



PRESS RELEASE

Observer AB is quoted on Stockholmsbörsen's O-list, Attract 40 and has around 25,000 shareholders.

Stockholm, October 29, 2004

Observer AB (publ) Interim report January-September 2004

Continued strong growth in North America and indications of improved market conditions in Sweden

- The group's operating revenue amounted to SEK 1,197.2 million (1,144.2). Exchange rate effects from the translation to Swedish kronor affected revenue negatively by SEK 26.3 million compared with the corresponding period of 2003. Organic growth in local currency was -1 percent (-4). The third quarter this year showed a flat organic growth.
- Operating profit before goodwill amortization and items affecting comparability, EBITA, amounted to SEK 151.0 million (166.6). Exchange rate effects impacted profit negatively by SEK 5.6 million compared with the year-on-year period. The operating margin was 12.6 percent (14.6).
- The loss per share was SEK -0.48 (-0.46). Profit per share after dilution, excluding goodwill amortization and items affecting comparability, amounted to SEK 1.27 (1.53). The loss after financial items amounted to SEK -5.8 million (-3.1) and the net loss was SEK -33.8 million (-31.2).
- Operating cash flow amounted to SEK 165.7 million (176.5).
- During the year Observer continued to acquire US radio and television monitoring companies, thanks to which it now monitors all the country's major broadcast media markets, including New York, Chicago and Los Angeles. An acquisition in Canada further strengthened the group's position in French-speaking Quebec.

Comment by Observer CEO Robert Lundberg

"After a long period of weak demand in the Nordic countries we now see indications of improved market conditions in Sweden. The level of activity among our clients is increasing and new important clients have signed contracts for the coming year.

Our offering in North America is still being received positively, and we reach our targets in terms of growth and operating margin. The introduction of new digital services in the UK is proceeding according to plan, and growth improved during the quarter. Portugal and Ireland are reporting good growth, while Germany temporarily had a weak quarter.



We are cutting costs in the Nordic region, while in the UK we still have a higher cost level due to the transition to digital media monitoring. In North America, cost controls have contributed to a significant margin improvement.”

Market

Although Nordic clients remain cost conscious, we are seeing increased PR and IR activity in Sweden, while the other Nordic countries have yet to report a similar trend. Due to the increased automation of basic services for distribution of information (Contact), the market has adapted to a lower price level. Improved growth in Contact in the Nordic region is being driven by growing demand for various types of add-on services, together with higher client activity.

North American clients have been positive to the introduction of new services and are increasingly demanding the combination of services Observer offers. Development potential in the US market is high, and Observer has strengthened its market position.

The British market has been receptive to Observer’s digital services, and we are seeing demand rise among large clients with more advanced needs. Demand from the large number of PR firms has yet to pick up, however. The German market shows no signs of overall growth as yet, although here as well demand has risen from large companies and organizations.

Long-term growth is driven by underlying trends such as globalization, growing information flows and rapid technological developments. The importance of analyzing media content, evaluating communication activities and monitoring the competition locally and internationally is growing. At the same time, the need to continuously improve and develop communications with important target groups is increasing as well.

Revenue

Operating revenue amounted to SEK 1,197.2 million (1,144.2). Exchange rate effects from the translation to Swedish kronor affected revenue negatively by SEK 26.3 million compared with the previous year. Organic growth in local currencies was -1 percent for the nine-month period and 0 percent for the third quarter.

Organic growth in the Nordic region amounted to -11 percent for the nine-month period and improved slightly during the third quarter. The increased activity among Swedish clients has not yet had effect on the revenue.

Growth in North America is good. In the US, the migration from print catalogues to electronic databases is continuing at a rapid pace in the Research service area. This means a higher share of fixed revenue paid in advance and less seasonal variation. During the period January to September the region reported positive organic growth of 13 percent.



The Rest of Europe showed a flat organic growth during the same period. During the third quarter growth improved in the UK, Ireland and Portugal, while Germany temporarily had a weak quarter.

