



PRESS RELEASE

Observer AB is quoted on the Attract40 segment of Stockholmsbörsen's O-list and has around 24,000 shareholders.

Stockholm, February 8, 2005

Observer AB (publ) Year-end report January-December 2004

Continued strong growth in the US and improved market conditions in Sweden

- Nonrecurring costs in the fourth quarter affected the result

- The group's operating revenue amounted to SEK 1,613.6 million (1,544.1). Exchange rate effects from the translation to Swedish kronor affected revenue negatively by SEK 35 million compared with the previous year. Organic growth in local currency was 0 percent (-4).
- Operating profit before goodwill amortization and items affecting comparability, EBITA, amounted to SEK 195.7 million (223.6). Exchange rate effects impacted profit negatively by SEK 8 million compared with the year-on-year period. The operating margin was 12.1 percent (14.5). Nonrecurring costs in the fourth quarter affected the result by approximately SEK 8 million.
- The loss per share was SEK -0.45 (-0.39). Profit per share after dilution, excluding goodwill amortization and items affecting comparability, amounted to SEK 1.87 (2.12). The loss after financial items amounted to SEK -12.7 million (5.6) and the net loss was SEK -31.8 million (-26.6).
- Operating cash flow amounted to SEK 209.8 million (254.2).
- The proposed dividend is SEK 0.45 (0.45) per share.
- At year-end Observer acquired Delahaye, one of the leading media evaluation firms in the US and UK. 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.
- In connection with the introduction of the new International Financial Reporting Standards (IFRS), Observer has conducted a review of the company's financial objectives. The long term financial objective is to achieve annual organic growth of at least 10 percent and an operating marginal (EBIT) of 20 percent. The estimation is that within two years Observer will reach organic growth of 6-8 percent and an operating margin of 16-17 percent (EBIT).



Comment by Observer CEO Robert Lundberg

“Order bookings in Sweden have increased significantly and the signs of an improved market in Sweden we saw during the second and third quarters grew stronger late in the year. Our offering in North America continues to be received positively, and we are achieving 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 as expected in Germany at the end of the year.

As a whole, we reported slightly positive growth at the end of the year, while our operating margin fell. Although the lower margin in the fourth quarter was due in large part to nonrecurring costs, we continue to trim costs in the Nordic region and the rest of Europe. In the US, we will maintain the cost controls that to date have contributed to a significant improvement in margins.

We anticipate that our market in the US will remain good and that market conditions in the UK, Germany and Sweden will gradually improve.

The continued development of our integrated services and high level of sales activity, together with further productivity improvements and cost consciousness, will ensure a good operating margin, strong cash flows and growth moving forward. The estimation is that within two years Observer will reach organic growth of 6-8 percent and an operating margin of 16-17 percent (EBIT). ”

Market

The level of activity among Swedish clients rose during the second half of 2004, while the other Nordic countries have not yet seen a similar trend. Improved growth in the region is also being driven by a greater supply of integrated services that support a client’s entire communication process as well as add-on services to the automated basic services for distributing information (Contact).

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 sophisticated 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.

Reports on the tsunami disaster in Asia accounted for a large share of the news during the last days of December and early January, temporarily affecting the flow of business news and volumes.

Long-term growth is being 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 1,613.6 million (1,544.1). Exchange rate effects from the translation to Swedish kronor affected revenue negatively by SEK 35 million compared with the previous year. Organic growth in local currencies was 0 percent for the full year and 0 percent for the fourth quarter.

Organic growth in the Nordic region was -10 percent for the full year but improved gradually during the last months of 2004 and amounted to -7 percent for the fourth quarter.

Organic growth was 12 percent in North America. In the US, the migration from printed catalogues to electronic databases in the Research service area is resulting in a higher share of fixed advance revenue and less seasonal variation. During the fourth quarter organic growth in the US was 12 percent. In Canada, capacity problems with the company's broadband supplier led to temporary delivery problems for Observer and negatively affected growth.

In the rest of Europe, organic growth was 0 percent for the full year and 1 percent for the fourth quarter. Growth in Germany improved as expected at the end of the year after a weak third quarter.

