PRESS RELEASE

Observer AB is quoted on the Attract40 segment of Stockholmsbörsen's O-list and has around 21,000 shareholders.

Stockholm, February 9, 2006

Observer AB (publ)
Year-end report January-December 2005

Transition process in the Nordic region to be intensified. Growing demand for analyzed and integrated information in all markets

- The Group's operating revenue rose by 10 percent to SEK 1,776.3 million (1,613.6). Exchange rate effects from the translation to Swedish kronor affected revenue by SEK 34 million compared with the previous year. Organic growth in local currency was 2 percent (0). In the fourth quarter organic growth reached 2 percent.

- Operating profit, EBIT, amounted to SEK 175.1 million (193.9). Exchange rate effects impacted profit by SEK 5 million year-to-year. One-time costs totaled approximately SEK 15 million in the fourth quarter. The operating margin was 9.9 percent (12.0). In the last quarter the margin was 9.0 percent (10.6). Adjusted for one-time costs in the fourth quarter, the operating margin amounted to 10.7 percent for the full-year 2005 and 12 percent for the quarter.

- Earnings per share amounted to SEK 1.12 (1.64). Profit after financial items amounted to SEK 117.2 million (148.8) and net profit was SEK 79.5 million (115.1).

- Operating cash flow improved during the fourth quarter to SEK 73.2 million (44.1). For the full-year 2005 cash flow amounted to SEK 162.5 million (209.8).

- In November Observer acquired the US broadcast monitoring company Multivision. The acquisition is expected to lead to a significant profit improvement and higher operating margin in the Group's US subsidiary. The purchase price was paid in cash. In order to remain financially prepared for further expansion, a new issue of four million shares was floated.

- Against the background of intensified restructuring work in the Nordic countries and to remain prepared for growth opportunities, the Board of Directors proposes that no dividend be paid for 2005.

- Niklas Flyborg is taking over as the new President and CEO of Observer on Friday, February 10, 2006.

Comment by Observer's outgoing CEO Robert Lundberg:
"Transition costs and negative growth are pressuring the operating margin in the Nordic countries, while profitability in the UK improved late in the year. The margin in the US remains very good. As a whole, we are not satisfied with profitability. In the fourth quarter

we reduced personnel in the Nordic countries, which will cut costs by approximately SEK 18 million as of 2006. Further efforts to improve production efficiency are under way.

Demand for hardcopy press clippings continues to decline, while we are seeing growing interest in integrated solutions and analysis services. By combining the ability to deliver integrated information from a large number of markets with sophisticated communication analysis, we were able to win significant contracts in the large-client segment in late 2005. We have launched a new generation of integrated services in our first market, the UK, and the acquisition of Multivision further strengthens our position in the US."

Comment by Observer's incoming CEO Niklas Flyborg:
"Observer has a strong position in the growing market for Communication Management, an area that is becoming increasingly important. The ability to influence, assess and evaluate your media imprint, and thus your reputation, is growing in importance, and Observer is a market leader locally and internationally.

We are seeing a trend in the market where clients increasingly want integrated and international solutions with analyzed information.

Observer can continue to develop its market position, utilize available growth opportunities and at the same time evaluate how its operations can be changed and become more efficient.

When I take over as CEO tomorrow, February 10, the Nordic transition will top the agenda. To achieve acceptable profitability, we must intensify efficiency improvements and further develop regional operations."

Market
Demand for solutions with value-added, analyzed information is on the rise. This allows us to gradually increase our share of fixed revenue in the form of subscriptions and reduce the share of variable revenue. In the process, we also reduce our sensitivity to variations in news flows.

Demand for press clippings in hard copy form is declining in the Nordic countries, while the level of PR and communication activity is gradually increasing in Sweden. Observer's integrated services are being well received, and demand for analysis services is rising in all Nordic markets.

The acquisitions of the media analysis company Delahaye and the broadcast monitoring company Multivision have further strengthened Observer's position in the US market. The potential to further develop an offering for both the US and Canada is great.

British clients have been receptive to Observer's digital services, which has offset the negative impact of the press coverage of last summer's terrorist attacks. In Germany, the client base is gradually expanding, which has offset the low level of activity among key German clients, including in the automotive industry.

Coverage of the bombing attacks in London dominated the media last summer. In August – September intensive publicity was given to Hurricanes Katrina and Rita in the US. These events negatively affected the flow and volume of business news in every market, but especially the UK, the US and Canada.

Revenue

Operating revenue amounted to SEK 1,776.3 million (1,613.6). Exchange rate effects from the translation to Swedish kronor affected revenue by SEK 34 million compared with the previous year. Organic growth in local currencies was 2 percent for both the full year and the fourth quarter.

Organic growth in the Nordic region was -2 percent. In the fourth quarter growth was -2 percent. In the Rest of Europe, organic growth was 1 percent for the full year and 0 percent in the fourth quarter. In the Nordic countries, demand for hardcopy press clippings continued to decline, while integrated digital services and analysis services reported growth. Activity among German clients was relatively low, but a strong seasonal effect produced high growth during the third quarter. In the UK, demand for integrated and analysis services is growing, while deliveries of volume-related basic monitoring services fell in the final weeks of 2005.

In North America, growth remains higher in the US than in Canada. Sales of integrated services in the Monitor service area are good in the entire region. Some distribution services that fell outside the core business were discontinued at the end of the year, at the same time that distribution of external media analysis services was discontinued. Revenue from annual subscriptions to Observer's online research services is increasing, while sales of print catalogs are on the decline. Since catalogue sales are strongest at the end of the year, this also contributed to lower growth in the fourth quarter. The region reported organic growth of 5 percent for the quarter and 6 percent for the full-year 2005.