Profit

The group's operating profit before goodwill amortization and items affecting comparability amounted to SEK 151.0 million (166.6). Exchange rate effects impacted profit negatively by SEK 5.6 million year-on-year. The operating margin was 12.6 percent (14.6).

Net financial income and expenses amounted to SEK -34.1 million (-34.8). The loss after financial items was SEK -5.8 million (-3.1), and the net loss for the period was SEK -33.8 million (-31.2). The loss per share was SEK -0.48 (-0.46). Profit per share after dilution, excluding goodwill amortization and items affecting comparability, amounted to SEK 1.27 (1.53).

Financial position

Shareholders' equity amounted to SEK 1,738.2 million (1,721.8) at the end of the period, or SEK 24.85 per share (25.34). Shareholders' equity decreased as a result of a dividend of SEK 31.5 million and the net loss for the period.

Investments during the period amounted to SEK 33.3 M (38.5).

The debt/equity ratio was 41 percent (41), and the interest coverage ratio was 5.2.

Operating cash flow amounted to SEK 165.7 million (176.5), while cash flow from operating activities was SEK 151.0 million (118.4). The group's liquid assets amounted to SEK 209.9 million at the end of the period.

The total goodwill item on the balance sheet amounted to SEK 2,328.2 million (2,257.0). Due to exchange rate effects of SEK 44.7 million and acquisitions, goodwill decreased during the period by SEK 67.6 million after amortization of SEK 122.7 million. Observer values the group's goodwill on a regular basis. The most recent valuation confirms the book value.

Acquisitions

Observer continues to expand in broadcast monitoring services in the US. In April it acquired California-based MediaClips and in September it added a small company in Indianapolis. Following these acquisitions, Observer offers broadcast monitoring in all key US markets, with its own presence in New York, Chicago and Los Angeles, among other cities.

MediaClips, with an annual turnover of approximately SEK 8 million, is consolidated in Observer's accounts from April 1. Indianapolis-based Executive Media, with a turnover of slightly over SEK 1 million, was integrated immediately with Observer's other Indianapolis operations.



Observer is also strengthening its position in the French-speaking region of Canada. Following the conclusion of the period it acquired the remaining 69 percent of the associated company Verbatim and 100 percent of Medianor. By merging the two companies, significant synergies are being achieved. The companies, which are market leaders in the province of Quebec, have a combined annual turnover of SEK 34 million and are consolidated in Observer's accounts as of October 1, 2004.

Outlook

We anticipate that our market in North America will remain strong. In the UK, we are seeing the first positive effects of the digitalization and gradual improvement in market conditions. In Germany, we expect an improvement during the fourth quarter, while the increased activity level among Nordic clients will take longer to have an effect.

The continued integration of services and offerings as well as high sales activity, together with further productivity improvements and an attention to costs, will ensure a good operating margin and strong cash flow moving forward.

Observer AB (publ)
Stockholm, October 29, 2004

Robert Lundberg
President and CEO

Observer – Interim report January–September 2004

CONSOLIDATED INCOME STATEMENT	2004	2003	2004	2003	2003/4	2003
Amounts in SEK million	Jan-Sep	Jan-Sep	Jul-Sep	Jul-Sep	Oct-Sep	Jan-Dec
Operating revenue	1,197.2	1,144.2	385.8	362.6	1,597.1	1,544.1
Operating expenses	-999.1	-931.7	-319.3	-293.6	-1,327.7	-1,260.3
Depreciation/amortization, excl. goodwill amortization	-47.1	-45.9	-15.8	-14.5	-61.4	-60.2
EBITA	151.0	166.6	50.7	54.5	208.0	223.6
Amortization of goodwill	-122.7	-107.9	-41.3	-35.7	-159.3	-144.5
Items affecting comparability	-	-27.0	-	-	-	-27.0
Operating profit	28.3	31.7	9.4	18.8	48.7	52.1
Net financial income and expenses	-34.1	-34.8	-11.6	-11.3	-45.8	-46.5
Profit/loss before tax	-5.8	-3.1	-2.2	7.5	2.9	5.6
Tax	-28.0	-28.1	-9.7	-13.2	-32.1	-32.2
Net profit/loss for the period	-33.8	-31.2	-11.9	-5.7	-29.2	-26.6

