolute terms and in relation to the Group's overall market cap.

High interest from potential buyers is expected as the three companies are all healthy, well run and hold an attractive market position in the markets where they operate.

In the interest of the continued operations the possibilities of a sale will be evaluated as soon as possible. If the uncertainty at the financial markets or other issues refrain the Group from achieving a price, which is in line with the Group's perception of the companies' value, the companies will not be sold and continue to be run and grown inside the Group.

The work on expanding the Group's online activities will under all circumstances be intensified. In fact, there is an ongoing process involving the addition of more specialist and managerial competence in this area. During the year, a more strongly focused strategy is expected to be launched for the online activities.

The expectations for the distribution activities in Denmark in 2008 are characterised by substantial uncertainty relating to the revenue and profit performance. Management is therefore charged with the important job of restoring stability, predictability and a sound economy in the business.

Like the other initiatives, the conversion of the packing systems at the distribution terminals is expected to reduce the cost base of the distribution business in the long term. The salary expenses, on the other hand, especially those relating to the distribution of the printed matter, are expected to be under pressure due to the low unemployment, which makes it difficult to recruit and retain distributors.

The revenue and profit of Helsingør Dagblad A/S are expected to be lower in 2008 compared with 2007, reflecting a declining printing market and increased competition in the local newspaper market.



MinReklame's website.

The market for recruitment ads is believed to remain at a high level in 2008, while the market for other advertisements is expected to be adversely affected by the Danish economy and the price competition among the free dailies and the rest of the newspaper market including Søndagsavisen.

The organisation and product portfolio of FORUM.DK are now in place. 2008 should show a profit and positive growth rates on a par with the general growth rates in the Internet market.

Most of Boligportal.dk's growth has so far been generated in the market in Jutland. In 2008, the focus will be on increasing the market share in Greater Copenhagen.

Total Internet activities are expected to deliver a profit for 2008.

In Sweden, the aim is still to increase the revenue within retail trade and job ads in particular despite a generally flat market. Furthermore, the process of incorporating concepts and utilising synergies from "Mitt i" is continued in connection with the expansion of the newspaper editions outside Stockholm. In 2008, moderate revenue growth and improved results are anticipated as a result of continued rationalisation and efficiency improvements.

In Norway the revenue in 2008 is expected to be at the same level as in 2007, and a profit is expected to be returned.

MatchWork UK is expected to show continued growth. However, revenue may be affected negatively measured in Danish kroner due to the weakening of the British pound. The building up of the activities in Germany and Sweden are expected to continue to develop positively.

The Group's total operating investments are expected to be of the order of DKK 70 million. Investments comprise IT solutions and IT hardware at a total amount of approx. DKK 44 million and an investment of approx. DKK 26 million in plant and machinery at the two distribution terminals in Taastrup and in Tilst near Århus.

Board resolutions and resolutions to be proposed at the general meeting

For approval at the general meeting on 4 April 2008, the Board of Directors recommends that no dividend be paid due to the Group's performance for the year. For the financial year 2006, the dividend rate was 20 %.

FINANCIAL REVIEW

INCOME STATEMENT

Gross profit

The Group's total gross profit for 2007 was DKK 475.6 million, representing a gross margin of 27.4 %. The gross profit in 2007 was DKK 85.3 million lower than in 2006, mainly reflecting higher production costs within distribution activities.

In connection with a conversion of Forbruger-Kontakt's two distribution terminals in Taastrup and in Tilst near Århus, a total writedown of DKK 18.5 million was made on plant and machinery. This, too, has a negative effect on the year's gross profit.

Sales and marketing expenses

Sales and marketing expenses amounted to DKK 205.0 million in 2007, which is DKK 24.6 million, or 14 %, more than in 2006. The increase is primarily driven by the coordinated advertising campaign, which was launched by OFiR and Søndagsavisen in 2007 with the objective of expanding the market position within recruitment advertisements.

Administrative expenses

Total administrative expenses amounted to DKK 231.0 million in 2007. The administrative expenses rose by DKK 25.6 million, or 12 %, compared with the previous year. The increase is due to the generally higher level of activity, which is, among other things, reflected in higher staff costs.

Share of the profits and losses of associates

The share of the profits and losses of associates after tax was DKK -7.5 million against a profit of DKK 2.1 million in 2006. The negative development is mainly due to a partial writedown of the capital contributed to the Group's associate Lokal-Avisen Holding ApS. The writedown totalled DKK 5.0 million.

Profit before tax

The Group's profit before tax was DKK 30.3 million in 2007, corresponding to an EBT margin of 2 %. The profit was DKK 144.2 million lower than in 2006, due primarily to strongly increased competition, falling prices, a falling total market and higher distribution costs.

Тах

The Group's total tax is DKK 6.2 million and corresponds to an effective tax rate of 20.4 %. The

tax rate is affected by non-recognised tax assets and the effect of the reduction of the Danish corporation tax rate from 28 % to 25 %.

Investments

The year's total investments in intangible and tangible assets amounted to DKK 129.7 million.

Forbruger-Kontakt's distribution terminal at Taastrup was expanded, and plant and machinery in both Taastrup and in Tilst near Århus were converted and expanded. The related investments in buildings and plant and machinery totalled DKK 71 million. Investments were also made in hardware and software as well as other operating assets related to maintenance of the existing business.

Cash flows and interest-bearing debt

The year's cash flows in 2007 amounted to DKK -112.4 million.

Cash flows from operating activities in 2007 amounted to DKK 108.7 million, which is DKK 73.7 million lower than in the previous year. However, the reduction, which is due to lower operating results, is to some extent compensated for by a lower payment of corporation tax.

Cash flows from investing activities in 2007 of DKK -165.1 million were increased by DKK -39.4

million compared with the previous year. The increase was driven by higher investments in intangible assets and non-current assets as well as purchases of subsidiaries, which mainly comprised Södertälje Posten in Sweden, MinReklame ApS and the increased ownership interest in MDA Holding ApS.

Purchases of treasury shares at a total amount of DKK 23.5 million accounted for the greater part of the negative development of cash flows from financing activities, which in 2007 amounted to DKK 56.0 million against DKK -20.5 million in 2006.

The Group's free cash flow was DKK -24.7 million in 2007, which is a reduction of DKK 165.5 million compared with 2006. The cash conversion rate was thus -54.7 % in 2007 against 78.2 % in 2006.

Capital structure

The Group's net interest-bearing debt increased from DKK 100.7 million at 31 December 2006 to DKK 207.8 million at year-end 2007. The debt is composed of equal amounts of long-term mortgage credit financing and short-term operating credit.

Net interest-bearing debt as a ratio of EBITDA rose from 0.4 in 2006 to 1.7 in 2007, and the interest



cover was 18.3 at year-end 2006 against 4.2 at year-end 2007.

Including the increased net interest-bearing debt the Group's financial gearing rose from 0.2 in 2006 to 0.4 in 2007.

The Group's invested capital amounted to DKK 698.0 million at year-end 2007, increasing by DKK 92.0 million against the previous year. The increase reflects the increased net interest-bearing debt. The increase in invested capital in connection with the lower result is reflected in the return on invested capital (ROIC). ROIC was significantly reduced in 2007, being 6.9 % compared with 2006 when the return on invested capital was 33.3 %.

Equity and holding of treasury shares

On 31 December 2007, the Group's equity amounted to DKK 490.1 million, down DKK 15.3 million on the previous year. The negative trend primarily reflects distributed dividend and purchases of treasury shares, which, however, are partially compensated for by the net profit for the year.

In the course of 2007, the Group purchased a total of 300,000 treasury shares at a total amount of DKK 23.5 million equivalent to an average price of DKK 78.3. At year-end 2007, the total holding of treasury shares was 1,518,000.

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 its 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 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 professional 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 the 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 the 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. In connection with dismissal, if any, of the Management and employees, the maximum term of notice is 12 months, and in the event of takeover of the company the maximum severance pay is further 12 months' salary. 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.

At the annual general meeting on 4 April 2008, a resolution will be proposed to determine general guidelines for incentive pay for the Board of Directors and the Management. These guidelines will have no influence on the incentive pay since they reflect current practice.

The remuneration of the Board of 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. This bonus scheme gives priority to profitable revenue growth and the bonus is limited to maximum 100% of the basic salary.

INCENTIVE SCHEMES

In June 2007, Søndagsavisen established a share option programme for a group of 12 people consisting of the company's Management and selected managerial staff. The number of share options granted is 250,000, 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 23 to the Annual Report. The options are granted to promote the company's growth and earnings.

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 for one year 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:

- No other printed media provides access to approx. two million readers every week.
- Via the many sub-editions, regional advertisers are offered precisely the coverage they need, in recognised media at competitive prices.

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 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 Søborg. The buildings have their own emergency 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 outings 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, 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.

At the 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.

Reference is made to note 37 for a more detailed description of these risks.

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 Møllevej 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
	Mortensen & Beierholm
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 2007, the company's 27th financial year.

Annual General meeting

The Annual General Meeting of shareholders will be held on Friday 4 April 2008 at 3.00 p.m. at Ingeniørforeningens Mødecenter A/S, Kalvebod Brygge 31-33, DK-1780 Copenhagen V.

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 previously, 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 2007 accounted for 6.81 % of the share capital, corresponding to 1,518,000 shares.

Dividend

For approval by the general meeting on 4 April 2008 the Board of Directors recommends that no dividend be paid as a result of the company's performance for the year.

The income statement of the parent company shows a net profit of DKK 0.7 million. The Board of Directors recommends the following appropriation of the profit:

Appropriation of profit, DKKm

II I I '	
Retained earnings at 1 January 2007	619.3
Other equity items	5.3
Net profit for the year	0.7
Investment in treasury shares	-23.5
Available for appropriation	601.8

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

Retained earnings at	
31 December 2007	601.8

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 2007:

- Baunegård ApS Fredensborg Kongevej 49, 2980 Kokkedal
- BNP Paribas Securities Services 66 Rue de la Victoire F-75078 PARISCEDEX 02, France
- Søndagsavisen a-s Gladsaxe Møllevej 28, 2860 Søborg



Søndagsavisen's and OFiR's exhibition stand at "Træfpunkt Human Resources 2007".

Management's review

The majority shareholder is Richard Bunck, the founder of the company who together with his wife holds 51.29 % of the share capital through a 100 % owned and controlled holding company, Baunegård ApS. Most of the remaining share capital is placed with institutional investors.

51.29%
7.17%
6.81%
34.73%
100.00%

Management

At year-end 2007, the company's Board of Directors and Management, exclusive of Richard Bunck, controlled 474,890 shares, or 2.13 % of the share capital.

During the financial year, Britt and Richard Bunck transferred all their shares in Søndagsavisen a-s to Baunegård ApS, a holding company which is wholly owned and controlled by them. In the financial year under review, the company's Board of Directors and Management, exclusive of Britt and Richard Bunck, purchased 141,830 shares net in the company. In addition, it should be noted that the shareholding controlled by the Board of Directors and the Management was reduced by 5,070 shares net on account of the resignation of one member of the Management.

Market capitalisation

The market capitalisation of the company's shares was DKK 677.3 million at the close of the financial year, 31 December 2007.