Profit

The group's operating profit before goodwill amortization and items affecting comparability (EBITA) amounted to SEK 195.7 million (223.6). Exchange rate effects impacted profit negatively by SEK 8 million year-on-year. The operating margin was 12.1 percent (14.5) for the full year.

Nonrecurring costs affected the result by approximately SEK 8 million during the last quarter. The increase consists largely of costs to integrate subsidiaries in the Nordic region and Canada, higher provisions for social security expenses for stock options due to the rising price of Observer's share in late 2004, and pension costs. The Operating margin for the quarter amounted to 10.7 percent.

Net financial income and expenses amounted to SEK -45.1 million (-46.5). The loss after financial items was SEK -12.7 million (5.6), and the net loss for the year was SEK -31.8 million (-26.6). The loss per share was SEK -0.45 (-0.39). Profit per share after dilution, excluding goodwill amortization and items affecting comparability, amounted to SEK 1.87 (2.12).

The year's tax expense amounted to SEK 19.1 million. During the fourth quarter a positive value of SEK 8.9 million was reported due to the utilization of tax loss carryforwards of SEK 13.0 million.

**Financial position**

Shareholders' equity amounted to SEK 1,644.5 million (1,774.8) at the end of the period, or SEK 23.51 per share (25.37). Shareholders' equity decreased due to currency translation effects of SEK -67.0 million, a dividend of SEK -31.5 million and the net loss for the period.

Investments during the year amounted to SEK 54.6 M (55.9).

The debt/equity ratio was 44 percent (43), and the interest coverage ratio was 4.9.

Operating cash flow amounted to SEK 209.8 million (254.2), while cash flow from operating activities was SEK 201.9 million (191.3). The group's liquid assets amounted to SEK 98.3 million at the end of the year.

The total goodwill item on the balance sheet amounted to SEK 2,240.4 million (2,395.8). Due to exchange rate effects of SEK -94.8 million and acquisitions, goodwill decreased during the period by SEK 155.4 million after amortization of SEK 163.3 million. Observer periodically values the group's total goodwill item. The most recent valuation confirms the book value.

Transition to IFRS 2005

From January 1, 2005 the Group's accounting principles comply with the International Financial Reporting Standards, IFRS, as adopted by the EU Commission and in accordance with the transitional rules in IFRS 1 (First Time Adoption). Observer's interim report for the first quarter of 2005 will be the first report presented in accordance with IFRS. The most significant effects are on the reporting of acquisitions, including goodwill, IFRS 3, Business combinations, and IFRS 2, which covers share-based payment.

Adjustments in goodwill amortization will be eliminated as of January 1, 2005, and the goodwill amortization charged against the result for 2004 will be reversed when 2004 is shown as a comparative year in accordance with IFRS. In addition, SEK 0.2 million will be reversed via goodwill amortization and then charged against the result as amortization of acquisition-related intangible assets. As per the IFRS rules on share-based payment, the cost of the employee stock option program is charged against the result for 2004 by SEK -1.7 million.

For 2004 this as a whole would have had a positive effect on the result of approximately SEK 160 million. See also the appendix for a detailed report on the transition to IFRS.

Financial objectives

In connection with the introduction of the new International Financial Reporting Standards (IFRS), Observer has conducted a review of the company's long-term financial objectives and dividend policy.

Growth	At least 10 percent organic ⁽¹⁾
Operating margin (EBIT)	20 percent ⁽²⁾
Return on operating capital	At least 15 percent ⁽³⁾
Dividend policy	An average of 25 percent of after-tax profit ⁽⁴⁾
Debt/Equity ration	Not to exceed 100 percent
Interest coverage	Not to fall below a multiple of four

The estimation is that within two years Observer will reach an organic growth of 6-8 percent and an operating margin of 16-17 percent (EBIT).

¹ Previous objectives of an organic growth of 10-15 were established in 1998. This objective has been specified to at least 10 percent.