Profit

The Group's operating profit, EBIT, amounted to SEK 175.1 million (193.9). Exchange rate effects impacted profit by SEK 5 million compared with the previous year. The operating margin was 9.9 percent (12.0). For the fourth quarter the margin was 9.0 percent (10.6).

Fourth-quarter profit was charged with transition costs in the Nordic countries, the cost to recruit a new CEO and pension costs totaling approximately SEK 15 million. Of this amount, transition costs in the Nordic countries amounted to SEK 5 million and the cost of a pension obligation to the Group's outgoing CEO was SEK 8.7 million, including payroll taxes. The obligation is a one-time amount and means that he will remain at the company's disposal until his 60th birthday.

Adjusted for transition and one-time costs, the operating margin for the full year was 10.7 percent and in the fourth quarter 12.0 percent.

In the Nordic region, measures have been taken to reduce the cost base by approximately SEK 18 million from 2006. Termination costs for slightly over 40 employees in the Nordic countries reduced the margin in the fourth quarter. The operating margin in the Nordic countries was negative for the quarter and 1 percent for the full year.

To further improve efficiency, a portion of production was moved from the UK to the US and from Ireland to the UK. Newly acquired Multivision is being integrated with Observer's other operations in the US, creating significant synergies.

In the Rest of Europe, the margin was 12 percent for both the full year and the fourth quarter.

North American operations continue to generate a strong operating margin. For the full-year 2005 the margin was 22 percent and in the fourth quarter 25 percent.

Net financial income and expenses amounted to SEK -57.9 million (-45.1). Profit after financial items was SEK 117.2 million (148.8). The tax charge was SEK 37.7 million (33.7). Of this amount, SEK 25.0 million is deferred tax attributable to deductible goodwill amortization in the US. Because goodwill amortization is deductible in the US, tax payments are reduced by approximately SEK 25 million per year. However, the new accounting standards (IFRS) require an allocation to deferred tax in the income statement. Deferred tax does not affect cash flow. Net profit for the year amounted to SEK 79.5 million (115.1). Earnings per share amounted to SEK 1.12 (1.64).

Financial position

Shareholders' equity amounted to SEK 2,148.0 million (1,785.0) at the end of the period, or SEK 28.95 per share (25.52). Shareholders' equity rose by SEK 363.0 million during the year, of which net profit accounted for SEK 79.5 million, the dividend for SEK -31.5 million, new share issues for SEK 104.8 million and exchange rate effects, etc. for SEK +210.2 million.

Investments during the period amounted to SEK 93.5 million (54.6). The largest investments relate to the development of shared service platforms, digital portal services, web monitoring services and the continued digitalization of the production process in the Monitor service area.

Interest-bearing net debt amounted to SEK 913.9 million (731.7). Of the increase, SEK 80 million is due to increased utilization of the syndicated credit facility and SEK 120.9 million to exchange rate effects. The debt/equity ratio was 43 percent (41) and the interest coverage ratio was 3.2 (4.8).

Operating cash flow amounted to SEK 162.5 million (209.8), while cash flow from operating activities was SEK 164.3 million (201.9). During the fourth quarter operating cash flow amounted to SEK 73.2 million (44.1). Accrual effects from the third quarter led to lower vendor payments and reduced working capital during the quarter. Working capital amounted to SEK -80.0 million (-66.1) on December 31. The Group's liquid assets totaled SEK 137.3 million (98.3) on the same date.

The total goodwill item on the balance sheet amounted to SEK 2,888.9 million (2,389.6). Goodwill rose by SEK 167.4 million through the acquisition of Multivision, by SEK 3.6 million through minor complementary acquisitions and by SEK 328.3 million as a result of exchange rate effects.

Transition to IFRS 2005

This interim report has been prepared in accordance with the International Financial Reporting Standards (IFRS). IFRS standards have not yet been fully established and may still change with a retroactive effect.

The most significant effect of the transition to IFRS is that goodwill amortization has been replaced as of January 1, 2005 by impairment tests. Since 2001 Observer regularly conducts impairment tests. The tests confirm the reported book value. The goodwill amortization charged against last year's profit has been reversed when 2004 is shown as a comparative year adjusted in accordance with IFRS.

The transition to the new accounting standards has a positive effect of SEK 146.8 million on the comparative year 2004. For a detailed report on the transition to IFRS, see the attachment "Transition to reporting in accordance with IFRS."

Dividend

Against the background of intensified restructuring work in the Nordic countries and to remain prepared for growth opportunities, the Board of Directors proposes that no dividend be paid for 2005.

Annual General Meeting

The Annual General Meeting will be held at 5:00 p.m. (CET) on March 28, 2006 at Spårvägshallarna, Birger Jarlsgatan 57, Stockholm.

Acquisitions

In November Observer acquired the US broadcast monitoring company Multivision. The company has a turnover of approximately USD 12 million with good profitability and covers more than 160 local and regional markets. Multivision is one of the companies playing a leading role in the development of digital broadcast monitoring, delivery and analysis in the US market.

The acquisition of Multivision is expected to have a positive impact on Observer's earnings per share and cash flow. By integrating Multivision with its US subsidiary Bacon's, the Group will achieve significant synergies. The integration is leading to a significant profit improvement and higher operating margin at Bacon's. Multivision is consolidated in Observer's accounts from November 2005.

The purchase price of USD 25 million was paid in cash and financed through a combination of liquid assets and available credit. In order to remain financially prepared for further expansion, a new share issue was directed to a limited number of Swedish and international institutional investors.