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 Søndags-avisen a-s:

Stockbroker	Name and phone no.
Carnegie Bank	Lars Topholm
	$+45\ 32\ 88\ 02\ 00$
Nordea Bank	Michael W. Hybholt
	+45 33 33 52 83
Gudme Raaschou Bank	Stig Nymann
	$+45\ 33\ 44\ 90\ 00$
FIH Erhvervsbank A/S	Klaus Kehl
	+45 72 22 50 00

Corporate site

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

Company Announcements 2007

10 January 2007:	Søndagsavisen and OFiR initiate cooperation on advertisements
31 January 2007:	Financial Calendar
28 February 2007:	Preliminary Announcement of the Annual Report 2006
5 March 2007:	Statement of leading management and related parties' trade with
	Søndagsavisen a-s shares
4 April 2007:	Notice of Annual General Meeting in Søndagsavisen a-s
4 April 2007:	Annual Report 2006 for Søndagsavisen a-s
27 April 2007:	Minutes of the General Meeting
27 April 2007:	Articles of Association
1 June 2007:	Changes in share capital and votes
5 June 2007:	Profit warning
28 June 2007:	Incentive programme
6 July 2007:	Statement of leading management and related parties' trade with
	Søndagsavisen a-s shares
6 July 2007:	Major Shareholder Announcement
8 August 2007:	Interim Report 2007
25 September 2007:	Benny Lundgaard resigns as director from Søndagsavisen a-s
4 October 2007:	Søndagsavisen a-s reduces its expectations
8 October 2007:	Søndagsavisen a-s employs 2 new directors
17 October 2007:	Søndagsavisen a-s calls off the price war
7 November 2007:	Interim management statement Q3 2007
28 November 2007:	Statement of leading management and related parties' trade with
	Søndagsavisen a-s shares
19 December 2007:	Financial Calendar 2008

Company Announcements 2008

8 February 2008:	Preliminary Announcement of the Annual Report 2007
26 February 2008:	Statement of leading management and related parties' trade with
	Søndagsavisen a-s shares

Financial calendar for 2008

8 February 2008:	Preliminary Announcement of the Annual Report 2007
4 April 2008:	Annual General Meeting
7 May 2008:	Interim management statement Q1 2008
6 August 2008:	Interim Report 2008
5 November 2008:	Interim management statement Q3 2008

The Board of Directors' meeting calendar for 2008

Thursday 7 February 2008 / Friday 8 February 2008 Friday 4 April 2008 Tuesday 6 May 2008 / Wednesday 7 May 2008 Thursday 26 June 2008 Tuesday 5 August 2008 / Wednesday 6 August 2008 Monday 8 September 2008 Tuesday 4 November 2008 / Wednesday 5 November 2008 Thursday 4 December 2008

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 began publishing Søndagsavisen. The newspaper is ad-financed and distributed at weekends to all households in a large, clearly defined commercial area. The first publication area was the western suburbs of Copenhagen. The newspaper was later to give its name to the whole company.

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

NEWSPAPER PUBLICATION AND DISTRIBUTION

NEWSPAPER PUBLICATION

DENMARK

The publication of Søndagsavisen was as mentioned started in 1978. During the newspaper's 30 years of existence, both its circulation and its distribution area have expanded steadily. Søndagsavisen is now distributed in more than 2.2 million copies every weekend, corresponding to coverage of approximately 85 % 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 15 different regional editions and 27 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



Søndagsavisen sales material.

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 million readers, the following characteristics are particularly noteworthy:

- Just under half are aged between 25 and 50.
- Approximately one fourth have a long, higher education.
- 80 % have influence on the household's purchases.
- 72 % have an 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:

- 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 Søndags-avisen 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 is 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.

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 is distributed to all one-family homes and row houses on Zealand, and three times in 2007 also the whole country.

SWEDEN

Søndagsavisen a-s' Swedish 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.

Company Description

GISAB publishes 36 free local newspapers with a weekly circulation of 1.2 million:

- "Mitt i" (wholly-owned) a total of 31 local newspapers in Stockholm with a weekly circulation of 950,000.
- Smé-Journalen and Strängnäs-Journalen (91 %owned) – i.e. two local newspapers in Eskilstuna and Strängnäs with a weekly circulation of 61,000.
- Örebroar'n (90 %-owned) i.e. one local newspaper in Örebro with a weekly circulation of 64,000.
- Södertäljeposten (100 %) 2 local newspapers in Södertälje and Trosa with a weekly circulation of 99,000.

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 950,000. 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 Lidingö" 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 including at the local level.

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 newspa-

Company Description

per 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.

OTHER COUNTRIES

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. 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 approx. 92,000, which is distributed to all house-holds in the Trondheim commercial district. Byavisa is read by 106,000 consumers every week. Byens Næringsliv is published as an insert in Byavisa 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 two 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.

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.

Søndagsavisen is today the largest privately owned 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 4.2 million households.

Coverage and potential at 31 December 2007:

	Covered by company	Total households
Denmark	2,622,000*	2,624,000
Sweden	1,492,000*	4,407,000
Norway	118,000	2,080,000

*incl. business partners.

Distribution activities and countries at 31 December 2007:

	Denmark	Sweden	Norway
Unaddressed			
printed matter	yes	yes	yes
Newspapers	yes	yes	yes
Chess Mail	yes	yes	no
Customer analyses	s 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 flexibility in terms of the shape and size of the material, as well as the choice of the geographical distribution area to be influenced.

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.

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
- Twin 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 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.

Logistics structure

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.



Packing of unaddressed printed matter at Forbruger-Kontakt's distribution terminal.

SWEDEN

GISAB's wholly-owned subsidiary S-Post AB, together with a number of partners, handles the distribution of own newspapers, unaddressed printed advertising material and samples to 1.1 million households, primarily in the Greater Stockholm area in Sweden.

OTHER COUNTRIES

In Norway, local distribution of unaddressed printed matter, newspapers and samples to 118,000 households in the Trondheim area is provided by the wholly-owned subsidiary Norpost Midt-Norge AS.

INTERNET

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

Business areas

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

- Job & HR services
- FORUM-Portal
- Media Solutions
- Boligportal.dk
- MinReklame.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.

Around the turn of the year 2006/07 OFiR and Søndagsavisen launched the 'We do the job together' project. This cooperation combines the strengths of each medium in order to create value for employers and employees alike.

FORUM - Portal for online relations

FORUM.DK has specialised in online relations between people. With FORUM.DK users gain an online universe where they can keep in touch with friends, acquaintances and sweethearts in



FORUM.DK employees.

one user-friendly Internet environment. Contactcreating services like Mail, Chat and Dating are used by approx. 300,000 unique users every month. In 2007, FORUM.DK introduced a discussion forum with weekly inputs from Søndagsavisen among others. FORUM.DK's aim is to become the Danes' preferred place to meet online.

In 2007, FORUM.DK also introduced 'Min Side' – the user's own page. The user builds up the page with an overview of mail, chat and dating relations. At the same time, the user can download preferred RSS-feed into the page, thus being able freely to select his or her information channels in addition to getting an overview of the day's news in one place.

At the end of 2007, FORUM.DK launched a housing community, offering good advice and exchange of experience with people interested in housing. It also launched a charitable universe in cooperation with the charity project 'En God Sag' ('A Good Cause'), providing a free of charge service that offers users the opportunity to support a number of charitable organisations when trading via the Internet.

FORUM.DK's primary target group is 18-45-yearold urban people who are living in Copenhagen and large provincial towns and have a mediumhigh or high income and good education and training.

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.

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.

Boligportal.dk

Boligportal.dk ApS was established in 1999 and operates within home sales and rental. The company operates Boligportal.dk, which is an ad market for landlords, sellers and people seeking housing. Boligportal.dk is the largest marketplace for rental housing on the Internet with more than 450,000 visitors a month. More than 3,000 rental houses and flats are advertised on Boligportal.dk every month.

MinReklame.dk

MinReklame.dk, which was taken over by Søndagsavisen a-s on 1 November 2007, has been operating within online marketing for Danish retail chains since 2001.

Through digital distribution of flyers and catalogues the Danish retail chains can get in touch with Danish consumers on the Internet through MinReklame, including consumers registered under the Post Danmark 'No ads please' scheme.



Søndagsavisen marketing material.

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 2007. 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 2007, as well as of the results of the company's activities and cash flows for 2007.

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

Søborg, 8 February 2008

Management

Mads Dahl Møberg Andersen

Kåre Stausø Wigh

Hans Henrik Lund

Christian Lanng Nielsen

Board of Directors

Richard Bunck Chairman Peter Rasztar Vice Chairman Steen Gede

Björn Lindberg

Jesper Balser

Ole Larsen

Adoption

As adopted at the Annual General Meeting of shareholders on 4 April 2008.

As chairman of the meeting:

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 2007, 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 judgement, 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 2007 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, 8 February 2008

Ernst & Young Statsautoriseret Revisionsaktieselskab **Mortensen & Beierholm** Statsautoriseret Revisionsaktieselskab

Henrik Kofoed State Authorised Public Accountant Jan Andersen
State Authorised Public Accountant



Forbruger-Kontakt.

Consolidated income statement

Note		2007 DKKm	2006 DKKm
	Revenue	1,737.7	1,666.6
7,9	Production costs	1,262.1	1,105.7
	Gross profit	475.6	560.9
7,9	Sales and marketing expenses	205.0	180.4
7,9,10	Administrative expenses	231.0	205.4
	Other operating income	5.6	4.9
	Operating profit	45.2	180.0
11	Share of profit of associates	-7.5	2.1
12	Net financials	-7.4	-7.6
	Profit before tax	30.3	174.5
13	Tax for the year	6.2	42.8
	Net profit for the year	24.1	131.7
	Attributable to:		
	Shareholders in Søndagsavisen a-s	15.1	119.5
	Minority interests	9.0	12.2
		24.1	131.7
14	Earnings per share, in DKK		
	Earnings per share (EPS)	0.7	5.7
	Diluted earnings per share (EPS-D)	0.7	5.7

Consolidated balance sheet at 31 December

Assets

Note	2007 DKKm	2006 DKKm
Goodwill	67.2	43.1
Other intangible assets	44.7	17.8
Completed development projects, software	26.8	30.5
Development project in progress	12.7	7.5
17 Intangible assets	151.4	98.9
Land and buildings	379.8	357.6
Plant and machinery	148.7	135.9
Operating equipment, fixtures and fittings	47.5	49.3
Property, plant and equipm. in course of construction	7.4	14.5
18 Property, plant and equipment	583.4	557.3
20 Investments in associates	3.5	10.5
Other securities and investments	3.9	4.9
22 Deferred tax assets	5.5	4.9
Other receivables	2.4	2.4
Other non-current assets	15.3	2.4
Total non-current assets	750.1	682.0
Inventory	3.2	2.5
21 Trade receivables	156.5	143.5
Receivables from associates	0.4	3.0
26 Receivables from parent company	5.4	0.0
26 Income tax receivables	0.0	4.7
Other receivables	21.9	13.0
Prepayments	17.1	15.9
Cash	25.2	64.6
Total current assets	229.7	247.2
Total assets	979.8	929.2