Profit/loss per share	2004	2003	2004	2003	2003/4	2003
Amounts in SEK	Jan-Sep	Jan-Sep	Jul-Sep	Jul-Sep	Oct-Sep	Jan-Dec
Before dilution	-0.48	-0.46	-0.17	-0.08	-0.42	-0.39
Excl. goodwill amortization and items affecting comparability	1.27	1.53	0.42	0.44	1.87	2.13
After dilution	-0.48	-0.46	-0.17	-0.08	-0.42	-0.39
Excl. goodwill amortization and items affecting comparability	1.27	1.53	0.42	0.44	1.87	2.12

CONSOLIDATED BALANCE SHEET	2004	2003	2003
Amounts in SEK million	Sep 30	Sep 30	Dec 31
Goodwill	2,328.2	2,257.0	2,395.8
Other fixed assets	222.0	209.0	222.5
Current receivables	286.6	274.6	310.5
Tax assets	43.1	64.1	57.4
Financial assets	222.0	230.3	167.8
Total assets	3,101.9	3,035.0	3,154.0
Shareholders' equity	1,738.2	1,721.8	1,774.8
Minority shares	-	-	-
Current liabilities	341.3	282.7	365.9
Tax liabilities	79.4	96.4	81.3
Financial liabilities	943.0	934.1	932.0
Total shareholders' equity and liabilities	3,101.9	3,035.0	3,154.0
Operating capital	2,495.5	2,457.9	2,562.9
Operating capital excl. goodwill	167.3	200.9	167.1
Interest-bearing net debt	721.0	703.8	764.2

CONSOLIDATED STATEMENT OF CASH FLOWS	2004	2003	2004	2003	2003/4	2003
Amounts in SEK million	Jan-Sep	Jan-Sep	Jul-Sep	Jul-Sep	Oct-Sep	Jan-Dec
Operating activities						
Operating profit excl. items affecting comparability	28.3	58.7	9.4	18.8	48.7	79.1
Amortization/depreciation	169.8	153.8	57.1	50.2	220.7	204.7
Items affecting comparability	-	-27.0	-	-	-	-27.0
Other non-cash items	0.0	-2.7	0.0	-6.9	2.7	0.0
Reversal: Result from participations in associated companies	-0.7	0.0	-0.1	-	-1.5	-0.8
Net of interest and dividends	-31.1	-36.0	-8.7	-6.6	-38.3	-43.2
Income tax paid	-16.9	-33.4	0.9	-11.0	-30.6	-47.1
Change in working capital	1.6	5.0	-6.5	-14.5	22.2	25.6
Cash flow from operating activities	151.0	118.4	52.1	30.0	223.9	191.3
Investing activities						
Business acquisitions	-11.4	-1.5	-1.9	-	-200.8	-190.9
Investments in other fixed assets	-33.3	-38.5	-9.7	-8.4	-50.7	-55.9
Disposal of other fixed assets	0.0	0.2	0.0	0.0	1.3	1.5
Increase/decrease in financial fixed assets	0.0	-0.1	0.0	-0.1	2.0	1.9
Cash flow from investing activities	-44.7	-39.9	-11.6	-8.5	-248.2	-243.4
Financing activities						
New share issues	-	-	-	-	66.4	66.4
Increase/decrease in long-term financial liabilities	-26.2	-254.1	-4.0	8.2	-22.4	-250.3
Increase/decrease in current financial liabilities	15.6	-1.5	8.9	-0.9	16.5	-0.6
Dividend to shareholders	-31.5	-30.6	-	-	-31.5	-30.6
Cash flow from financing activities	-42.1	-286.2	4.9	7.3	29.0	-215.1
Cash flow for the period	64.2	-207.7	45.4	28.8	4.7	-267.2
Liquid assets at beginning of period	145.0	424.6	165.6	179.1	201.0	424.6
Translation difference in liquid assets	0.7	-15.9	-1.1	-6.9	4.2	-12.4
Liquid assets at end of period	209.9	201.0	209.9	201.0	209.9	145.0