The new issue of four million shares raised the share capital by SEK 6 million. The issue price of SEK 27 corresponded to approximately 97.5 percent of the volume-weighted average price paid for the Observer share on November 3, 2005.

In the third quarter a minor complementary acquisition in broadcast monitoring was made in the US.

During the second quarter Observer acquired exclusive rights to a previously part-owned technology for web-based client solutions in the Contact service area. In addition, a small, complementary acquisition in Monitoring was made in Canada.

Other

The Swedish tax authorities have decided to raise Observer AB's taxable income for year 2000 by approximately SEK 440 million, which would result in a tax charge of SEK 173 million. The decision concerns the sale of Sifo Research & Consulting.

The company considers the decision to be unfounded and has filed an appeal with the county administrative court. Observer is of the opinion that the tax authorities' decision will not result in any increased tax expense and, until further notice, will not make any provision due to the decision. The county administrative court will begin its consideration of the case in March 2006.

New CEO

As previously announced, Observer CEO Robert Lundberg is stepping down and will be succeeded by Niklas Flyborg on February 10, 2006.

Outlook

Demand for solutions with integrated, analyzed and international information is increasing. Observer will build on its position as an international market leader while at the same time improving operating efficiency. Intensified change work in the Nordic countries is a priority.

Stockholm, February 9, 2006

Observer AB (publ)
Board of Directors

The year-end report has not been reviewed by the company's auditors.

Observer's Year-end report January-December 2005

CONSOLIDATED INCOME STATEMENT Amounts in SEK million	Jan-Dec 2005	Jan-Dec 2004	Oct-Dec 2005	Oct-Dec 2004
Operating revenue	1,776.3	1,613.6	489.3	416.4
Operating expenses	-1,530.5	-1,353.9	-427.1	-353.6
Depreciation/amortization	-70.7	-65.8	-18.4	-18.7
Operating profit	175.1	193.9	43.8	44.1
Net financial income and expenses	-57.9	-45.1	-15.4	-11.0
Profit before tax	117.2	148.8	28.4	33.1
Tax	-37.7	-33.7	-29.7	5.4
Net profit for the period	79.5	115.1	-1.3	38.5

Earnings per share Amounts in SEK	Jan-Dec 2005	Jan-Dec 2004	Oct-Dec 2005	Oct-Dec 2004
Before dilution	1.12	1.64	-0.02	0.55
After dilution	1.12	1.64	-0.02	0.55

CONSOLIDATED BALANCE SHEET Amounts in SEK million	Dec 31 2005	Dec 31 2004
Goodwill	2,888.9	2,389.6
Other fixed assets	288.7	231.4
Current receivables	373.9	329.8
Tax receivables	63.4	30.2
Financial assets	148.2	110.8
Total assets	3,763.1	3,091.8
Shareholders' equity	2,148.0	1,785.0
Operating liabilities	453.9	395.9
Tax liabilities	99.1	68.4
Financial liabilities	1,062.1	842.5
Total shareholders' equity and liabilities	3,763.1	3,091.8
Operating capital	3,097.6	2,554.9
Operating capital excl. goodwill	208.7	165.3
Interest-bearing net debt	913.9	731.7

CONSOLIDATED STATEMENT OF CASH FLOWS Amounts in SEK million	Jan-Dec 2005	Jan-Dec 2004	Oct-Dec 2005	Oct-Dec 2004
Operating activities				
Net profit for the period	79.5	115.1	-1.3	38.5
Tax	37.7	33.7	29.7	-5.4
Net financial items	57.9	45.1	15.4	11.0
Depreciation/amortization	70.7	65.8	18.4	18.7
Other non-cash items	10.2	1.7	9.1	0.5
Reversal: Profit shares in associated companies	-	-0.8	-	-0.1
Net of interest and dividends	-45.9	-46.3	-16.2	-15.2
Income tax paid	-45.8	-16.2	-0.8	0.7
Change in working capital	0.0	3.8	41.1	2.2
Cash flow from operating activities	164.3	201.9	95.4	50.9
Investing activities				
Business acquisitions	-198.6	-97.9	-187.7	-86.5
Investments in other fixed assets	-93.5	-54.6	-39.2	-21.3
Disposal of other fixed assets	-	-	-	-
Increase/decrease in financial fixed assets	0.9	1.1	0.9	1.1
Cash flow from investing activities	-291.2	-151.4	-226.0	-106.7
Financing activities				
New share issues	104.8	-	99.3	-
Increase/decrease in long-term financial liabilities	79.3	-56.8	41.7	-30.6
Increase/decrease in current financial liabilities	3.7	-7.3	9.8	-22.9
Dividend to shareholders	-31.5	-31.5	-	-
Cash flow from financing activities	156.3	-95.6	150.8	-53.5
Cash flow for the period	29.4	-45.1	20.2	-109.3
Liquid assets at beginning of period	98.3	145.0	115.3	209.9
Translation difference in liquid assets	9.6	-1.6	1.8	-2.3
Liquid assets at end of period	137.3	98.3	137.3	98.3

KEY FINANCIAL HIGHLIGHTS FOR THE GROUP	Jan-Dec 2005	Jan-Dec 2004	Oct-Dec 2005	Oct-Dec 2004
Operating margin	9.9%	12.0%	9.0%	10.6%
Return on equity	4%	6%		
Return on operating capital	6%	7%		
Debt/equity ratio	43%	41%	43%	41%
Equity/assets ratio	57%	58%	57%	58%
Interest coverage, multiple	3.2	4.8	2.8	4.1
Earnings per share before dilution, SEK	1.12	1.64	-0.02	0.55
Earnings per share after dilution, SEK	1.12	1.64	-0.02	0.55
Equity per share, SEK	28.95	25.52	28.95	25.52
No. of shares at end of period, thousands	74,204	69,957	74,204	69,957
Avg. number of shares before dilution, thousands	70,657	69,957	72,413	69,957
Avg. number of shares after dilution, thousands	70,787	70,195	72,521	70,200
No. of employees at end of period	2,743	2,647	2,743	2,647