Consolidated balance sheet at 31 December

Equity and Liabilities

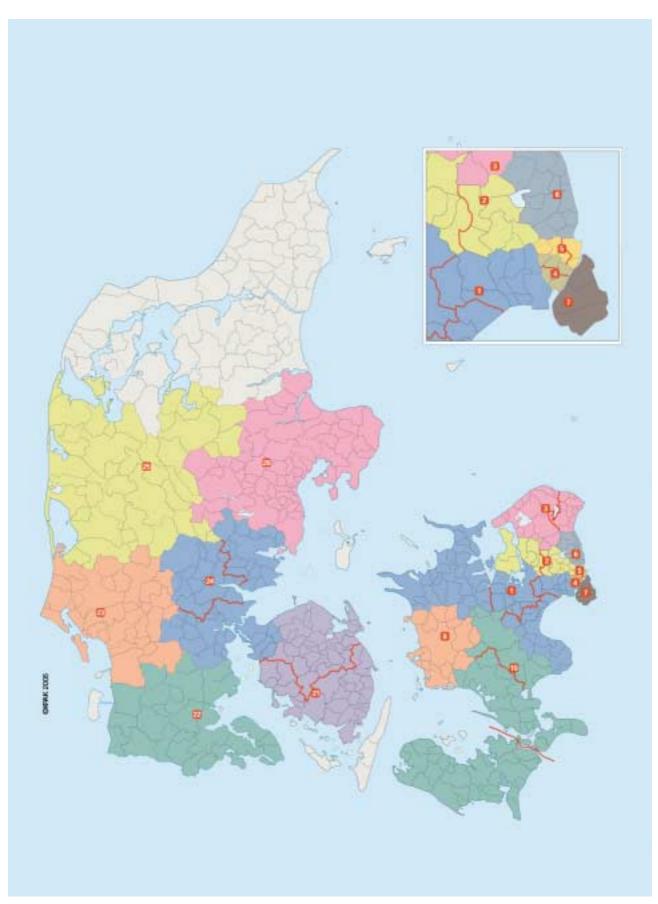
Note	2007 DKKm	2006 DKKm
Share capital	111.4	111.4
Treasury shares	-54.2	-30.7
Hedging reserves	0.0	-1.7
Revaluation reserves	-2.2	0.3
Retained earnings	350.0	323.8
15 Proposed dividend	0.0	22.3
Shareholders' equity	405.0	425.4
Minority interest	85.1	80.0
23 Total equity	490.1	505.4
19 Description for defensed tor	20.2	20.7
22 Provision for deferred tax	30.3	29.7
24 Financial institutions	88.9	91.1
25 Other accrued expenses, interest-rate swap	0.0	1.7
Subordinated loan capital	0.0	7.0
Total non-current liabilities	119.2	129.5
24 Financial institutions	144.1	72.4
Trade payables	57.5	67.7
26 Income taxes	7.4	1.6
27 Other payables	141.5	139.2
Deferred income	20.0	13.4
Total current liabilities	370.5	294.3
Total liabilities	489.7	423.8
Total equity and liabilities	979.8	929.2

Consolidated statement of changes in equity

DKKm 2007	Share equity	Treasury shares	Hedging reserves	Revalua- tion reserves	Retained earnings	Proposed dividend	Share- holders' total share	Minority interests	Total
Equity at 1 January 2007	111.4	-30.7	-1.7	0.3	323.8	22.3	425.4	80.0	505.4
Changes in equity in 2007									
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	0.0	0.0	0.0	-2.3	0.0	0.0	-2.0	0.0	-2.3
	0.0	0.0	1 7	0.0	0.0	0.0	1 7	0.0	1 7
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	0.0	0.0	0.0	0.0		0.0		0.0	
acquisition of majority interest	0.0	0.0	0.0	0.0	7.5	0.0	7.5	0.0	7.5
Net gains 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 year	0.0	0.0	0.0	0.0	15.1	0.0	15.1	9.0	24.1
Total income	0.0	0.0	1.7	-2.5	22.6	0.0	21.8	9.0	30.8
Addition of minority interest, net	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.1	4.1
Addition 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
Total changes in equity in 2007	0.0	-23.5	1.7	- 2.5	2.4	-22.3	-20.4	5.1	-15.3
Total changes in equity in 2007	0.0	-23.3	1.7	-2.j	20.2	-44.3	-20.4	J.1	-13.3
Equity at 31 December 2007	111.4	-54.2	0.0	-2.2	350.0	0.0	405.0	85.1	490.1
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, foreign									
companies	0.0	0.0	0.0	1.9	0.0	0.0	1.9	0.0	1.9
Fair value adjustment 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 recognised directly									
in 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
Addition of minority interaction of	0.0	0.0	0.0	0.0	0.0	0.0	0.0	04 7	04 5
Addition of minority interests, net	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
TATTA at at December 2000	111.4	-30.7	-1.7	0.3	J4J.0	44.0	743.7	00.0	000.1

Consolidated cash flow statement

Not	e	2007 DKKm	2006 DKKm
J	Net profit for the year	24.1	131.7
28	Adjustments for non-cash operating items	124.8	121.5
29 (Changes in working capital	-34.7	-7.7
	Cash flows from operating activities before net financials	114.2	245.5
]	Interest received	2.8	3.3
]	Interest paid	-3.9	-10.2
(Cash flows from ordinary activities	113.1	238.6
26]	Income tax paid	-4.4	-56.2
	Cash flows from operating activities	108.7	182.4
30 .	Additions of intangible assets and property, plant and equipment -	129.7	-104.1
]	Disposals of intangible assets and property, plant and equipment	2.2	3.0
]	Dividend from associates	4.3	3.6
]	Dividend to minorities	-8.0	-9.9
]	Investment in other non-current assets	1.1	-0.7
]	Investment in subsidiaries	-30.2	-17.6
I	Investment in associates	-4.8	0.0
(Cash flows from investing activities	-165.1	-125.7
(Changes in other provisions	0.0	-0.5
	Repayments and non-current liabilities	-10.9	-8.1
	Currency adjustments, etc.	-0.5	4.9
	Investment in treasury shares	-23.5	0.0
]	Dividend, treasury shares	1.2	1.0
	Dividend	-22.3	-17.8
	Cash flows from financing activities	-56.0	-20.5
	Changes in cash and cash equivalents	-112.4	36.2
	Cash and cash equivalents at 1 January	-3.5	-39.7
	Cash and cash equivalents at 31 December	-115.9	-3.5



Map of Søndagsavisen's regions and sub-regions.

Notes to the consolidated financial statements

No	tes – Accounting policies	Page
1	Accounting policies in general	34
2	Accounting policies	34
3	Ratio definitions	42
4	Significant accounting estimates and judgements	43
No	tes – Consolidated income statements	
5	Primary segment information	44
6	Secondary segment information	46
7	Employee and staff costs	46
8	Share based payment	47
9	Amortisation, depreciation and impairment	48
10	Fee to auditors	48
11	Share of profit of associates	48
12	Net financials	48
13	Income taxes	49
14	Earnings per share	49
15	Dividend per share	49
No	tes – Consolidated balance sheet	
16	Acquired activities	50
17	Intangible assets	52
18	Property, plant and equipment	54
19	Investments in Joint Ventures	55
20	Investments in associates	55
21	Trade receivables	56
22	Deferred tax	56
23	Equity	58
24	Financial institutions	59
25	Other accrued expenses, interest-rate swap	59
26	Income tax payable	60
27	Other payables	60
No	tes – Consolidated cash flow statements	
28	Adjustments for non-cash operating items	60
29	Changes in working capital	60
30	Additions of intangible assets and property, plant and equipment	60
31	Cash and cash equivalents	60
No	tes – Supplementary information	
32	Operating leases and rent obligation	61
	Contingent assets and liabilities and guarantee obligations	61
34	Security for loans	61
35	Related parties	62
36	Subsequent events	62
	Financial risks	63
38	Financial assets and liabilities	65

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.

The standards used are those that became effective at 31 December 2007.

As a result of implementation of IAS 1 concerning capital management disclosure and IFRS 7 on Financial Instruments: Disclosure, the presentation of the Annual Report has been amended. IFRIC 10 on Interim Financial Reporting and Impairment has also been incorporated. The implementation of the new standards has not affected recognition and measurement, only the presentation of the financial statements in the form of, for example, enhanced note requirements.

The following IFRS standards and interpretations, which have been approved by the EU, are relevant for the company but have not been implemented early:

- IFRS 8 Operating Segments. The guide is expected to be implemented by 1 January 2009 at the latest.
- IAS 23 Borrowing Costs. The guide is expected to be implemented by 1 January 2009 at the latest.
- IAS 1 Presentation of Financial Statements. 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 but may have an impact on the presentation.

The Media and Online business activities are expected to be merged in 2008, organisationally as well as commercially. In that connection and as a consequence of the implementation of IFRS 8 Operating Segments, segment reporting will be significantly changed with effect from 1 January 2009 at the latest.

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, interests, dividends, 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.

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.

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.

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.

Sales 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 counteritem 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. 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

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

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 recognised 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 halfyearly 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 cashgenerating 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 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.

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 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.

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. 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.

3 Ratio Definitions

Gross margin	=	Gross margin x 100 Revenue
Operating profit before depreciation and amortisation	=	EBITDA
Operating profit	=	EBIT
Operating margin	=	EBIT x 100 Revenue
Return on assets	=	EBIT x 100 Total assets
Liquidity ratio	=	Current assets x 100 Current liabilities
Equity ratio	=	Equity at the end of the period x 100 Total assets
Return on equity (ROE)	=	Net profit x 100 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)	=	EBIT x 100 Average capital employed
Interest cover	=	EBIT + financial income Financial expenses
Financial gearing	=	Net interest-bearing debt Equity
Net interest-bearing debt as a ratio of EBITDA	=	Net interest-bearing debt EBITDA
Free cash flow	=	EBITDA minus investments adjusted for changes in operational balance sheet items excl. tax
Cash conversion (%)	=	Free cash flow EBIT
Earnings per share (EPS)	=	Parent company's share of net profit for the year Average number of shares in circulation
Diluted earnings per share (EPS-D)	=	Parent company's share of net profit for the year Average number of diluted shares in circulation
Price Earning (P/E)	=	Share price EPS
Cash flow per share (CFPS)	=	Cash flow from operating activities Average number of shares
Dividend rate	=	Distributed dividend x 100 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 11-13.

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 as these assets are subject to a technological development just as an increase/ decrease of life expectancy of one year will affect the depreciation of the year.
- Goodwill, including the possible necessity of writing down goodwill from subsidiaries as well as goodwill arising from acquisitions of associates.
- Purchase price allocated to identifiable assets in connection with business combinations.

5 Primary segment information - Geographic DKKm

2007	Denmark	Sweden	Other	Total
Revenue	1,404.1	269.1	64.5	1,737.7
Gross profit	304.3	120.1	51.2	475.6
Operating profit before depreciation and amortisation (EBITDA)	84.6	33.4	7.3	125.3
Depreciation and amortisation	76.8	2.5	0.8	80.1
Impairment	28.6	0.0	0.0	28.6
Operating profit (EBIT)	7.8	30.9	6.5	45.2
Profit of associates	-7.5	0.0	0.0	-7.5
Profit before tax	-7.9	31.6	6.6	30.3
Net profit for the year	-3.6	22.1	5.6	24.1
Minority interests	9.0	0.0	0.0	9.0
Shareholders' share	-12.6	22.1	5.6	15.1
Non-current assets	722.8	23.9	3.4	750.1
Current assets	161.4	53.0	15.3	229.7
Segment assets	884.2	76.9	18.7	979.8
Goodwill	53.0	13.4	0.8	67.2
Non-current liabilities	118.2	1.0	0.0	119.2
Current liabilities	314.5	47.8	8.2	370.5
Segment liabilities	432.7	48.8	8.2	489.7
Investments in associates	3.5	0.0	0.0	3.5
Investments	124.5	3.6	1.6	129.7
Cash flow from operating activities	82.3	18.9	7.5	108.7
Cash flow from investing activities	-160.0	-3.5	-1.6	-165.1
Cash flow from financing activities	-53.5	-1.1	-1.4	-56.0
Average number of employees	981	231	30	1,242
Operating margin (EBIT)	1%	11%	10%	3%
EBITDA margin	6%	12%	11%	7%
Return on net assets	1%	40%	35%	5%
Gross margin	22%	45%	79%	27%