KEY FINANCIAL HIGHLIGHTS FOR THE GROUP	2004 Jan-Sep	2003 Jan-Sep	2004 Jul-Sep	2003 Jul-Sep	2003/4 Oct-Sep	2003 Jan-Dec
Operating margin (EBITA margin)	12.6%	14.6%	13.1%	15.0%	13.0%	14.5%
Return on equity					-2%	-1%
Excl. goodwill amortization and items affecting comparability					8%	8%
Debt/equity ratio	41%	41%			41%	43%
Equity/assets ratio	56%	57%			56%	56%
Interest coverage, multiple	5.2	4.5	4.9	6.2	5.4	4.9
Excl. items affecting comparability, multiple	5.2	5.4	4.9	6.2	5.4	5.6
Profit/loss per share before dilution, SEK	-0.48	-0.46	-0.17	-0.08	-0.42	-0.39
Excl. goodwill amortization and items affecting comparability	1.27	1.53	0.42	0.44	1.87	2.13
Profit/loss per share after dilution, SEK	-0.48	-0.46	-0.17	-0.08	-0.42	-0.39
Excl. goodwill amortization and items affecting comparability	1.27	1.53	0.42	0.44	1.87	2.12
Equity per share, SEK	24.85	25.34			24.85	25.37
No. of shares at end of period, thousands	69,957	67,957	69,957	67,957	69,957	69,957
Avg. number of shares before dilution, thousands	69,957	67,957	69,957	67,957	69,575	68,078
Avg. number of shares after dilution, thousands	69,957	67,957	69,957	67,957	69,575	68,341
No. of employees at end of period	2,445	2,375	2,445	2,375	2,445	2,454

CONSOLIDATED SHAREHOLDERS' EQUITY	Share capital	Restricted reserves	Non-restricted reserves	Total
Amounts in SEK million				
Opening balance, Jan. 1, 2004	104.9	1,420.1	249.8	1,774.8
Dividend			-31.5	-31.5
Transfers from restricted to non-restricted equity		4.4	-4.4	0.0
New share issue				0.0
Translation difference for the period		-8.1	36.8	28.7
Net profit/loss for the period			-33.8	-33.8
Closing balance, September 30, 2004	104.9	1,416.4	216.9	1,738.2