CONSOLIDATED SHAREHOLDERS' EQUITY SEK in millions	Dec 31 2005	Dec 31 2004
Opening balance	1,785.0	1,774.8
Effect of change in principle Jan. 1, 2005 to IAS 39	0.9	-
Opening shareholders' equity balance adjusted in accordance with IFRS 1	1,785.9	1,774.8
Translation differences	261.6	-99.5
Hedge of net investment in foreign operations	-52.5	24.4
Effects of IFRS 2, Share-based Payment	0.2	1.7
Exercise of employee stock options (Option program 2001-2003)	-	-
Net profit for the period	79.5	115.1
Dividend	-31.5	-31.5
New share issue	104.8	-
Closing balance	2,148.0	1,785.0

OPERATING REVENUE Amounts in SEK million	Jan-Dec 2005	Jan-Dec 2004	Oct-Dec 2005	Oct-Dec 2004
REGIONS				
Sweden	273.5	279.8	71.4	73.0
Denmark	73.8	72.9	19.2	19.1
Norway	73.6	72.1	17.9	19.0
Finland	73.7	73.7	19.6	18.3
Baltic states	8.3	7.6	2.3	2.0
Total, Nordic & Baltic	*502.9*	*506.1*	*130.4*	*131.4*
Germany	172.5	168.8	44.5	42.4
UK	365.7	365.5	93.5	85.8
Portugal	41.5	36.7	11.1	9.8
Ireland	17.4	21.3	3.8	5.3
Total, Rest of Europe	*597.1*	*592.3*	*152.9*	*143.3*
USA	542.5	417.8	164.6	111.1
Canada	154.7	121.4	44.1	36.4
Total, North America	*697.2*	*539.2*	*208.7*	*147.5*
Total, regions	1,797.2	1,637.6	492.0	422.2
Group eliminations	-20.9	-24.0	-2.7	-5.8
Group	1,776.3	1,613.6	489.3	416.4
SERVICE AREAS				
Research/Contact (formerly Communication Tools)	477.3	454.6	132.6	118.7
Monitor/Evaluate (formerly Media Intelligence)	1,319.9	1,183.0	359.4	303.5
Total, service areas	1,797.2	1,637.6	492.0	422.2
Group eliminations	-20.9	-24.0	-2.7	-5.8
Group	1,776.3	1,613.6	489.3	416.4

INCOME STATEMENT BY REGION Amounts in SEK million	Jan-Dec 2005	Jan-Dec 2004	Oct-Dec 2005	Oct-Dec 2004
External revenue				
Nordic & Baltic	488.5	491.5	128.0	127.7
Rest of Europe	590.2	582.9	152.2	141.2
North America	697.6	539.2	209.1	147.5
Other/eliminations	0.0	0.0	0.0	0.0
Group	1,776.3	1,613.6	489.3	416.4
Intra-Group revenue				
Nordic & Baltic	1.4	2.1	0.4	0.2
Rest of Europe	2.7	2.6	0.6	0.9
North America	0.0	0.0	0.0	0.0
Other/eliminations	-4.1	-4.7	-1.0	-1.1
Group	0.0	0.0	0.0	0.0
Intra-segment revenue				
Nordic & Baltic	13.0	12.5	2.0	3.5
Rest of Europe	4.2	6.8	0.1	1.2
North America	-0.4	0.0	-0.4	0.0
Other/eliminations	-16.8	-19.3	-1.7	-4.7
Group	0.0	0.0	0.0	0.0
TOTAL OPERATING REVENUE				
Nordic & Baltic	502.9	506.1	130.4	131.4
Rest of Europe	597.1	592.3	152.9	143.3
North America	697.2	539.2	208.7	147.5
Other/eliminations	-20.9	-24.0	-2.7	-5.8
Group	1,776.3	1,613.6	489.3	416.4

INCOME STATEMENT BY REGION cont. Amounts in SEK million	Jan-Dec 2005	Jan-Dec 2004	Oct-Dec 2005	Oct-Dec 2004
Operating expenses				
Nordic & Baltic	-486.6	-459.9	-131.8	-121.4
Rest of Europe	-499.8	-492.8	-127.7	-120.8
North America	-519.3	-394.8	-149.4	-105.7
Other/eliminations	-24.8	-6.4	-18.2	-5.7
Group	-1,530.5	-1,353.9	-427.1	-353.6
Depreciation/amortization				
Nordic & Baltic	-13.4	-13.4	-2.4	-2.7
Rest of Europe	-25.7	-21.6	-6.9	-7.7
North America	-24.5	-18.6	-7.3	-4.4
Other/eliminations	-7.1	-12.2	-1.8	-3.9
Group	-70.7	-65.8	-18.4	-18.7
Operating profit				
Nordic & Baltic	2.9	32.8	-3.8	7.3
Rest of Europe	71.6	77.9	18.3	14.8
North America	153.4	125.8	52.0	37.4
Other/eliminations	-52.8	-42.6	-22.7	-15.4
Group	175.1	193.9	43.8	44.1
Operating margin				
Nordic & Baltic	0.6%	6.5%	-2.9%	5.6%
Rest of Europe	12.0%	13.2%	12.0%	10.4%
North America	22.0%	23.3%	24.9%	25.3%
Other/eliminations				
Group	9.9%	12.0%	9.0%	10.6%