² Since goodwill amortization will be eliminated after the introduction of IFRS, it is obvious that the margin objective should be measured against unadjusted operating earnings (EBIT). The adjustment of the previous objective, an operating margin of 22 percent (EBITA), is due in part to the introduction of the IFRS rule that the purchase price of an acquisition must be allocated across all identifiable intangible assets. The new rule will mean higher amortization from future acquisitions. The size of this amortization will depend on the target's assets and over the long term is expected to affect the margin by approximately two percentage points, which is why the margin objective has been adjusted to 20 percent (EBIT).

³ Replaces previous objective of return on new investments

⁴ The adjustment of the previous objective, that the dividend should amount to 30 percent of the Group's after-tax profit, is due to the introduction of IFRS. The elimination of goodwill amortization in accordance with the new accounting rules will mean a substantial improvement in after-tax profit. The new objective, of a dividend of 25 percent of the Group's after-tax profit, would have resulted in a dividend of SEK 0.47 per share in 2004.

Dividend

The Board of Directors is proposing that the Annual General Meeting approve a dividend of SEK 0.45 (0.45) per share. The Annual General Meeting will be held in Näringslivets Hus, Stockholm on April 28, 2005.

Acquisitions

In late December Observer acquired Delahaye, one of the world's strongest brands in media analysis, with operations in the US and UK. Delahaye, whose client base is dominated by companies on the US Fortune 1000 list, has an annual turnover of approximately SEK 60 million and is consolidated by Observer as of 2005.



Observer also strengthened its position in the French-speaking region of Canada. From October 1 the remaining 69 percent of the associated company Verbatim and 100 percent of Medianor were consolidated. 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.

The Group continued to expand in broadcast monitoring services in the US. In April it acquired California-based MediaClips and in September and December it added two smaller companies in Indianapolis and San Diego. The combined annual turn over of these companies amount to approximately SEK 10 million. 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.

Outlook

The combination of integrated services Observer offers has further potential in every market. Opportunities to broaden the client base are considerable in several major markets, and the international offering has good growth potential.

Together with high sales activity, continuous productivity improvements and cost consciousness, this will ensure a good operating margin, strong cash flows and growth moving forward.

Stockholm, February 8, 2005

Observer AB (publ)
Board of Directors

Observer – Year-end report January–December 2004

CONSOLIDATED INCOME STATEMENT	2004	2003	2004	2003
Amounts in SEK million	Jan-Dec	Jan-Dec	Oct-Dec	Oct-Dec
Operating revenue	1,613.6	1,544.1	416.4	399.9
Operating expenses	-1,352.2	-1,260.3	-353.1	-328.6
Depreciation/amortization, excl. goodwill amortization	-65.7	-60.2	-18.6	-14.3
EBITA	195.7	223.6	44.7	57.0
Amortization of goodwill	-163.3	-144.5	-40.6	-36.6
Items affecting comparability	0.0	-27.0	0.0	0.0
Operating profit	32.4	52.1	4.1	20.4
Net financial income and expenses	-45.1	-46.5	-11.0	-11.6
Profit/loss before tax	-12.7	5.6	-6.9	8.8
Tax	-19.1	-32.2	8.9	-4.2
Minority interests	-	0.0	-	0.0
Net profit/loss for the period	-31.8	-26.6	2.0	4.6

Profit/loss per share	2004	2003	2004	2003
Amounts in SEK	Jan-Dec	Jan-Dec	Oct-Dec	Oct-Dec
Before dilution	-0.45	-0.39	0.03	0.07
Excl. goodwill amortization and items affecting comparability	1.88	2.13	0.61	0.60
After dilution	-0.45	-0.39	0.03	0.07
Excl. goodwill amortization items affecting comparability	1.87	2.12	0.61	0.60

CONSOLIDATED BALANCE SHEET	2004	2003
Amounts in SEK million	Dec 31	Dec 31
Goodwill	2,240.4	2,395.8
Other fixed assets	227.0	222.5
Current receivables	329.8	310.5
Tax assets	30.2	57.4
Financial assets	110.8	167.8
Total assets	2,938.2	3,154.0
Shareholders' equity	1,644.5	1,774.8
Minority shares	0.0	0.0
Current liabilities	395.9	365.9
Tax liabilities	55.3	81.3
Financial liabilities	842.5	932.0
Total shareholders' equity and liabilities	2,938.2	3,154.0
Operating capital	2,401.3	2,562.9
Operating capital excl. goodwill	160.9	167.1
Interest-bearing net debt	731.7	764.2