OPERATING REVENUE	2004	2003	2004	2003	2003/4	2003
Amounts in SEK million	Jan-Sep	Jan-Sep	Jul-Sep	Jul-Sep	Oct-Sep	Jan-Dec
<i>REGIONS</i>						
Sweden	206.8	245.7	63.0	74.1	287.0	325.9
Denmark	53.8	54.4	17.5	17.5	72.9	73.5
Norway	53.1	60.8	17.2	16.9	72.9	80.6
Finland	55.4	59.3	17.4	19.3	75.6	79.5
Baltic states	5.6	4.8	1.8	1.8	7.6	6.8
Total, Nordic & Baltic	374.7	425.0	116.9	129.6	516.0	566.3
Germany	126.4	123.1	40.4	42.6	166.0	162.7
UK	279.7	280.8	88.5	88.1	369.4	370.5
Portugal	26.9	21.9	9.3	7.5	35.5	30.5
Ireland	16.0	14.7	5.5	4.7	20.6	19.3
Total, Rest of Europe	449.0	440.5	143.7	142.9	591.5	583.0
USA	306.7	209.1	103.4	67.0	399.6	302.0
Canada	85.0	86.6	27.5	28.9	114.7	116.3
Total, North America	391.7	295.7	130.9	95.9	514.3	418.3
Total, regions	1,215.4	1,161.2	391.5	368.4	1,621.8	1,567.6
Group eliminations	-18.2	-17.0	-5.7	-5.8	-24.7	-23.5
Group	1,197.2	1,144.2	385.8	362.6	1,597.1	1,544.1
<i>SERVICE AREAS</i>						
Research/Contact (formerly Communication Tools)	335.9	270.6	106.7	79.7	444.8	379.5
Monitor/Evaluate (formerly Media Intelligence)	879.5	890.6	284.8	288.7	1,177.0	1,188.1
Total, service areas	1,215.4	1,161.2	391.5	368.4	1,621.8	1,567.6
Group eliminations	-18.2	-17.0	-5.7	-5.8	-24.7	-23.5
Group	1,197.2	1,144.2	385.8	362.6	1,597.1	1,544.1
EBITA	2004	2003	2004	2003	2003/4	2003
Amounts in SEK million	Jan-Sep	Jan-Sep	Jul-Sep	Jul-Sep	Oct-Sep	Jan-Dec
<i>REGIONS</i>						
Nordic & Baltic	25.5	61.0	12.7	21.7	47.5	83.0
Rest of Europe	63.1	79.2	17.8	25.9	77.3	93.4
North America	88.4	52.8	27.5	14.5	119.5	83.9
Total, regions	177.0	193.0	58.0	62.1	244.3	260.3
Group eliminations	-26.0	-26.4	-7.3	-7.6	-36.3	-36.7
Group	151.0	166.6	50.7	54.5	208.0	223.6
<i>SERVICE AREAS</i>						
Research/Contact (formerly Communication Tools)	88.4	70.0	25.3	16.4	120.1	101.7
Monitor/Evaluate (formerly Media Intelligence)	88.6	123.0	32.7	45.7	124.2	158.6
Total, service areas	177.0	193.0	58.0	62.1	244.3	260.3
Group eliminations	-26.0	-26.4	-7.3	-7.6	-36.3	-36.7
Group	151.0	166.6	50.7	54.5	208.0	223.6

INCOME STATEMENTS BY REGION	2004	2003	2004	2003	2003/4	2003
Amounts in SEK million	Jan-Sep	Jan-Sep	Jul-Sep	Jul-Sep	Oct-Sep	Jan-Dec
<i>External revenue</i>						
Nordic & Baltic	363.8	415.3	113.5	126.3	501.0	552.5
Rest of Europe	441.7	433.3	141.4	140.5	581.8	573.4
North America	391.7	295.6	130.9	95.8	514.3	418.2
Other/eliminations	-	-	-	-	-	-
Group	1,197.2	1,144.2	385.8	362.6	1,597.1	1,544.1
<i>Intra-group revenue</i>						
Nordic & Baltic	1.9	1.1	0.2	0.5	2.8	2.0
Rest of Europe	1.7	1.1	0.9	-1.0	2.1	1.5
North America	0.0	0.1	0.0	0.1	0.0	0.1
Other/eliminations	-3.6	-2.3	-1.1	0.4	-4.9	-3.6
Group	0.0	0.0	0.0	0.0	0.0	0.0
<i>Intra-segment revenue</i>						
Nordic & Baltic	9.0	8.6	3.2	2.8	12.2	11.8
Rest of Europe	5.6	6.1	1.4	3.4	7.6	8.1
North America	0.0	0.0	0.0	0.0	0.0	0.0
Other/eliminations	-14.6	-14.7	-4.6	-6.2	-19.8	-19.9
Group	0.0	0.0	0.0	0.0	0.0	0.0
<i>TOTAL OPERATING REVENUE</i>						
Nordic & Baltic	374.7	425.0	116.9	129.6	516.0	566.3
Rest of Europe	449.0	440.5	143.7	142.9	591.5	583.0
North America	391.7	295.7	130.9	95.9	514.3	418.3
Other/eliminations	-18.2	-17.0	-5.7	-5.8	-24.7	-23.5
Group	1,197.2	1,144.2	385.8	362.6	1,597.1	1,544.1