OPERATING CAPITAL BY REGION Amounts in SEK million	Dec 31 2005	Dec 31 2004
Assets		
Operating assets		
Nordic & Baltic	129.5	117.8
Rest of Europe	258.5	226.7
North America	259.4	183.9
Other/eliminations	15.2	32.8
Group	662.6	561.2
Intra-Group receivables		
Nordic & Baltic	1.4	0.8
Rest of Europe	6.5	2.2
North America	0.1	0.2
Other/eliminations	-8.0	-3.2
Group	0.0	0.0
Goodwill		
Nordic & Baltic	134.0	129.8
Rest of Europe	1,329.9	1,236.9
North America	1,425.0	1,022.9
Other/eliminations	0.0	0.0
Group	2,888.9	2,389.6
Financial assets and tax receivables		
Nordic & Baltic	-	-
Rest of Europe	-	-
North America	-	-
Other/eliminations	211.6	141.0
Group	211.6	141.0
TOTAL ASSETS		
Nordic & Baltic	264.9	248.4
Rest of Europe	1,594.9	1,465.8
North America	1,684.5	1,207.0
Other/eliminations	218.8	170.6
Group	3,763.1	3,091.8

OPERATING CAPITAL BY REGION Amounts in SEK million	Dec 31 2005	Dec 31 2004
Liabilities and operating capital		
Current liabilities		
Nordic & Baltic	115.7	99.7
Rest of Europe	105.5	102.8
North America	190.7	153.5
Other/eliminations	42.0	39.9
Group	453.9	395.9
Intra-Group liabilities		
Nordic & Baltic	5.3	1.4
Rest of Europe	4.3	2.2
North America	4.7	0.1
Other/eliminations	-14.3	-3.7
Group	0.0	0.0
Financial liabilities & tax liabilities		
Nordic & Baltic	-	-
Rest of Europe	-	-
North America	-	-
Other/eliminations	1,161.2	910.9
Group	1,161.2	910.9
TOTAL LIABILITIES		
Nordic & Baltic	121.0	101.1
Rest of Europe	109.8	105.0
North America	195.4	153.6
Other/eliminations	1,188.9	947.1
Group	1,615.1	1,306.8
OPERATING CAPITAL		
Nordic & Baltic	143.9	147.3
Rest of Europe	1,485.1	1,360.8
North America	1,489.1	1,053.4
Other/eliminations	-20.5	-6.6
Group	3,097.6	2,554.9
OPERATING CAPITAL EXCL. GOODWILL		
Nordic & Baltic	9.9	17.5
Rest of Europe	155.2	123.9
North America	64.1	30.5
Other/eliminations	-20.5	-6.6
Group	208.7	165.3

OPERATING CASH FLOW BY REGION Amounts in SEK million	Jan-Dec 2005	Jan-Dec 2004	Oct-Dec 2005	Oct-Dec 2004
Operating profit				
Nordic & Baltic	2.9	32.8	-3.8	7.3
Rest of Europe	71.6	77.9	18.3	14.8
North America	153.4	125.8	52.0	37.4
Other/eliminations	-52.8	-42.6	-22.7	-15.4
Group	175.1	193.9	43.8	44.1
Depreciation/amortization				
Nordic & Baltic	13.4	13.4	2.4	2.7
Rest of Europe	25.7	21.6	6.9	7.7
North America	24.5	18.6	7.3	4.4
Other/eliminations	7.1	12.2	1.8	3.9
Group	70.7	65.8	18.4	18.7
Investments				
Nordic & Baltic	-18.0	-6.3	-7.9	-1.4
Rest of Europe	-28.9	-26.0	-12.5	-8.0
North America	-43.4	-18.5	-16.6	-8.8
Other/eliminations	-3.2	-3.8	-2.2	-3.1
Group	-93.5	-54.6	-39.2	-21.3
Disposals				
Nordic & Baltic	0.0	0.0	0.0	0.0
Rest of Europe	0.0	0.0	0.0	0.0
North America	0.0	0.0	0.0	0.0
Other/eliminations	0.0	0.0	0.0	0.0
Group	0.0	0.0	0.0	0.0

OPERATING CASH FLOW BY REGION cont. Amounts in SEK million	Jan-Dec 2005	Jan-Dec 2004	Oct-Dec 2005	Oct-Dec 2004
Other non-cash items/profit share in associated companies				
Nordic & Baltic	0.0	0.0	0.0	0.0
Rest of Europe	0.0	0.0	0.0	0.0
North America	0.0	0.0	0.0	0.0
Other/eliminations	10.2	0.9	9.1	0.4
Group	10.2	0.9	9.1	0.4
Change in working capital				
Nordic & Baltic	17.9	9.1	22.5	11.1
Rest of Europe	-14.6	8.0	6.9	9.7
North America	8.3	-20.5	13.8	-18.1
Other/eliminations	-11.6	7.2	-2.1	-0.5
Group	0.0	3.8	41.1	2.2
OPERATING CASH FLOW				
Nordic & Baltic	16.2	49.0	13.2	19.7
Rest of Europe	53.8	81.5	19.6	24.2
North America	142.8	105.4	56.5	14.9
Other/eliminations	-50.3	-26.1	-16.1	-14.7
Group	162.5	209.8	73.2	44.1