5 Primary segment information - Geographic DKKm

2006	Denmark	Sweden	Other	Total
Revenue	1,353.4	253.0	60.2	1,666.6
Gross profit	401.1	113.8	46.0	560.9
Operating profit before depreciation and amortisation (EBITDA)	225.2	24.2	3.8	253.3
Depreciation and amortisation	69.9	2.8	0.6	73.3
Operating profit (EBIT)	155.3	21.5	3.2	180.0
Profit of associates	2.1	0.0	0.0	2.1
Profit before tax	148.2	23.0	3.4	174.5
Net profit for the year	107.9	18.8	5.0	131.7
Minority interests	12.4	-0.2	0.0	12.2
Shareholders' share	95.5	19.0	5.0	119.5
Non-current assets	670.7	7.6	3.7	682.0
Current assets	148.2	86.3	12.7	247.2
Segment assets	818.9	93.9	16.4	929.2
Goodwill	39.8	2.5	0.8	43.1
Non-current liabilities	129.5	0.0	0.0	129.5
Current liabilities	247.8	39.3	7.1	294.3
Segment liabilities	377.3	39.3	7.2	423.8
Investments in associates	10.5	0.0	0.0	10.5
Investments	100.4	3.2	0.5	104.1
Cash flow from operating activities	155.1	24.7	2.6	182.4
Cash flow from investing activities	-122.6	-2.8	-0.3	-125.7
Cash flow from financing activities	-22.3	2.7	-0.8	-20.5
Average number of employees	936	221	34	1,191
Operating margin (EBIT)	11%	8%	5%	11%
EBITDA margin	17%	10%	6%	15%
Return on net assets	19%	23%	19%	19%
Gross margin	30%	45%	76%	34%

6 Secondary segment information – business activities

DKKm	Newspaper publication &	2007		Newspaper publication &	2006	
	distribution	Internet	Total	distribution	Internet	Total
Revenue	1,646.7	91.0	1,737.7	1,588.9	77.7	1,666.6
Operating profit	47.2	-2.0	45.2	173.6	6.4	180.0
Non-current assets	675.1	75.0	750.1	633.8	48.2	682.0
Liabilities	414.0	75.7	489.7	376.2	47.6	423.8
Investments	81.6	48.1	129.7	88.0	16.1	104.1
					2007 DKKm	2006 DKKm
Average number of employees In addition, a large number of part-time em Analysis of total salaries and remunera			istribution.		1,242	1,191
Wages and salaries, incl. compensated abso	•	•			855.0	736.8
Defined contribution pensions					24.5	23.3
Other social security costs					27.8	25.2
Remuneration of the Parent Company's Boa	rd of Directors				1.3	1.3
Share based payment					2.4	0.9
Other staff costs					22.4	18.2
Employee and staff costs					933.4	805.7
	the following					
Production costs					670.0	572.
Sales and marketing expenses					141.5	127.8
Administrative expenses					121.9	105.8

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

DKKm	Board of Directors of Parent	Manage- ment of Parent	Other managerial	
2007	Company	Company	staff	Total
Wages and salaries	1.3	7.9	8.6	17.8
Pension (contribution)	0.0	0.4	0.6	1.0
Share based payment	0.0	1.6	0.5	2.1
Severance pay	0.0	2.3	3.0	5.3
Remuneration of the Board of Dir., Management and man. staff	1.3	12.2	12.7	26.2

	Board of Directors of Parent	Manage- ment of Parent	Other managerial	
2006	Company	Company	staff	Total
Wages and salaries	1.3	6.5	9.0	16.8
Pension (contribution)	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

The Board of Directors of the parent company has in 2007 consisted of 6 members. No changes have taken place since 2006.

The Management of the Parent Company was expanded from 2 to 3 members in 2006. Additional changes have taken place in the Management so that it consists of 4 members as of 24 october 2007.

8 Share based payment

In June 2007, Søndagsavisen a-s established a share option programme for a group of 12 persons composed of the company's Management and selected managerial staff. The share option programme comprises a total of 250,000 share options, including 100,000 granted to the Management. Each share option gives the option holder the right to buy one existing share of DKK 5.00 in Søndagsavisen a-s. The options granted correspond to 1.12 % of the share capital. The theoretical market value (calculated using Black & Scholes model) of share options granted is approx. DKK 7.6 million.

The share option programme runs until 31 July 2011.

The options were issued at an exercise price corresponding to the average closing price of the company's shares in the period from 21 June - 27 June 2007, i.e. DKK 77.9. 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 publication of the company's preliminary annoucement of the Annual Report for 2009 until 31 July 2011. In the exercise period the options can only be exercised within the window periods which at the time of exercise are stipulated in the company's internal rules, in accordance with the insider trading rules of the Danish Securities Trading act.

The value of the options (calculated using the Black & Scholes model) at the time of allocation was less than 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 2006 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.

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

At the balance-sheet date, outstading share options total 300,000 shares, equivalent to 1.35 % of the share capital.

During the year DKK 2.3 million (2006: DKK 0.9 million) was debited under staff costs relating to the option scheme.

For further information on the option programme, see note 23.

9	Amortisation, depreciation and impairment	2007 DKKm	2006 DKKm
Э	Intangible assets	22.6	22.2
	Property, plant and equipment	57.5	51.1
	Total amortisation and depreciation	80.1	73.3
	Impairment intangible assets	4.2	0.0
	Impairment property, plant and equipment	19.4	0.0
	Impairment associates	5.0	0.0
	Total amortisation, depreciation and impairment	108.7	73.3
	Total amortisation, depreciation and impairment of intangible assets, property, plant and equipment is included under the following items in the income statement:	70.0	54.0
	Production costs	78.6	51.8
	Sales and marketing expenses	3.0	3.8
	Administrative expenses	22.1 5.0	17.7
	Share of profit of associates Total amortisation, depreciation and impairment	5.0 108.7	0.0 73.3
		100.7	/3.3
	Intangible assets written down for impairment are mainly software which is no longer used whilst property, plant and equipment written down are mainly packing machines to be converted. The impairment loss on packing machines is part of the production costs whilst the impairment loss on software breaks down into two equal amounts: production costs and administrative expenses. The impairment on associates is a partial impairment on investment in LokalAvisen Holding ApS. The value has been written down in accordance with the guidelines stated in note 17. For details see the Management Review.		
10	Fee to the auditors appointed by the company in general meeting		
	Audit:		
	Ernst & Young	2.4	2.3
	Mortensen & Beierholm	0.2	0.2
	Total audit	2.6	2.5
	Advisory services:		
	Ernst & Young	1.4	1.1
	Total advisory services	1.4	1.1
	Total audit and advisory services	4.0	3.6
11	Share of profit of associates after tax		
	Share of profit before tax	-2.2	3.8
	Share of tax	-0.3	-1.7
	Impairment on associates	-5.0	0.0
	Total share of profit of associates after tax	- 7.5	2.1
19	Net financials		
1.64	Income from other securities and investments	1.4	0.3
	Interest income, etc.	1.4 3.1	2.1
	Total financial income	4.5	<u> </u>
		Z.J	4.4
	Currency adjustments	1.0	0.4
	Interest expenses, etc.	10.9	9.6
	Total financial expenses	11.9	10.0
	Total net financials		

Interest income relates to lending and receivables, cf. note 38. Financial expenses relate to financial liabilities at amortised cost price, cf. note 38.

	2007 DKKm	2006 DKKm
Income tax In the period under review income tax was paid in the amount of	-4.4	-56.2
Income taxes in the income statement:		
Current tax charges, incl. surcharges/allowances	9.6	37.
Change in the deferred tax charge	-5.9	5.
Adjustment relating to prior years	0.0	-0.
Change in tax rate	2.5	0.
Total income tax	6.2	42.
Analysis of tax for the year Calculated 25 % / (2006: 28 %) tax on the profit before tax Tax rate differences foreign subsidiaries	7.6 0.9	48. 0.
Tax effect of:	8.5	48.
Capitalisation of tax assets, not previously included	-1.8	-7.
Change in tax rate	-2.5	0.
Other non-deductible expenses	0.1	2.
Share of profit after tax of associates	1.9	-0.
Adjustment relating to prior years	0.0	-0.
Total income tax	6.2	42.
Effective tax rate	20.4%	24.5%

The computed corporation tax rate has been changed from 28 % to 25 % as a result of the reduction of the Danish corporation tax rate from 2007. Søndagsavisen is currently not covered by the rules governing interest deduction limitations.

In connection with the transfer of the majority shareholder's 51.29 % shares to a wholly-owned and controlled holding company, Baunegård ApS, Søndagsavisen a-s' Danish activities are included in the joint taxation with Baunegård ApS, with the latter company as administration company. As a result, the company's corporation tax receivable for 2007 is shown as receivables from subsidiaries.

	2007 DKKm	2006 DKKm
Earnings per share		
Net profit for the year	24.1	131.7
Minority interests' share of the consolidated profit	-9.0	-12.2
The Søndagsavisen a-s Group's share of the net profit for the year	15.1	119.5
Average number of shares	22.3	22.3
Average number of treasury shares	1.4	1.2
Average number of shares in circulation	20.9	21.1
Average dilution effect of outstanding share options	0.0	0.0
Average number of diluted shares in circulation	20.9	21.1
Earnings per share (EPS) of DKK 5	0.7	5.7
Diluted earnings per share (EPS-D) of DKK 5	0.7	5.7

The calculation of diluted earnings per share does not include 300,000 share options which on average have been out-of-themoney, but which can potentially dilute earnings per share in the future.

15 Dividend per share

At the annual general meeting on 4 April 2008, the Board of Directors will recommend no payment of dividend for 2007.

The dividend for 2006 amounted to DKK 1.00 per share of DKK 5.00, equivalent to a total 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.

16 Acquired activities

2007 – DKKm

The Søndagsavisen Group has acquired the share majority in the following companies, after which they are recognised as subsidiaries:

Profit or losses and equity are recognised from the date of acquisition.

	Acquired at	Ownership interest
MDA Holding ApS	01.01.2007	77.5%
Södertalje Posten AB	01.09.2007	100.0%
MinReklame ApS	01.11.2007	100.0%
Slotsbyerne	01.11.2007	100.0%

MDA Holding ApS was previously recognised pro rata with an ownership interest of 50 %.

Slotsbyerne was previously recognised through the profit of associates with an ownership interest of 50 %. Slotsbyerne has been sold to Helsingør Dagblad, after which it is recognised as a subsidiary through the Group's 57 % ownership interest in Helsingør Dagblad.

In connection with the purchase of the mentioned companies, Søndagsavisen a-s has measured identifiable intangible assets and property, plant and equipment at fair value.

	Fair value	Carrying
	at time	amount before
	of acquisition	acquisition
At 100 % acquisition:		
Intangible assets	30.3	7.2
Property, plant and equipment	0.9	0.9
Other long-term assets	0.1	0.1
Inventories	0.0	0.0
Receivables	1.1	1.1
Cash	6.4	6.4
Financial institutions	0.0	0.0
Deferred tax	-6.4	-0.1
Trade payables	-5.8	-5.8
Other payables	-2.7	-2.2
Net assets acquired	23.9	7.6
At actual acquisition:		
Net assets acquired	10.5	5.0
Goodwill	24.1	
Cost	34.6	
Of which cash	-4.4	
Cash costs	30.2	

As a result of the insignificant size of the individual companies, a total statement is shown. No purchase costs were incurred in connection with the acquisition.

After recognition of identifiable assets, liabilities and contingent liabilities at fair value, goodwill in connection with the acquisitions has been calculated at DKK 24.1 million. Goodwill represents the value of existing staff, knowhow as well as synergies from the increased/full ownership interest.