INCOME STATEMENTS BY REGION						
cont.	2004	2003	2004	2003	2003/4	2003
Amounts in SEK million	Jan-Sep	Jan-Sep	Jul-Sep	Jul-Sep	Oct-Sep	Jan-Dec
<i>Operating expenses</i>						
Nordic & Baltic	-338.5	-353.4	-100.6	-104.6	-454.7	-469.6
Rest of Europe	-372.0	-347.4	-119.7	-112.5	-496.0	-471.4
North America	-289.1	-231.3	-99.8	-77.9	-376.5	-318.7
Other/eliminations	0.5	0.4	0.8	1.4	-0.5	-0.6
Group	-999.1	-931.7	-319.3	-293.6	-1,327.7	-1,260.3
<i>Depreciation/amortization, excl. goodwill amortization</i>						
Nordic & Baltic	-10.7	-10.6	-3.6	-3.3	-13.8	-13.7
Rest of Europe	-13.9	-13.9	-6.2	-4.5	-18.2	-18.2
North America	-14.2	-11.6	-3.6	-3.5	-18.3	-15.7
Other/eliminations	-8.3	-9.8	-2.4	-3.2	-11.1	-12.6
Group	-47.1	-45.9	-15.8	-14.5	-61.4	-60.2
<i>EBITA</i>						
Nordic & Baltic	25.5	61.0	12.7	21.7	47.5	83.0
Rest of Europe	63.1	79.2	17.8	25.9	77.3	93.4
North America	88.4	52.8	27.5	14.5	119.5	83.9
Other/eliminations	-26.0	-26.4	-7.3	-7.6	-36.3	-36.7
Group	151.0	166.6	50.7	54.5	208.0	223.6
<i>EBITA margin</i>						
Nordic & Baltic	6.8%	14.4%	10.9%	16.7%	9.2%	14.7%
Rest of Europe	14.0%	18.0%	12.4%	18.1%	13.1%	16.0%
North America	22.6%	17.9%	21.0%	15.1%	23.2%	20.1%
Other/eliminations						
Group	12.6%	14.6%	13.1%	15.0%	13.0%	14.5%

OPERATING CAPITAL BY REGION	2004	2003	2003
Amounts in SEK million	Sep 30	Sep 30	Dec 31
Assets			
<i>Operating assets</i>			
Nordic & Baltic	118.3	120.2	121.0
Rest of Europe	227.0	218.9	225.5
North America	133.2	104.9	148.2
Other/eliminations	30.1	39.6	38.3
Group	508.6	483.6	533.0
<i>Intra-group receivables</i>			
Nordic & Baltic	1.1	2.2	2.0
Rest of Europe	5.0	1.9	2.8
North America	0.0	0.0	0.0
Other/eliminations	-6.1	-4.1	-4.8
Group	0.0	0.0	0.0
<i>Goodwill</i>			
Nordic & Baltic	120.1	131.4	129.8
Rest of Europe	1,210.4	1,252.5	1,244.5
North America	997.7	873.1	1,021.5
Other/eliminations	0.0	0.0	0.0
Group	2,328.2	2,257.0	2,395.8
<i>Financial assets and tax assets</i>			
Nordic & Baltic	-	-	-
Rest of Europe	-	-	-
North America	-	-	-
Other/eliminations	265.1	294.4	225.2
Group	265.1	294.4	225.2
<i>TOTAL ASSETS</i>			
Nordic & Baltic	239.5	253.8	252.8
Rest of Europe	1,442.4	1,473.3	1,472.8
North America	1,130.9	978.0	1,169.7
Other/eliminations	289.1	329.9	258.7
Group	3,101.9	3,035.0	3,154.0