DISTRIBUTION BY SERVICE AREA Amounts in SEK million	Dec 31 2005	Dec 31 2004
Operating assets		
Research/Contact (formerly Communication Tools)	194.2	150.6
Monitor/Evaluate (formerly Media Intelligence)	453.2	377.8
Other	15.2	32.8
Group	662.6	561.2

DISTRIBUTION BY SERVICE AREA Amounts in SEK million	Jan-Dec 2005	Jan-Dec 2004	Oct-Dec 2005	Oct-Dec 2004
External revenue				
Research/Contact (formerly Communication Tools)	477.3	453.4	132.9	118.2
Monitor/Evaluate (formerly Media Intelligence)	1,299.0	1,160.2	356.4	298.2
Other	0.0	0.0	0.0	0.0
Group	1,776.3	1,613.6	489.3	416.4
Investments				
Research/Contact (formerly Communication Tools)	22.4	14.2	9.4	6.3
Monitor/Evaluate (formerly Media Intelligence)	67.9	36.6	27.6	11.9
Other	3.2	3.8	2.2	3.1
Group	93.5	54.6	39.2	21.3

CONSOLIDATED BALANCE SHEET DISTRIBUTED BETWEEN CURRENT AND L0NG-TERM LIABILITIES		
Amounts in SEK million	Dec 31 **2005**	Dec 31 **2004**
OPERATING ASSETS		
Intangible assets		
Goodwill	2,888.9	2,389.6
Other intangible assets	74.8	60.4
Tangible fixed assets	209.2	151.8
Other fixed assets 1)	33.9	27.0
Current receivables 2)	408.1	352.2
Operating assets, total	**3,614.9**	**2,981.0**
FINANCIAL ASSETS		
Financial fixed assets	3.8	0.4
Current receivables	7.1	12.1
Cash and bank balances and short-term investments	137.3	98.3
Financial assets, total	**148.2**	**110.8**
Assets	**3,763.1**	**3,091.8**
SHAREHOLDERS' EQUITY		
Shareholders' equity	2,148.0	1,785.0
OPERATING LIABILITIES		
Provisions for taxes 4)	82.9	49.9
Long-term liabilities	4.9	13.5
Current liabilities 3)	465.2	400.9
Operating liabilities, total	**553.0**	**464.3**
FINANCIAL LIABILITIES		
Provisions for pensions and similar commitments	1.7	1.0
Long-term liabilities	1,028.2	820.9
Current liabilities	32.2	20.6
Financial liabilities, total	**1,062.1**	**842.5**
Shareholders' equity and liabilities	**3,763.1**	**3,091.8**
1) Of which deferred tax receivable	29.2	7.8
2) Of which tax receivables	34.2	22.4
Total tax receivables	***63.4***	***30.2***
3) Of which tax liabilities	16.2	18.5
4) Provisions for taxes	82.9	49.9
Total tax liabilities	***99.1***	***68.4***

Accounting principles
This year-end report has been prepared in accordance with the International Financial Reporting Standard – IFRS. It is the fourth external report that Observer has prepared in accordance with IFRS. The interim report has been prepared according to IAS 34. From January 1, 2005 Observer AB complies with the Swedish Financial Accounting Standards Council's recommendation RR 32, Accounting for Legal Entities, which replaces the former recommendations RR 1-29.

Observer AB
Observer is the world leader in communication management and business intelligence. Its services enable clients to identify the right target audience, distribute information, and monitor and analyze their media image.

Observer AB is quoted on the Attract40 segment of Stockholmsbörsen's O-list and has around 21,000 shareholders. The company has around 2,700 employees and a turnover of slightly over SEK 1.8 billion in 2005. Observer operates in the US, UK, Sweden, Canada, Germany, Norway, Finland, Denmark, Portugal, Ireland, Estonia, Latvia and Lithuania.

Upcoming financial reports:

May 4, 2006	Interim report	January-March 2006
August 3, 2006	Interim report	January-June 2006
November 2, 2006	Interim report	January-September 2006

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Further comments on the report will be provided at a telephone conference with Observer AB's management at 1:30 pm (CET) on February 9. To participate, please phone:
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Observer

Attachment – Transition to reporting in accordance with IFRS

This interim report covers the fourth quarter of 2005 and is prepared in accordance with IAS 34, Interim Financial Reporting, which meets the requirements of RR31, Interim reporting for groups.

Observer's annual report 2004 was prepared in accordance with the Swedish Financial Accounting Standards Council's accounting standards and the pronouncements of the Swedish Emerging Issues Task Force. Since these standards are essentially based on IFRS standards, the consolidated accounts have already been largely adapted to the new rules. In certain areas the standards differ, in which case IFRS takes precedent.

The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS), including the International Accounting Standards (IAS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) that apply as of December 31, 2005.

The accounting principles used in the preparation of the consolidated accounts for the fourth quarter of 2005, with the exception of the principles for classifying and calculating financial instruments, have also been applied to all comparative periods presented in the report. Opening balances and all quarters of 2004 have been restated in accordance with IFRS. The effects on the opening balance, the fourth quarter and the closing balance in 2004 are presented in this quarterly report.

In transitioning to IFRS, Observer has chosen to apply the following voluntary exemptions for retroactive application of IFRS in accordance with IFRS 1 First-time adoption of IFRS:

- No retroactive restatement of financial instruments
- No restatement of previous business acquisitions
- All cumulative translation differences have been zeroed for all subsidiaries
- No restatement of equity instruments granted before November 7, 2002 but which were not eligible for redemption in the transition to IFRS on January 1, 2005

Changes in income statement, balance sheet items and shareholders' equity 2004

Changes in the income statement, balance sheet and shareholders' equity for 2004 attributable to the transition to IFRS are reported below.