The result is fully consolidated into the consolidated profit for 2007 in line with the acquisitions made. Profit for the year before tax on the acquired activities amounts to DKK 0.2 million. If the companies had been consolidated into Søndagsavisen's profit for the full 2007 with the acquired ownership interest, consolidated revenue and profit would have changed as follows:

Effect in case of consolidation throughout the financial year

	2007 as	2007 – full year	
	announced	consolidation	Difference
Revenue	1,737.7	1,760.4	22.7
Net profit for the year	30.3	29.9	-0.4

16 Acquired activities

2006 – DKKm

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 assets and property, plant and equipment at fair value.

	Fair value	Carrying
	at time	amount before
	of acquisition	acquisition
At 100 % acquisition:	-	-
Intangible assets	15.8	0.0
Property, plant and equipment	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
At 12.67 % acquisition:		
Net assets acquired	19.0	19.2
Goodwill	1.4	
Cost	20.4	
Of which cash	-2.8	
Cash Costs	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.

17 Intangible assets

DKKm			Completed		
		Other	development	Development	
		intangible	projects,	projects	
2007	Goodwill	assets	software	in progress	Total
Costs at 1 January	43.1	31.2	118.9	7.5	200.7
Currency adjustments	0.0	-0.2	-0.1	0.0	-0.3
Additions, business combinations	24.1	29.0	1.5	0.0	54.6
Additions in the year	0.0	0.0	19.7	22.1	41.8
Disposals in the year	0.0	0.0	26.4	16.9	43.3
At 31 December	67.2	60.0	113.6	12.7	253.5
Amortisation and impairment at 1 January	0.0	13.4	88.4	0.0	101.8
Currency adjustments	0.0	-0.2	0.1	0.0	-0.1
Amortisation and impairment in the year	0.0	2.1	20.5	0.0	22.6
Disposals in the year	0.0	0.0	22.2	0.0	22.2
Amortisation and impairment at 31 December	0.0	15.3	86.8	0.0	102.1
Carrying amount at 31 December	67.2	44.7	26.8	12.7	151.4
Amortised over	-	5-20 years	3-5 years	-	

		Other intangible	Completed development projects,	Development projects	
2006	Goodwill	assets	software	in progress	Total
Costs at 1 January	49.4	15.4	110.1	3.9	178.8
Currency adjustments	0.1	0.2	0.0	0.0	0.3
Additions, business combinations	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
Reclassification	-7.8	0.0	0.0	0.0	-7.8
At 31 December	43.1	31.2	118.9	7.5	200.7
Amortisation and impairment at 1 January	7.8	12.2	72.5	0.0	92.5
Currency adjustments	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
Reclassification	-7.8	0.0	0.0	0.0	-7.8
Amortisation and impairment at 31 December	0.0	13.4	88.4	0.0	101.8
Carrying amount at 31 December	43.1	17.8	30.5	7.5	98.9
Amortised over	-	5-20 years	3-5 years	-	

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). For all CGUs the discount rate is based on uniform assumptions.

The discount model is based on budget 2008, which is projected five years ahead based on 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 9.1 % (2006: 8.6 %), equivalent to a discount interest rate before tax at 12.1 % (2006: 11.9 %).

A significant assumption underlying the projections is the EBIT growth rate, which is estimated for individual CGUs. 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 25 % (2006: 28 %).

18 Property, plant and equipment

DKKm	Land and	Operating Plant and	Property, equipment, fixtures and	Property plant and equipment in course of	
2007	buildings	machinery	fittings	construction	Total
Costs at 1 January	406.7	319.1	199.5	14.5	939.8
Currency adjustments	0.0	0.0	-0.7	0.0	-0.7
Additions, business combinations	0.0	0.0	1.0	0.0	1.0
Additions in the year	30.7	58.5	22.2	65.6	177.0
Disposals in the year	0.0	31.6	7.6	72.7	111.9
At 31 December	437.4	346.0	214.4	7.4	1,005.2
Depreciation and impairment at 1 January	49.1	183.2	150.2	0.0	382.5
Currency adjustments	0.0	0.0	-0.5	0.0	-0.5
Impairment and depreciation in the year	8.5	26.3	22.7	0.0	57.5
Disposals in the year	0.0	12.2	5.5	0.0	17.7
Depreciation and impairment at 31 December	57.6	197.3	166.9	0.0	421.8
Carrying amount at 31 December	379.8	148.7	47.5	7.4	583.4
Depreciated over	35-50 years	5-10 years	3-5 years	-	

The Group has entered into contracts for the supply of machinery for a value of approximately DKK 14 million, which is not recognised in the balance sheet.

The public property evaluation of land and buildings totalled DKK 242.2 million at 1 January 2007, compared to DKK 202.2 million at 1 January 2006.

	Land and	Operating Plant and	Property, equipment, fixtures and	Property plant and equipment in course of	
2006	buildings	machinery	fittings	construction	Total
Costs at 1 January	323.8	56.4	180.0	0.3	560.5
Currency adjustments	0.0	0.0	0.5	0.0	0.5
Additions in the year	61.2	236.5	4.7	3.3	305.7
Additions, business combinations	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
Currency adjustments	0.0	0.0	0.4	0.0	0.4
Additions, business combinations	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
Depreciated over	35-50 years	5-10 years	3-5 years	-	

19 Investments in Joint Ventures

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

Joint Ventures:	Registered office	Own	ership
		2007	2006
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, subsidiary at 1 January 2007	Aarhus	-	50%

Reference is made to the Group structure on page 68.

	2007	2006
	DKKm	DKKm
Summary of the Group's share of the profits, etc. of Joint Ventures:		
Revenue	179.3	191.0
Expenses	166.5	170.6
Other operating income	0.5	0.5
Net financials	0.4	0.4
Profit before tax	13.7	21.3
Non-current assets	3.0	3.4
Current assets	23.5	23.6
Total assets	26.5	27.0
Current liabilities	8.6	2.9
Total liabilities	8.6	2.9
Investments in associates		
Net assets value at 1 January	10.5	79.1
Addition in the year	4.8	0.0
Disposals in the year	0.0	-67.1
Share of profit before tax	-2.2	3.8
Share of tax	-0.3	-1.7
Revaluation	-5.0	0.0
Dividend	-4.3	-3.6
Net assets value at 31 December	3.5	10.5

Revaluation of the year is impairment on investments in LokalAvisen Holding ApS.

20 Investments in associates, continued

Associates:	Registered office	Own	ership
		2007	200
A/S Vestsjællandske Distriktsblade	Slagelse	50%	50
LokalAvisen Holding ApS	Frederikssund	50%	50
Reference is made to the Group structure on page 68.			
		2007 DKKm	200 DKK
Summary of the Group's share of profits etc. of associates:			
Revenue		31.5	30
Profit before tax		1.2	3
Total assets		8.1	11
Total liabilities		4.0	6
Trade receivables			
Trade receivables		162.8	149
Write-downs		-6.3	-5
Net trade receivables		156.5	143
Write-downs included in the above receivables have developed as follow	'S:		
Write-downs at 1 January		5.6	5
Additions in the year		0.8	2
Used in the year:			
- Used		2.1	3
- Reversal		-2.2	-4
Write-downs at 31 December		6.3	5
Deferred tax			
Deferred tax at 1 January		21.7	-8
Restatement at opening values		0.1	0
Deferred tax included in the net profit for the year		-5.9	5
Addition, business combinations		6.4	24
Change in tax rate		2.5	C
Deferred tax at 31 December, net		24.8	21

22 Deferred tax, continued

Specification of deferred tax: DKKm

DKKIII						
		2007 Liabili-			2006 Liabili-	
	Assets	ties	Total	Assets	ties	Total
Intangible assets	5.1	18.2	-13.1	7.9	23.1	-15.2
Property, plant and equipment	2.6	17.9	-15.3	1.5	10.8	-9.3
Current assets	2.1	0.1	2.0	0.9	0.0	0.9
Non-current liabilities	0.8	0.0	0.8	0.0	0.2	-0.2
Tax losses available for carry-forward	0.8	0.0	0.8	2.1	0.0	2.1
Total	11.4	36.2	-24.8	12.4	34.1	-21.7
Set-off deferred tax assets and deferred						
tax liabilities within the same legal tax entities						
and jurisdictions	5.9	5.9	0.0	4.4	4.4	0.0
Deferred tax assets/deferred tax at 31 December	5.5	30.3	-24.8	8.0	29.7	-21.7

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 fulfill the criteria for recognition since it is not expected that they can be utilised within the foreseeable future.

23 Equity

Share capital:	Number in thousand		Number in thousand Nominal value		inal value	DKK'000
	2007	2006		2007	2006	
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		mber in thousand Nominal value DKK'000		% of share capit	al
	2007	2006	2007	2006	2007 200)6
At 1 January	1,218	1,218	6,090	6,090	5.47% 5.47	%
Addition in the year	300	0	1,500	0	1.35% 0.00	%
Disposals in the year	0	0	0	0	0.00% 0.00	%
At 31 December	1,518	1,218	7,590	6,090	6.81% 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 2008 at the latest.

In 2007, Søndagsavisen a-s acquired a total of 300,000 Treasury shares to cover the newly issued share options.

The holding of Treasury shares was acquired as part of the capital reserve for any future acquisitions and to hedge outstanding share options.

Management's and other staff's share of issued options:

Management:	Earliest exercise	Options granted Number	Employees who have been granted options Number	Lapsed Number	Exercised Number	Unexercised at 31.12.2007 Number	Exercise price	1	Total liability DKKm
Granted April 2006	2009	100,000	1	0	0	100,000	77.28	2.1	3.7
Granted June 2007	2010	100,000	3	30,000	0	70,000	77.90	0.4	2.1
Other managerial staff:									
Granted June 2007	2010	102,000	5	20,000	0	82,000	77.90	0.5	2.5
Other staff:									
Granted June 2007	2010	48,000	4	0	0	48,000	77.90	0.3	1.5

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

The fair value of the option programme for 2006 and 2007 is DKK 0 million at 31 December 2007.

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 exercise of the options is conditional on the option holder being employed by the Group at the time of exercise.

		2007 DKKm	2006 DKKm
24	Financial institutions	DKKI	DKKI
41	Current bank debt	141.1	68.1
	Due within 1 year	3.0	4.3
	Current	144.1	72.4
	Due within 1 and 5 years	13.3	19.0
	Due after 5 years	75.6	72.1
	Non-current	88.9	91.1
	Total debt to financial institutions	233.0	163.5
	For details of interst-rate swap and interest sensitivity see notes 25 and 37.		
25	Other accrued expenses, interest-rate swap		
	Due after 5 years	0.0	1.7
	Non-current	0.0	1.7
	Total other accrued expenses interest rate swap	0.0	1.7

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

In connection with the refinancing of loans at 31 December 2007, as described in further detail in note 37, this interest-rate swap was repurchased and replaced by a new interest-rate swap on the entire new loan with a total principal of DKK 91.0 million. The write-down of the interest-rate swap previously made via equity has been reversed, and the difference in relation to the redemption price has been recognised in the income statement.

The interest rate on the new loans in a total amount of DKK 91.0 million has been frozen at 5.28 % for the loan term.

The interest-rate swap was measured at fair value at 31 December 2007. The value of the new interest-rate swap is DKK 0 million.

The interest sensitivity of the interest-rate swap is described in further detail in note 37 under the section Interest-rate risks.