OPERATING CAPITAL BY REGION	2004	2003	2003
Amounts in SEK million	Sep 30	Sep 30	Dec 31
Liabilities and operating capital			
<i>Current liabilities</i>			
Nordic & Baltic	88.4	96.6	90.1
Rest of Europe	97.1	97.7	98.3
North America	127.3	79.0	141.5
Other/eliminations	28.5	9.4	36.0
Group	341.3	282.7	365.9
<i>Intra-group liabilities</i>			
Nordic & Baltic	0.4	1.4	4.2
Rest of Europe	1.2	18.1	5.3
North America	0.1	5.5	0.5
Other/eliminations	-1.7	-25.0	-10.0
Group	0.0	0.0	0.0
<i>Financial liabilities & tax liabilities</i>			
Nordic & Baltic	-	-	-
Rest of Europe	-	-	-
North America	-	-	-
Other/eliminations	1,022.4	1,030.5	1,013.3
Group	1,022.4	1,030.5	1,013.3
TOTAL LIABILITIES			
Nordic & Baltic	88.8	98.0	94.3
Rest of Europe	98.3	115.8	103.6
North America	127.4	84.5	142.0
Other/eliminations	1,049.2	1,014.9	1,039.3
Group	1,363.7	1,313.2	1,379.2
OPERATING CAPITAL			
Nordic & Baltic	150.7	155.8	158.5
Rest of Europe	1,344.1	1,357.5	1,369.2
North America	1,003.5	893.5	1,027.7
Other/eliminations	-2.8	51.1	7.5
Group	2,495.5	2,457.9	2,562.9
OPERATING CAPITAL EXCL. GOODWILL			
Nordic & Baltic	30.6	24.4	28.7
Rest of Europe	133.7	105.0	124.7
North America	5.8	20.4	6.2
Other/eliminations	-2.8	51.1	7.5
Group	167.3	200.9	167.1

OPERATING CASH FLOW						
BY REGION	2004	2003	2004	2003	2003/4	2003
Amounts in SEK million	Jan-Sep	Jan-Sep	Jul-Sep	Jul-Sep	Oct-Sep	Jan-Dec
<i>EBITA</i>						
Nordic & Baltic	25.5	61.0	12.7	21.7	47.5	83.0
Rest of Europe	63.1	79.2	17.8	25.9	77.3	93.4
North America	88.4	52.8	27.5	14.5	119.5	83.9
Other/eliminations	-26.0	-26.4	-7.3	-7.6	-36.3	-36.7
Group	151.0	166.6	50.7	54.5	208.0	223.6
<i>Depreciation/amortization, excl. goodwill amortization</i>						
Nordic & Baltic	10.7	10.6	3.6	3.3	13.8	13.7
Rest of Europe	13.9	13.9	6.2	4.5	18.2	18.2
North America	14.2	11.6	3.6	3.5	18.3	15.7
Other/eliminations	8.3	9.8	2.4	3.2	11.1	12.6
Group	47.1	45.9	15.8	14.5	61.4	60.2
<i>Investments</i>						
Nordic & Baltic	-4.9	-6.3	-2.7	-1.1	-7.6	-9.0
Rest of Europe	-18.0	-20.9	-4.1	-3.5	-24.9	-27.8
North America	-9.7	-9.8	-2.5	-3.6	-17.5	-17.6
Other/eliminations	-0.7	-1.5	-0.4	-0.2	-0.7	-1.5
Group	-33.3	-38.5	-9.7	-8.4	-50.7	-55.9
<i>Disposals</i>						
Nordic & Baltic	-	-	-	-	-	-
Rest of Europe	-	-	-	-	-	-
North America	-	-	-	-	-	-
Other/eliminations	0.0	0.2	0.0	0.0	1.3	1.5
Group	0.0	0.2	0.0	0.0	1.3	1.5