IFRS – EFFECT ON INCOME STATEMENT Isolated fourth quarter 2004 Amounts in SEK million	**Oct-Dec 2004**	**IFRS 3**	**IFRS 2**	**IFRS Oct-Dec 2005**
Operating revenue	416.4			416.4
Operating expenses	-353.1		-0.5	-353.6
Depreciation/amortization, other	-18.5	-0.2		-18.7
Operating profit before goodwill amortization	**44.8**	**-0.2**	**-0.5**	**44.1**
Goodwill amortization	-40.6	40.6		0.0
Operating profit	**4.2**	**40.4**	**-0.5**	**44.1**
Net financial income and expenses	-11.0			-11.0
Profit before tax	**-6.8**	**40.4**	**-0.5**	**33.1**
Tax	8.9	-3.5		5.4
Net profit for the period	**2.1**	**36.9**	**-0.5**	**38.5**

IFRS – EFFECT ON INCOME STATEMENT				
Cumulative fourth quarter 2004	**Jan-Dec**			**IFRS Jan-Dec**
Amounts in SEK million	**2004**	**IFRS 3**	**IFRS 2**	**2004**
Operating revenue	1,613.6			1,613.6
Operating expenses	-1,352.2		-1.7	-1,353.9
Depreciation/amortization, other	-65.6	-0.2		-65.8
Operating profit before goodwill amortization	**195.8**	**-0.2**	**-1.7**	**193.9**
Goodwill amortization	-163.3	163.3		0.0
Operating profit	**32.5**	**163.1**	**-1.7**	**193.9**
Net financial income and expenses	-45.1			-45.1
Profit before tax	**-12.6**	**163.1**	**-1.7**	**148.8**
Tax	-19.1	-14.6		-33.7
Net profit for the period	**-31.7**	**148.5**	**-1.7**	**115.1**

IFRS 3
Acquisitions prior to 2004 have not been restated. IFRS 1 requires that even if a company does not go through all its old acquisitions and restate them, it must still review them in terms of the reporting of assets and liabilities as if each acquired company had been reported according to IFRS on its acquisition date. Any assets and liabilities added or removed would then affect goodwill. Such a review showed that no such adjustments were necessary.

For Observer's acquisitions in 2004, primarily as regards Verbatim Inc. and the assets and liabilities of Delahaye, the application of IFRS 3 has necessitated the separation of intangible assets with a value of SEK 4.4 million from goodwill.

According to IFRS 3, in the case of acquisitions achieved in stages, where the acquirer did not have control and through successive acquisitions obtains control, all previous partial acquisitions must be revalued and any differences in valuations posted in shareholders' equity. Acquisition analyses must be prepared for the acquisition that gives the acquirer a decisive or significant influence and each acquisition that preceded it. This principle has been applied to the acquisition of Verbatim Inc. and has not had a material effect.

For Observer, the application of IFRS 3 raises profit for 2004 by SEK 148.5 million due to the fact that goodwill amortization has been eliminated as of January 1, 2004. In the balance sheet, goodwill is affected by SEK 8.0 million in translation differences on reversed goodwill amortization.

IFRS 2
For Observer, the application of IFRS 2 adds a cost of SEK 1.7 million for 2004, while shareholders' equity is not affected, since an amount corresponding to the cost at the same time is reported as increased equity. The calculation has been made using the Black-Scholes model.

After the transition to IFRS, only programs with allocations after November 7, 2002 and that are not fully vested by January 1, 2005 must be recognized as an expense, according to IFRS 2. The estimated cost refers to an employee stock option program with allocations in 2003.

IFRS - EFFECT ON BALANCE SHEET

Amounts in SEK million	Dec 31 2004	IFRS 3	IFRS 2	IFRS Dec 31 2004
OPERATING ASSETS				
Intangible assets				
Goodwill	2,240.4	149.2		2,389.6
Other intangible assets	56.0	4.4		60.4
Tangible fixed assets	151.8			151.8
Other fixed assets	27.0			27.0
Current receivables	352.2			352.2
Operating assets, total	**2,827.4**	**153.6**	**0.0**	**2,981.0**
FINANCIAL ASSETS				
Financial fixed assets	0.4			0.4
Current receivables	12.1			12.1
Cash and bank balances and short-term investments	98.3			98.3
Financial assets, total	**110.8**			**110.8**
Assets	**2,938.2**	**153.6**	**0.0**	**3,091.8**
SHAREHOLDERS' EQUITY				
Shareholders' equity	**1,644.5**	140.5	0.0	**1,785.0**
OPERATING LIABILITIES				
Provisions for taxes	36.8	13.1		49.9
Long-term liabilities	13.5			13.5
Current liabilities	400.9			400.9
Operating liabilities, total	**451.2**	**13.1**	**0.0**	**464.3**
FINANCIAL LIABILITIES				
Provisions for pensions and similar commitments	1.0			1.0
Long-term liabilities	820.9			820.9
Current liabilities	20.6			20.6
Financial liabilities, total	**842.5**			**842.5**
Shareholders' equity and liabilities	**2,938.2**	**153.6**	**0.0**	**3,091.8**

IFRS - EFFECT ON SHAREHOLDERS' EQUITY

Amounts in SEK million	Dec 31 2003	Jan 1 2004	Dec 31 2004	Jan 1 2005
Shareholders' equity according to Swedish GAAP	**1,774.8**	**1,774.8**	**1,644.5**	**1,785.0**
Introduction of IAS39				0.9
Adjusted opening balance according to IFRS 1	**1,774.8**	**1,774.8**	**1,644.5**	**1,785.9**
Business combinations (IFRS 3)			148.5	
Business combinations, translation differences (IFRS 3)			-8.0	
Share-based payment (IFRS 2)			0.0	
Shareholders' equity according to IFRS	**1,774.8**	**1,774.8**	**1,785.0**	**1,785.9**