		2007 DKKm	2006 DKKm
26	Income tax payable		
	Income tax payable at 1 January	-3.1	16.2
	Current tax for the year	9.5	37.3
	Adjustment relating to prior years	0.0	-0.3
	Addition, business combinations	0.0	-0.1
	Income taxes paid in the year Income tax payable at 31 December	-4.4 2.0	-56.2 - 3.1
	income tax payable at 51 December	2.0	-3.1
	Appropriated as follows:		
	Receivables from parent company	5.4	0.0
	Income tax receivable	0.0	4.7
	Income tax payable	7.4	1.6
	Income tax payable at 31 December	2.0	-3.1
27	Other payables		
	A-tax (PAYE), etc. payable to public authorities	26.0	27.7
	VAT liability	16.5	17.9
	Other debt	99.0	93.6
	Total other payables	141.5	139.2
28	Adjustments for non-cash operating items		
	Share of profit in associates	7.5	-2.1
	Tax for the year	6.2	42.8
	Amortisation of non-current assets	80.1	73.3
	Impairment of non-current assets	23.5	0.0
	Loss by disposals in the year	0.1	0.0
	Net financials Total adjustments	7.4 124.8	7.5 121.5
		124.0	121.3
29	Changes in working capital		
	Changes in receivables	-20.7	-1.7
	Changes in current liabilities, excl. short-term bank debt	-2.6	-24.6
	Changes in receivables and payables	-23.3	-26.3
	Changes in income taxes payable	-5.1	19.1
	Changes in interest receivable	-6.3	-0.5
	Total change in working capital	-34.7	-7.7
30	Addition of intangible assets and property, plant and equipment		
	Investment in software	-25.3	-17.6
	Investment in land and buildings	-30.7	-21.8
	Investment in property, plant and equipment in progress	7.0	-10.9
	Investment in plant and machinery	-58.5	-26.4
	Investment in operating equipment, fixtures and fittings	-22.2	-27.4
	Total investments	-129.7	-104.1
04			
31	Cash and cash equivalents Cash and cash equivalents at 31 December comprise:		
	Cash	25.2	64.6
	Short-term bank debt	-141.1	-68.1
	Cash and cash equivalents at 31 December	-115.9	-3.5

32 Operating leases and rent obligations DKKm DKKm 33 Operating leases: Image: Control (Control (Contro (Control (Control (Control (Control (Control (Control (Control (C
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Søndagsavisen a-s' bank has provided a payment guarantee towards the 'Turnkey contractors' 2.6 2.0
Other guarantees 0.2 0.2
Other contingent liabilities
The company has entered into a contract for the supply of fixed assets for a value of approx.
DKK 14 million, which had not been delivered at the balance-sheet date.
34 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 385.5 363.4

35 Related parties

As majority shareholders in Søndagsavisen a-s' parent company Baunegård ApS, Britt and Richard Bunck are affected by the disclosure requirements for related parties. During the financial year 2007, there were no transactions wih Britt and Richard Bunck except for the payment of remuneration to the Board of Directors.

As a result of taxation of Søndagsavisen a-s' Danish activities with Baunegård ApS, a company wholly-owned and controlled by Britt and Richard Bunck, Baunegård ApS is a related party. This company is an administration company and guarantees the payment/receipt of Danish corporation tax on behalf of the Søndagsavisen Group.

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

Transactions with associates:	2007 DKKm	2006 DKKm
Acquisition of Slotsbyerne (investment in activity)	4.6	0.0
LokalAvisen Holding ApS, sale	5.2	3.8
A/S Vestsjællandske Distriktsblade, sale	7.0	6.8
Total transactions	16.8	10.6
LokalAvisen Holding ApS	0.0	2.2
A/S Vestsjællandske Distriktsblade	0.4	0.8
Receivables from associates	0.4	3.0

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 salaries and remuneration set out in note 7.

36 Subsequent events

No events other than those mentioned in the Annual Report have occurred since the presentation of the Annual Report on 8 February 2008 which would influence the reader's perception of the Annual Report.

37 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.

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.

The Group's borrowing policy is to ensure maximum flexibility by spreading loans over the due dates/renegotiation dates having regard to their pricing. The Group's liquidity reserve consists of liquid funds (primarily in foreign subsidiaries) and unutilised credit facilities. The Group's objective is to have a sufficient capital reserve so that it can continue to take appropriate steps in case of unforeseen fluctuations in liquidity.

A combination of short- and long-term financing is arranged having regard to the anticipated liquidity needs both in the short term and in the long term. Efforts are made to obtain large-scale financing of the Group's properties through a long-term fixed-rate loan. At 31 December 2007, the fixed-rate portion of the Group's total net interest-bearing debt was approx. 44 % (2006: 95 %).

Interest-rate risks

The Group's policy is to hedge interest-rate risks on the Group's long-term loans if it is found to be possible to secure the interest payments at a satisfactory level. Hedging is normally done by entering into interest-rate swaps, under which floating-rate loans are converted into fixed-rate loans.

At 31 December 2007, Søndagsavisen obtained refinancing of virtually all its mortgage credit debt (99 %) so that the outstanding debt remains unchanged but the term is longer. In connection with the refinancing, the interest rate was reduced on average by 0.34 % points to a total of 5.28 %, which, however, is to some extent offset by a capital loss of DKK 1.5 million net recognised in the year's income statement. The total value of the new mortgage credit loans and the related interest-rate swaps is DKK 91.0 million. The market value of the interest-rate swap at 31 December 2007 is DKK 0 (2006: DKK 1.7 million).

The remaining term of the mortgage credit loans is 20 years.

An increase in the interest-rate level of 1 % per annum will have no significant effect on the market values of the mortgage credit loans because their interest rates are determined every six months. However, the market value of the interest-rate swap will be increased by DKK 7.7 million on an increase in the interest-rate level of 1 % per annum. A fall in the interest-rate level will have a similar negative impact on the market value of the interest-rate swap. Duration has been measured at 8.5. For 2006 the interest sensitivity of the interest-rate swap was approx. DKK 3 million on an increase in the interest-rate level of 1 % per annum, corresponding to a duration of 7.1.

An increase in the interest-rate level of 1 % per annum compared with the existing level for 2007 would have increased the interest expense on the floating-rate loan by DKK 0.7 million. A fall in the interest-rate level would have had a corresponding positive impact.

The Group's liquid funds are placed as demand or fixed-term deposits with a term of up to one month.

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 the UK, Norway and Germany.

There is no significant trading between business units in different countries, but Søndagsavisen is exposed to currency 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.

The effects on profits and equity of a change in the company's primary foreign currencies relative to the average/closing exchange rate is shown below for profits and equity respectively. The stated changes of the foreign exchange rates have been chosen based on the actual exchange rate fluctuations for the year:

DKKm	Exchange rate change	Profit before tax 2007	Equity 31.12.2007	Profit before tax 2006	Equity 31.12.2006
Exchange rate used		av. rate	closing rate	av. rate	closing rate
SEK	+/-5%	+/-1.6	+/-1.3	+/-1.1	+/-2.6
GBP	+/-10%	+/-0.8	+/-1.4	+/-0.6	+/-0.9

The Group had no significant exchange rate risks relating to receivables and payables denominated in foreign exchange at 31 December 2007, so the consolidated profit would not have been significantly affected by changes in the exchange rates at 31 December 2007.

Credit risks

The Group is exposed to credit risks relating to receivables and deposits with banks. The maximum credit risk corresponds to the carrying amount. There is not believed to be any significant credit risks in connection with liquid funds, the other parties being banks with a high credit rating. The Group performs continuous follow-up on outstanding receivables in accordance with the Group's receivables policy. Where uncertainty arises about a customer's ability or willingness to pay a receivable and the claim is believed to entail a risk, a write-down is made to cover this risk.

The Group has no significant risks relating to a single customer or business partner. In accordance with the Group's credit risk assumption, all major customers and other business partners are subject to continuous credit assessment.

In the past three years the Group's bad debts have been at the level of 1.5 % – 2.5 % of revenue.

The balance due on trade receivables is composed as follows:

DKKm					
2007	0-30 days 31	-60 days61-9	90 days>9	0 days	Total
Overdue trade receivables, but not decreased in value	57.4	4.3	0.5	0.0	62.2
Overdue trade receivables, that are decreased in value	0.0	1.3	0.4	6.2	7.9
					70.1
Write down					-6.3
Trade receivables, net value at 31 December 2007					63.8

2006	0-30 days 31-	60 days61-9	90 days>9	0 days	Total
Overdue trade receivables, but not decreased in value	50.5	2.2	0.6	0.2	53.5
Overdue trade receivables, that are decreased in value	0.0	0.7	0.6	5.6	6.9
					60.4
Write down					-5.6
Trade receivables, net value at 31 December 2006					54.8

Capital management

The Group evaluates continuously the need to adapt the capital structure, weighing the pros and cons of the higher return requirements relating to equity against the increased uncertainty associated with loan capital. The equity's share of total equity and liabilities amounted to 50.0 % at year-end 2007 against 54.4 % in 2006.

The Group's long-term aim is to achieve an EBITDA margin of 15 % and net interest-bearing debt which is not more than four times EBITDA. For 2007, net interest-bearing debt was approx. 1.7 times EBITDA whilst the EBITDA margin was 7.2 %. For 2006, the EBITDA margin was 15.2 % while net interest-bearing debt was approx. 0.4 times EBITDA.

It is the Group's policy to pay dividend to the extent it is found to be appropriate within the frameworks of the overall capital structure and to the extent net profit for the year is satisfactory.

38 Financial assets and liabilities

	2007 DKKm	2006 DKKm
Lending and receivables	2.44	
Trade receivables	156.5	143.5
Receivables from associates	0.4	3.0
Receivables from parent company	5.4	0.0
Income tax receivables	0.0	4.7
Other receivables	21.9	13.0
Cash	25.2	64.6
Total lending and receivables	209.4	228.8
Financial liabilities		
Financial institutions	233.0	163.5
Trade payables	57.5	67.7
Income taxes	7.4	1.6
Other payables	141.5	139.2
Total financial liabilities	439.4	372.0

There are no significant differences between carrying amount and fair value of the assets and liabilities.

Board of Directors and Management

Corporate Management

Mads Dahl Møberg Andersen CEO, Søndagsavisen a-s

Kåre Stausø Wigh CFO, Søndagsavisen a-s

Hans Henrik Lund Director, Media-Online

Christian Lanng Nielsen Director, Distribution

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: Lantmännen Danpo A/S, Farre

Member of the Board of Directors of: Royal Greenland A/S, Nuuk Tractechnology AB, 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: Sanistâl A/S DSB

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

Jesper Balser

No other board positions

Ole Larsen

Chairman of the Board of Directors of: Euro Broadcast Hire A/S Victoria Film Rights A/S Egmont Imagination A/S Electronic Invest i Stockholm AB Nordisk Film Post Production A/S Columbia TriStar Nordisk Film Distribution

Member of the Board of Directors of: Nordisk Film Biografer A/S Locomotion A/S Oy Nordisk Film Ab Victoria Film AB Nordisk Film TV-Produktion AB Nordisk Film Production Sverige AB Nordisk Film & TV Oy Nordisk Film AS Nordisk Film AB Nordisk Film Post Production AB Nordisk Special Marketing A/S Nordisk Film Produksjon AS A.Film A/S Maipo AS Fine & Mellow Productions SS Fladen AB

Björn Lindberg

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

Board of Directors and Management



Board of Directors and Management from left to right: Christian Lanng Nielsen, Hans Henrik Lund, Peter Rasztar, Mads Dahl Andersen, Jesper Balser, Richard Bunck, Steen Gede, Ole Larsen, Kåre Stausø Wigh, Björn Lindberg.