CONSOLIDATED STATEMENT OF CASH FLOWS	2004	2003	2004	2003
Amounts in SEK million	Jan-Dec	Jan-Dec	Oct-Dec	Oct-Dec
<i>Operating activities</i>				
Operating profit excl. items affecting comparability	32.4	79.1	4.1	20.4
Amortization/depreciation	229.0	204.7	59.2	50.9
Items affecting comparability	0.0	-27.0	0.0	0.0
Other non-cash items	0.0	0.0	0.0	2.7
Reversal: Result from participations in associated companies	-0.8	-0.8	-0.1	-0.8
Net of interest and dividends	-46.3	-43.2	-15.2	-7.2
Income tax paid	-16.2	-47.1	0.7	-13.7
Change in working capital	3.8	25.6	2.2	20.6
Cash flow from operating activities	201.9	191.3	50.9	72.9
<i>Investing activities</i>				
Business acquisitions	-97.9	-190.9	-86.5	-189.4
Investments in other fixed assets	-54.6	-55.9	-21.3	-17.4
Disposal of other fixed assets	0.0	1.5	0.0	1.3
Increase/decrease in financial fixed assets	1.1	1.9	1.1	2.0
Cash flow from investing activities	-151.4	-243.4	-106.7	-203.5
<i>Financing activities</i>				
New share issues	0.0	66.4	0.0	66.4
Increase/decrease in long-term financial liabilities	-56.8	-250.3	-30.6	3.8
Increase/decrease in current financial liabilities	-7.3	-0.6	-22.9	0.9
Dividend to shareholders	-31.5	-30.6	0.0	0.0
Cash flow from financing activities	-95.6	-215.1	-53.5	71.1
Cash flow for the period	-45.1	-267.2	-109.3	-59.5
Liquid assets at beginning of period	145.0	424.6	209.9	201.0
Translation difference in liquid assets	-1.6	-12.4	-2.3	3.5
Liquid assets at end of period	98.3	145.0	98.3	145.0

KEY FINANCIAL HIGHLIGHTS FOR THE GROUP	2004 Jan-Dec	2003 Jan-Dec	2004 Oct-Dec	2003 Oct-Dec
Operating margin (EBITA margin)	12.1%	14.5%	10.7%	14.3%
Return on equity	-2%	-1%		
Excl. goodwill amortization and items affecting comparability	8%	8%		
Debt/equity ratio	44%	43%		
Equity/assets ratio	56%	56%		
Interest coverage, multiple	4.9	4.9	4.2	6.2
Excl. items affecting comparability, multiple	4.9	5.6	4.2	6.2
Profit/loss per share before dilution, SEK	-0.45	-0.39	0.03	0.07
Excl. goodwill amortization and items affecting comparability	1.88	2.13	0.61	0.60
Profit/loss per share after dilution, SEK	-0.45	-0.39	0.03	0.07
Excl. goodwill amortization and items affecting comparability	1.87	2.12	0.61	0.60
Equity per share, SEK	23.51	25.37		
No. of shares at end of period, thousands	69,957	69,957	69,957	69,957
Avg. number of shares before dilution, thousands	69,957	68,078	69,957	68,436
Avg. number of shares after dilution, thousands	70,195	68,341	70,200	68,759
No. of employees at end of period	2,647	2,454	2,647	2,454

CONSOLIDATED SHAREHOLDERS' EQUITY Amounts in SEK million	Share capital	Restricted reserves	Non- restricted reserves	Total
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		-75.5	75.5	0.0
New share issue				0.0
Translation difference for the period		15.7	-82.7	-67.0
Net profit/loss for the period			-31.8	-31.8
Closing balance, December 30, 2004	104.9	1,360.3	179.3	1,644.5