IAS 39 - TRANSITIONAL EFFECTS					
Balance sheet item, SEK million	Book value Dec. 31, 2004	Transitional effect of change in principle, Jan 1, 2005	Change in fair value Oct-Dec 2005	Change in fair value Jan-Dec 2005	Value Dec 31 2005
Derivatives, interest caps	0.0	0.9	0.6	1.3	2.2

Changes in accounting principles

The following accounting principles have changed in connection with the transition to IFRS. The corresponding IFRS/IAS standards, which are consistent with those reported in Observer's annual report 2004, apply to other accounting principles.

Consolidated financial statements

The consolidated accounts have been prepared in accordance with IAS 27 and IFRS 3 on consolidated financial statements and use of the purchase accounting method. All intra-Group transactions, i.e., revenue, expenses, receivables, liabilities, unrealized gains and group contributions, have been eliminated and, where necessary, subsidiaries' accounting principles have been adjusted to ensure consistent reporting within the Group. Companies acquired during the year are included in consolidated income statement as of the date of acquisition. Companies divested during the year are excluded as of their date of sale.

Translation of foreign currency

The Parent Company's functional currency and reporting currency is Swedish kronor. Group companies report in their functional currencies, which means the official national currency in the country in which their operations are conducted. For Group companies whose operations comprise financial ownership of operating Group companies, the functional and reporting currency is the operating company's functional currency.

Associated companies

The Group has no shares in associated companies. During the first three quarters of 2004 the Group had shares in one associated company. All shares in this associated company were acquired during the fourth quarter of 2004 and the company was therefore reported as a wholly owned subsidiary. The share in profit of associated companies is included in operating profit for the first three quarters of 2004.

Goodwill

Before the transition to IFRS, goodwill referred to the portion of the purchase price of an acquisition that exceeded the acquired company's net assets. Due to the transition to IFRS, the purchase price is also distributed among identifiable intangible assets such as trademarks, customer relations, technology, etc. Observer is a service company that acquires businesses in order to introduce its business model, which can help to increase growth and higher margins and create value through a restructuring and refinement of the acquired business. As a result, the principal effects from acquisitions are attained through synergies, new human capital and the creation of strategic platforms for growth. The large part of the purchase price of business acquisitions is therefore allocated to goodwill.

Goodwill is not amortized. Instead it is tested annually to determine whether a write-down is needed. Impairment tests are conducted for all cash generating units, regardless of whether or not there is any indication that the asset is in need of reevaluation. An established model for impairment testing is used for the entire Group. The model tests goodwill for impairment at the same level for cash generating units as Observer uses for follow-ups, i.e., by country.

Other intangible fixed assets

Other intangible fixed assets are largely acquired assets where a portion of the purchase price has been separated from goodwill and allocated primarily to trademarks, customer relations, IT systems and databases developed in-house.

Other intangible fixed assets are reported on the balance sheet at acquisition value less accumulated amortization. Amortization is made according to plan over three to five years based on each asset's estimated economic life. Amortization of capitalized research and development expenses begins when an asset is put to use. Expenditures to improve an asset's performance beyond its original level increase the reported value of the asset. Expenditures for repairs and maintenance are reported as expenses.

The reported value of other intangible fixed assets is tested for write-downs when events or changes in conditions indicate that the value possibly can be recovered. The same model used for impairment testing of goodwill is also used for impairment testing of other intangible assets.

Share-based payment

Share-based payment, e.g., options on terms that deviate from market-based compensation, which has been granted to employees in the form of incentive programs is reported as a staff cost in the income statement. Shareholders' equity is not affected, since an amount corresponding to the cost is reported at the same time as an increase in equity. The cost is calculated as the fair value on the grant date and is divided over the vesting period. The value is calculated in accordance with the Black-Scholes model.

Financial instruments and derivatives

The version of IAS 39 adopted by the EU differs from the recommendations issued by IASB. For Observer, these differences have no effect, because the Group's application of IAS 39 complies with the version adopted by the EU and the pronouncements issued by IASB. In accordance with IAS 39, financial assets and financial liabilities are classified in various categories so that they can then be reported and valued in accordance with the principles that apply to each category.

The majority of the Group's financial assets relate to receivables for services rendered, which are held to maturity. These receivables are reported at acquisition value. Because of the brevity of the maturities involved, the time value until payment does not have to be calculated.

Liquid assets and short-term investments have been classified as assets recognized at fair value, with any change in value reported on the income statement.

Financial liabilities are recognized at accrued acquisition value. This is calculated such that a constant effective rate of interest is obtained over the loan period, provided that the maturity is not short and a rate of interest has not been agreed upon. In that case, accounts payable and similar short-term liabilities are recognized at their nominal amounts.

Financial derivatives are initially recognized on the balance sheet at acquisition value and then at market value, i.e., fair value, on subsequent balance sheet dates. Changes in value are reported in the income statement, provided the derivative is not a hedge for another transaction in accordance with established Group policies. Under Group policy, derivatives may only be held for hedging purposes, with the exception of small, well-defined positions. Those derivatives held by the Group are interest rate derivatives used to hedge changes in interest rates. Although interest-rate derivatives are financially motivated according to the Group's policy, these derivative transactions do not meet the requirements for hedging transactions according to IAS39. Changes in value during the derivative's maturity are therefore reported in the income statement under financial items.