Group Structure

at 31 December 2007

Sø	Søndagsavisen a-s					
Associates		Subsidiaries and Joint Ventures including continuing companies				
A/S Vestsjællandske Distriktsblade	50.00%	100.00%	Gratistidnin	ıgar i Sverige AB		
LokalAvisen Holding ApS	50.00%		100.00%	Lokaltidningen Mitt i Stockholm AB		
			100.00%	S-Post AB		
			100.00%	Södertäljeposten AB		
			90.80%	Tunprint AB		
			90.10%	Lokaltidingen Örebroarn AB		
		57.00%	Helsingør D	agblad A/S		
			100.00%	Nordsjællands Avis A/S		
		100.00%	Norsk Avisd	lrift AS		
			100.00%	Norpost Midt-Norge AS		
		100.00%	Distribution	n Danmark a-s		
			50.00%	Dansk Distributions Center P/S		
			60.00%	HA Grafisk Reklame A/S		
			60.00%	Tryksagsomdelingen Fyn P/S		
			60.00%	UA/FK Distribution A/S		
			70.00%	Distribution Syd A/S		
		100.00%	P-Polska Sp	. Z 0.0. ¹⁾		
		100.00%	MinReklam	e ApS		
		100.00%	OFiR a-s			
			100.00%	OFiR Danmark a-s		
			100.00%	OFiR Services A/S		
			100.00%	MatchWork World Wide A/S		
				100.00% MatchWork Danmark A/S		
				100.00% MatchWork Sverige AB		
				100.00% MatchWork UK Ltd.		
				100.00% MatchWork Deutschland G		
			77.50%	MDA Holding ApS		
				100.00% Boligportal.dk ApS		

1) The company is in the process of being wound up.

Page 68

Group addresses

Parent Company: Sønda	igsavisen a-s		
Søndagsavisen Gladsaxe Møllevej 28 DK-2860 Søborg Phone: + 45 39 57 75 00 Fax: + 45 39 57 76 00 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.alfo.dk	
Subsidiaries			
Gratistidningar i Sverige AB Årstaängsvägan 11, 6 tr. S-100 74 Stockholm Phone: + 46 8 550 550 00 Fax: + 46 8 550 554 77	Lokaltidningen Mitt i Stockholm AB Årstaängsvägan 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 Västa Storgatan 15, Box 457 S-631 06 Eskilstuna Phone: + 46 16 51 85 86 Fax: + 46 16 51 00 87
	Lokaltidningen Örebroar'n AB Östra Bangatan 26 S-703 61 Örebro Phone: + 46 0 191 707 80	Södertälje Posten AB Bellevuegatan 6 S-151 73 Södertälje Phone: +46 8 550 641 14 Fax: +46 8 550 640 14 www.sodertaljeposten.se	
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 Møllevej 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.nsnet.dk		
OFiR a-s Gladsaxe Møllevej 26 DK-2860 Søborg Phone: + 45 39 57 77 00 Fax: + 45 39 66 46 67 www.ofir.com	OFiR Danmark a-s Gladsaxe Møllevej 26 DK-2860 Søborg Phone: + 45 39 57 78 00 Fax: + 45 39 57 78 01 www.ofir.dk	OFiR Services A/S Gladsaxe Møllevej 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 Møllevej 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	Boligportal.dk ApS Helsingforsgade 27 8200 Århus N	
Min Reklame ApS Dronning Olgas Vej 39B 2000 Frederiksberg			
Associated companies			

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

2007

TABLE OF CONTENTS

Financial statement for the year ended 31 December 2007	
Income statement	71
Balance sheet	72
Statement of changes in equity	74
Cash flow statement	75
Notes	76

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 2007 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		2007 DKKm	2006 DKKm
42,43	Revenue Production costs	1,096.1 904.0	1,046.1 777.2
	Gross profit	192.1	268.9
42,43 42,43,44	Sales and marketing expenses Administrative expenses Other operating income	103.0 131.1 21.4	87.3 113.4 19.9
	Operating profit/loss	-20.6	88.1
45 50,51	Net financials Dividends received Revaluations of investments	-11.3 90.9 -67.2	-9.8 50.2 0.0
	Profit/loss before tax	-8.2	128.5
46	Tax for the year	-8.9	24.1
	Net profit/loss for the year	0.7	104.4

Appropriation of profit

Retained earnings at 1 January	619.3	532.4
Other equity adjustments	5.3	4.8
Net profit of the year	0.7	104.4
Gain and sale from divestment of treasury shares	-23.5	0.0
Available for appropriation before dividend	601.8	641.6

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

Dividend to the shareholders	0.0	22.3
Retained earnings at 31 December	601.8	619.3
Total appropriation	601.8	641.6

PARENT BALANCE SHEET

Assets

Note		2007 DKKm	2006 DKKm
	Goodwill	19.5	19.5
	Completed development projects, software	9.4	20.1
	Development project in progress	10.5	5.3
48	Intangible assets	34.9	44.9
	Land and buildings	328.9	307.3
	Plant and machinery	64.8	50.3
	Land and buildings in course of construction	7.4	8.6
	Operating equipment, fixtures and fittings	29.6	32.3
49	Property, plant and equipment	430.7	398.5
50	Investment in subsidiaries	504.5	557.7
51	Investment in associates	6.9	7.2
	Other receivables	1.3	1.2
	Other non-current assets	512.7	566.1
	Total non-current assets	982.8	1,009.5
	Trade receivables	73.5	73.7
	Receivables from subsidiaries	35.6	28.9
	Receivables from associates	0.4	2.8
56	Receivables from parent company	5.4	0.0
56	Income tax receivables	0.0	17.7
	Other receivables	3.1	3.9
	Prepayments	8.7	10.0
	Cash	0.1	0.0
	Total current assets	126.8	137.0
	Total assets	1,109.6	1,146.5

Equity and Liabilities

Note		2007 DKKm	2006 DKKm
53	Share capital	111.4	111.4
	Treasury shares	-54.2	-30.7
	Hedging reserves	0.0	-1.7
	Retained earnings	656.0	651.7
	Proposed dividend	0.0	22.3
	Shareholders' equity	713.2	753.0
52	Provisions for deferred tax	3.4	7.6
54	Financial institutions	88.1	90.3
55	Other accrued expenses, interest-rate swap	0.0	1.7
	Total non-current liabilities	91.5	99.6
54	Financial institutions	172.2	136.0
	Trade payables	27.6	36.3
	Payables to subsidiaries	32.1	48.0
57	Other payable	68.9	65.9
	Deferred income	4.1	7.7
	Total current liabilities	304.9	293.9
	Total liabilities	396.4	393.5
	Total equity and liabilities	1,109.6	1,146.5

PARENT STATEMENT OF CHANGES IN EQUITY

111.4

DKKm Retained Proposed Share Treasury Hedging 2007 earnings dividend capital shares reserves Total 111.4 -30.7 -1.7 651.7 22.3 753.0 Equity at 1 January 2007 Changes in equity in 2007 Fair value adjustments of hedging instruments 0.0 0.0 1.7 0.0 0.0 1.7 1.7 0.0 0.0 0.0 0.0 Net gains taken directly to equity 1.7 0.0 Net profit/loss for the year 0.0 0.7 0.0 0.0 0.7 1.7 **Total income** 0.0 0.0 0.0 0.7 2.4 0.0 Addition treasury shares 0.0 -23.5 0.0 0.0 -23.5 0.0 Distributed dividend 0.0 -22.3 0.0 0.0 -22.3 Dividend, own shares 0.0 0.0 0.0 1.2 0.0 1.2 0.0 Share based payment 0.0 2.4 2.4 0.0 0.0 1.7 Total changes in equity in 2007 0.0 -23.5 4.3 -22.3 -39.8 0.0

-54.2

656.0

0.0

713.2

DKKm

Total changes in equity in 2007

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

		2007	2006
		DKKm.	DKKm.
	Net profit/loss for the year	0.7	104.4
58	Adjustment for non-cash operating items	133.6	74.1
59	Changes in working capital	-28.6	-53.7
	Cash flows from operating activities before net		
	financials	105.7	124.8
	Return on other securities and investments	-0.1	0.0
	Interest received	0.7	0.2
	Interest paid	-9.5	-7.6
	Cash flows from ordinary activities	96.8	117.4
56	Income tax paid	16.9	-47.2
	Cash flows from operating activities	113.7	70.2
	Additions of intangible assets and property, plant		
60	and equipment	-92.6	-76.3
	Disposals of intangible assets and property, plant		
	and equipment	1.9	2.5
	Investments in other non-current assets	-0.1	-0.2
	Investments in associates	-4.7	0.0
	Investments in subsidiaries	-9.0	11.7
	Cash flow from investing activities	-104.5	-62.3
	Change in other provisions	0.0	0.0
	Repayments/increase of non-current liabilities	-3.8	-7.0
	Investment in treasury shares	-23.5	0.0
	Exchange rate adjustment	1.7	2.8
	Dividend, own shares	1.2	1.0
	Paid dividend	-22.3	-17.8
	Cash flows from financing activities	-46.7	-21.0
	Changes in cash and cash equivalents	-37.5	-13.1
	Cash and cash equivalents at 1 January	-131.6	-118.5
61	Cash and cash equivalents at 31 December	-169.1	-131.6

NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENT

Notes	 Accounting policies 	Page
39	Accounting policies in general	77
40	Accounting policies	77
41	Significant accounting estimates and judgments	77
Notes	– Parent income statement	
42	Employee and staff costs	78
43	Amortisation, depreciation and impairment	79
44	Fee to the auditors	79
45	Net financials	79
46	Income taxes	80
47	Earnings per share	80
Notes	– Parent balance sheet	
48	Intangible assets	81
49	Property, plant and equipment	82
50	Investments in associates	83
51	Investments in subsidiaries	83
52	Deferred tax	83
53	Equity	84
54	Financial institutions	85
55	Other accrued expenses, interest-rate swap	86
56	Income tax payable	86
57	Other payables	86
Notes	– Parent cash flow statement	
58	Adjustments for non-cash operating items	86
59	Changes in working capital	86
60	Additions in intangible assets and property, plant and equipment	87
61	Cash and cash equivalents	87
Notes	 Supplementary information 	
62	Operating leases and rent obligations	87
63	Contingent assets and liabilities, and guarantee obligations	87
64	Security for loans	88
65	Related parties	88
66	Financial risk	88
67	Financial assets and liabilities	89

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 judgements

Accounting estimates and judgements made in the parent company do not differ significantly from those made in the Group. However, investment in associates and subsidiaries are measured in the parent company at cost less impairment losses.

- A significant judgement in the parent company is therefore the need for impairment of the investment in associates and subsidiaries

The impairment test is made in accordance with the guidelines stated in note 17. Furthermore, we refer to the description in the Group's note 4.

		2007 DKKm	2006 DKKm
42	Employee and staff costs		
	Average number of employee	633	610
	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	476.0	396.7
	Defined contribution pensions	10.3	8.0
	Other social security costs	1.1	0.5
	Remuneration of the Parent Company's Board of Directors	1.3	1.2
	Share based payment	1.9	0.9
	Other staff costs	19.0	15.1
	Employee and staff costs	509.6	422.4
	The total staff costs are included under the following items in the		
	income statement:		
	Production costs	381.3	307.8
	Sales and marketing expenses	56.8	56.5
	Administrative expenses	71.5	58.1
	Employee and staff costs	509.6	422.4

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

	Board of Directors of Parent Company	Board of Manage- ment of Parent Company	Other managerial staff	Total
2007				
Wages and salaries	1.3	7.9	4.3	13.5
Pension	0.0	0.4	0.3	0.7
Severance pay	0.0	2.3	1.5	3.8
Share based payment	0.0	1.6	0.3	1.9
	1.3	12.2	6.4	19.9

	Board of Directors of Parent Company	Board of Manage- ment 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

		2007 DKKm	2006 DKKm
43	Amortisation, depreciation and impairment		
	Intangible assets, amortization	12.5	15.0
	Property, plant and equipment, deprecation	30.6	25.1
	Total amortisation and depreciation	43.1	40.1
	Intangible assets, impairment	2.4	0.0
	Property, plant and equipment, impairment	18.5	0.0
	Impairment associates	5.0	0.0
	Total amortisation, depreciation and impairment	69.0	40.1
	Total amortisation, depreciation and impairment of intangible assets, property, plant and equipment is included under the fol- lowing items in the income statements:		
	Production costs	46.5	21.2
	Sales and marketing expenses	1.4	2.1
	Administrative expenses	16.1	16.8
	Andel af resultat i associerede virksomheder	5.0	0.0
	Total amortisation, depreciation and impairment	69.0	40.1

Intangible assets written down for impairment are mainly software which is no longer used whilst property, plant and equipment written down are mainly packing machines to be converted. The impairment loss on packing machines is part of the production costs whilst the impairment loss on software breaks down into two equal amounts: production costs and administrative expenses. The impairment on associates is a partial impairment on investment in Lokalavisen Holding ApS. The value has been written down in accordance with the guidelines stated in note 17.