OPERATING CASH FLOW						
BY REGION cont.	2004	2003	2004	2003	2003/4	2003
Amounts in SEK million	Jan-Sep	Jan-Sep	Jul-Sep	Jul-Sep	Oct-Sep	Jan-Dec
<i>Other non-cash items/result from participations in associated companies</i>						
Nordic & Baltic	-	-	-	-	-	-
Rest of Europe	-	-	-	-	-	-
North America	-	-	-	-	-	-
Other/eliminations	-0.7	-2.7	-0.1	-6.9	1.2	-0.8
Group	-0.7	-2.7	-0.1	-6.9	1.2	-0.8
<i>Change in working capital</i>						
Nordic & Baltic	-2.0	1.0	-3.4	-6.5	-7.7	-4.7
Rest of Europe	-1.7	20.8	-9.6	3.9	-17.3	5.2
North America	-2.4	-14.7	0.5	1.0	-6.6	-18.9
Other/eliminations	7.7	-2.1	6.0	-12.9	53.8	44.0
Group	1.6	5.0	-6.5	-14.5	22.2	25.6
<i>OPERATING CASH FLOW</i>						
Nordic & Baltic	29.3	66.3	10.2	17.4	46.0	83.0
Rest of Europe	57.3	93.0	10.3	30.8	53.3	89.0
North America	90.5	39.9	29.1	15.4	113.7	63.1
Other/eliminations	-11.4	-22.7	0.6	-24.4	30.4	19.1
Group	165.7	176.5	50.2	39.2	243.4	254.2

DISTRIBUTION BY SERVICE AREA	2004	2003	2003
Amounts in SEK million	Sep 30	Sep 30	Dec 31
<i>Operating assets</i>			
Research/Contact (formerly Communication Tools)	126.5	102.4	146.3
Monitor/Evaluate (formerly Media Intelligence)	352.0	341.6	348.4
Other	30.1	39.6	38.3
Group	508.6	483.6	533.0

DISTRIBUTION BY SERVICE AREA	2004	2003	2004	2003	2003/4	2003
Amounts in SEK million	Jan-Sep	Jan-Sep	Jul-Sep	Jul-Sep	Oct-Sep	Jan-Dec
<i>External revenue</i>						
Research/Contact (formerly Communication Tools)	335.2	270.0	106.3	79.5	443.8	378.6
Monitor/Evaluate (formerly Media Intelligence)	862.0	874.2	279.5	283.1	1,153.3	1,165.5
Other	-	-	-	-	-	-
Group	1,197.2	1,144.2	385.8	362.6	1,597.1	1,544.1
<i>Investments</i>						
Research/Contact (formerly Communication Tools)	7.9	3.7	1.4	1.2	14.8	10.6
Monitor/Evaluate (formerly Media Intelligence)	24.7	33.3	7.9	7.0	35.2	43.8
Other	0.7	1.5	0.4	0.2	0.7	1.5
Group	33.3	38.5	9.7	8.4	50.7	55.9

Accounting principles

The interim report has been prepared in accordance with the Swedish Financial Accounting Standards Council's recommendation RR20 ("Interim reports"). From January 1, 2004 a new recommendation is applied in the consolidated accounts, RR 29 ("Employee benefits"). The introduction of this recommendation has not had an effect on earnings.

**Observer AB**

Observer is active in Business and Communication Intelligence and offers media monitoring and communication evaluation services. Clients, who are primarily in IR and PR, are also offered tools and channels for distribution and publication of business information.

Observer has around 2,400 employees and a turnover of slightly over SEK 1.5 billion in 2003. The company operates in the US, UK, Sweden, Canada, Germany, Norway, Finland, Denmark, Portugal, Ireland, Estonia, Latvia and Lithuania.

Financial report schedule:

February 8, 2005: Year-end report for 2004

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Further comments on the report will be provided at a telephone conference with Observer AB's management at 11:00 a.m. (CET) on October 29. To participate, please phone +44 (0)207 162 0192. Use code: Observer

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