44 Fee to the auditors appointed by the company in general meeting

Audit:		
Ernst & Young	0.9	0.9
Mortensen & Beierholm	0.2	0.1
Total audit	1.1	1.0
Advisory services:		
Ernst & Young	0.8	0.5
Total advisory	0.8	0.5
Total audit and advisory services	1.9	1.5

		2007	2006 DKKm
45	Net financial	DKKm	DKKM
	Income from other securities and investments	-0.1	0.0
	Interest income, etc.	0.3	0.2
	Total financial income	0.2	0.2
	Currency adjustments	1.6	0.3
	Interest expenses, etc.	9.9	9.7
	Total financial expenses	11.5	10.0
	Total net financials	-11.3	-9.8
	Interest income relates to lending and receivables cf. note 67. Financial expenses relate to financial liabilities at amortised cost price, cf. note 67.		
46	Income taxes		
	In the period under review income tax was paid in the amount of	-17.0	47.2
	Income tax in the income statement:		
	Current tax charge, incl. Surcharges/allowances	-4.7	19.1
	Change in the deferred tax charge	-5.0	5.0
	Change of tax rate	0.8	0.0
	Total income tax	-8.9	24.1
	Analysis of tax for the year:		
	Calculated 25%/28% tax on the profit before tax	-2.0	36.0
	Calculated 25%/28% tax of dividends received	-6.5	-14.1
	Tax effect of:		
	Other non-deductible expenses	0.4	2.2
	Change of tax rate	-0.8	0.0
	Total income tax	-8.9	24.1
	Effective tax rate	30 %	31 %
47	Earnings per share		
	Net profit for the year	0.7	104.4
	Average number of shares	22.3	22.3
	Average number of treasury shares	1.4	1.2
	Average number of shares in circulation	20.9	21.1
	Average dilution effect of outstanding share options	20.9	21.1
	Earnings per share (EPS) of DKK 5.00	0.0	5.0
	Diluted earnings per share (EPS-D) of DKK 5.00	0.0	5.0

48 Intangible assets

DKKm

	Goodwill	Ac- quired rights	Com- pleted devel- opment projects, software	Devel- opment projects in pro- gress	Total
2007					
Cost at 1 January	19.5	8.0	64.5	5.3	97.3
Additions in the year	0.0	0.0	3.9	8.2	12.1
Disposals in the year	0.0	0.0	5.3	3.0	8.3
At 31 December	19.5	8.0	63.1	10.5	101.1
Amortisation and impairment at 1 January	0.0	8.0	44.4	0.0	52.4
Amortisation and impairment in the year	0.0	0.0	12.5	0.0	12.5
Disposals in the year	0.0	0.0	3.2	0.0	3.2
Amortisation and impairment at 31 December	0.0	8.0	53.7	0.0	61.7
Carrying amount at 31 December	19.5	0.0	9.4	10.5	39.4

	Goodwill	Ac- quired rights	Com- pleted devel- opment projects, software	Devel- opment projects in pro- gress	Total
2006			7 0 (
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
Reclassification	-6.7	0.0	0.0	0.0	-6.7
At 31 December	19.5	8.0	64.5	5.3	97.3
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
Reclassification	-6.7	0.0	0.0	0.0	-6.7
Amortisation and impairment at 31					
December	0.0	8.0	44.4	0.0	52.4
Carrying amount at 31 December	19.5	0.0	20.1	5.3	44.9
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.

49 **Property, plant and equipment**

DKKm

	Land and buildings	Plant and ma- chinery	Land and buildings in pro- gress	Plant, machin- ery and equip- ments	Total
2007					
Cost at 1 January	340.5	78.2	8.7	136.0	563.4
Additions in the year	28.8	43.4	57.2	12.7	142.0
Disposals in the year	0.0	31.6	58.5	3.2	93.3
At 31 December	369.3	89.9	7.4	145.5	612.1
Depreciation and impairment at 1 January	33.2	28.0	0.0	103.7	164.9
Depreciation and impairment in the year	7.2	9.3	0.0	14.1	30.6
Disposals in the year	0.0	12.2	0.0	1.9	14.1
Depreciation and impairment at 31					
December	40.4	25.1	0.0	115.9	181.4
Carrying amount at 31 December	328.9	64.8	7.4	29.6	430.7

	Land and buildings	Plant and ma- chinery	Land and buildings in pro- gress	Plant, machin- ery and equip- ments	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
Depreciated over (year)	5	20-50	-	3-5	

The real-estate value of land and buildings totalled DKK 184.7 million at 1 January 2007, compared to DKK 143.4 million at 1 January 2006.

The company has entered into contracts for the supply of machinery for a value of approximately DKK 14 million, which is not recognised in the balance sheet.

		2007 DKKm	2006 DKKm
50	Investment in subsidiaries		
	Net assets value at 1 January	557.7	549.9
	Addition in the year	9.0	40.5
	Revaluation	-62.2	0.0
	Reduction of Capital	0.0	-32.7
	Net assets value at 31 December	504.5	557.7
51	Investments in associates		
	Net assets value at 1 January	7.2	27.3
	Addition in the year	4.7	-20.1
	Revaluation	-5.0	0.0
	Net assets value at 31 December	6.9	7.2
	Associates	Ownershin	Registered

Associates:	Owne	office	
	2007	2006	
Helsingør Dagblad A/S	-	-	Helsingor
A/S Vestsjællandske Distriktsblade	50%	50%	Slagelse
Lokalavisen Holding ApS	50%	50%	Frederikssund

52 Deferred tax

Deferred tax at 1 January	7.6	2.6
Deferred tax for the year included in the net profit/losses for the year	-5.0	5.0
Change in tax rate	0.8	0.0
Deferred tax at 31 December, net	3.4	7.6

52 Deferred tax, continued

Specification of deferred tax:

DKKm 2007	Assets	Liabilities	Total
Intangible assets	0.0	7.4	-7.4
Property, plant and equipment	1.5	0.0	1.5
Current assets	1.7	0.0	1.7
Non-current liabilities	0.8	0.0	0.8
Total	4.0	7.4	-3.4
Set-off deferred tax assets and deferred tax liabilities within			
the same legal tax entities and jurisdictions	4.0	4.0	0.0
Deferred tax assets/deferred tax at 31 December	0.0	3.4	-3.4

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

53 Equity

See note 23 in the consolidated Annual Report for a specification of share capital and treasury shares.

54	Financial institutions	2007 DKKm	2006 DKKm
	Due within 1 year	172.1	136.0
	Current	172.1	136.0
	Due within 1 and 5 year	12.8	18.5
	Due after 5 year	75.3	71.8
	Non-current	88.1	90.3
	Total debt to financials institutions	260.2	226.3

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 receivables at 1 January	17.7	-10.4
Current tax for the year	4.6	-19.1
Income taxes received / paid in the year	-16.9	47.2
Income taxes receivables at 31 December	5.4	17.7

57 Other payables

A-tax (PAYE), etc. payable to public authorities	12.2	13.8
VAT liability	4.6	6.0
Other debt	52.1	46.1
Other payables	68.9	65.9

58 Adjustments for non-cash operating items

Tax for the year	-8.9	24.1
Amortisation and impairment of non-current assets	64.0	40.2
Revaluations associates and subsidiaries	67.2	0.0
Net financials	11.3	9.8
Total restatements	133.6	74.1

59 Changes in working capital

Change in receivables from subsidiaries	-6.7	-3.4
Change in receivables	16.9	-16.7
Change in payables to subsidiaries	-15.8	-33.1
Change in current liabilities, excl. short-term bank debt	-8.3	-26.3
Change in receivables and payables	-13.9	-79.5
Change in income tax payables	-12.3	28.1
Change in interest receivable	-2.4	-2.3
Total change in working capital	-28.6	-53.7

		2007 DKKm	2006 DKKm
60	Addition of intangible assets and property, plant and equipment		
	Investments in software Investments in leasehold improvements	-9.1 -43.3	-8.7 -21.8
	Investments in land and buildings	-28.8	-21.3
	Investments in land and buildings in course of construction Investments in operating equipment, fixtures and fittings	1.3 -12.7	-8.4 -16.1
	Total investments	-12.7 -92.6	-76.3
61	Cash and cash equivalents		
	Cash and cash equivalents at 31 December comprise:		
	Cash	0.1	0.0
	Short-term bank debt	-169.2	-131.6
	Cash and cash equivalents at 31 December	-169.1	-131.6
	-		
62	Operating leases and rent obligations		
	Operating leases Future total expenses related to operating leases:		
	Due within 1 year	0.0	0.1
	Due within 1 and 5 year	0.0	0.0
	Total	0.0	0.1
	For operating leases the following amounts have been recognised in the income statement:	0.1	0.1
	See description of 'operating leases' under note 32 to the consolidated Annual Report.		
	Rent obligations		
	Future total expenses related to rent obligations:		
	Due within 1 year	2.8	2.7
	Due within 1 and 5 year	0.7	1.8
	Total	3.5	4.5
	For the rent obligations the following amounts have been recognised in the income statement:	3.0	3.0
63	Contingent assets and liabilities, and guarantee obligations		
	Søndagsavisen a-s has submitted a letter of comfort to its subsidiary, OFiR a-s. The total liabilities in Ofir a-s amounts to DKK 31,6 million		

OFiR a-s. The total liabilities in Ofir a-s amounts to DKK 31,6 million of which DKK 19,1 million is to other group companies.

Reference is made to note 33 to the consolidated Annual Report concerning other guarantee obligations and contingent liabilities.

		2007 DKKm	2006 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 34 to the consolidated Annual Report con- cerning other security.		
65	Related parties		
	Transactions with associates:		
	Lokalavisen Holding	5.2	3.7
	A/S Vestsjællandske Distriktsblade, sale	7.0	6.8
	Total transactions	12.2	10.5
	Lokalavisen Holding	0.0	2.0
	A/S Vestsjællandske Distriktsblade	0.4	0.7
	Receivables/payables from associates	0.4	2.7

Reference is made to note 35 to the consolidated Annual Report for a description of related party transactions.

66 Financial risks

Reference is made to note 37 to the consolidated Annual Report concerning financial risks.

		2007 DKKm	2006 DKKm
67	Financial assets and liabilities		
	Lending and receivables		
	Trade receivables	73.5	73.7
	Receivables from associates	0.4	2.8
	Receivables from parent company	41.0	28.9
	Income tax receivables	0.0	17.7
	Other receivables	3.1	3.9
	Cash	0.1	0.1
	Total lending and receivables	118.1	127.1
	Financial liabilities		
	Financial institutions	260.3	226.3
	Trade payables	27.6	36.3
	Other payables	68.9	66.0
	Total financial liabilities	356.8	328.6

There are no significant differences between carrying amount and fair value of the assets and liabilities.



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