OPERATING REVENUE	2004	2003	2004	2003
Amounts in SEK million	Jan-Dec	Jan-Dec	Oct-Dec	Oct-Dec
<i>REGIONS</i>				
Sweden	279.8	325.9	73.0	80.2
Denmark	72.9	73.5	19.1	19.1
Norway	72.1	80.6	19.0	19.8
Finland	73.7	79.5	18.3	20.2
Baltic states	7.6	6.8	2.0	2.0
Total, Nordic & Baltic	506.1	566.3	131.4	141.3
Germany	168.8	162.7	42.4	39.6
UK	365.5	370.5	85.8	89.6
Portugal	36.7	30.5	9.8	8.6
Ireland	21.3	19.3	5.3	4.7
Total, Rest of Europe	592.3	583.0	143.3	142.5
USA	417.8	302.0	111.1	92.9
Canada	121.4	116.3	36.4	29.7
Total, North America	539.2	418.3	147.5	122.6
Total, regions	1,637.6	1,567.6	422.2	406.4
Group eliminations	-24.0	-23.5	-5.8	-6.5
Group	1,613.6	1,544.1	416.4	399.9
<i>SERVICE AREAS</i>				
Research/Contact (formerly Communication Tools)	454.6	379.5	118.7	108.9
Monitor/Evaluate (formerly Media Intelligence)	1,183.0	1,188.1	303.5	297.5
Total, service areas	1,637.6	1,567.6	422.2	406.4
Group eliminations	-24.0	-23.5	-5.8	-6.5
Group	1,613.6	1,544.1	416.4	399.9

EBITA	2004	2003	2004	2003
Amounts in SEK million	Jan-Dec	Jan-Dec	Oct-Dec	Oct-Dec
<i>REGIONS</i>				
Nordic & Baltic	32.8	83.0	7.3	21.9
Rest of Europe	77.9	93.4	14.8	14.2
North America	125.9	83.9	37.5	31.1
Total, regions	236.6	260.3	59.6	67.2
Group eliminations	-40.9	-36.7	-14.9	-10.2
Group	195.7	223.6	44.7	57.0
<i>SERVICE AREAS</i>				
Research/Contact (formerly Communication Tools)	126.9	101.7	38.5	31.7
Monitor/Evaluate (formerly Media Intelligence)	109.7	158.6	21.1	35.5
Total, service areas	236.6	260.3	59.6	67.2
Group eliminations	-40.9	-36.7	-14.9	-10.2
Group	195.7	223.6	44.7	57.0

INCOME STATEMENTS BY REGION		2004	2003	2004	2003
Amounts in SEK million		Jan-Dec	Jan-Dec	Oct-Dec	Oct-Dec
<i>External revenue</i>					
Nordic & Baltic		491.5	552.5	127.7	137.2
Rest of Europe		582.9	573.4	141.2	140.1
North America		539.2	418.2	147.5	122.6
Other/eliminations		0.0	0.0	0.0	0.0
Group		1,613.6	1,544.1	416.4	399.9
<i>Intra-group revenue</i>					
Nordic & Baltic		2.1	2.0	0.2	0.9
Rest of Europe		2.6	1.5	0.9	0.4
North America		0.0	0.1	0.0	0.0
Other/eliminations		-4.7	-3.6	-1.1	-1.3
Group		0.0	0.0	0.0	0.0
<i>Intra-segment revenue</i>					
Nordic & Baltic		12.5	11.8	3.5	3.2
Rest of Europe		6.8	8.1	1.2	2.0
North America		0.0	0.0	0.0	0.0
Other/eliminations		-19.3	-19.9	-4.7	-5.2
Group		0.0	0.0	0.0	0.0
<i>TOTAL OPERATING REVENUE</i>					
Nordic & Baltic		506.1	566.3	131.4	141.3
Rest of Europe		592.3	583.0	143.3	142.5
North America		539.2	418.3	147.5	122.6
Other/eliminations		-24.0	-23.5	-5.8	-6.5
Group		1,613.6	1,544.1	416.4	399.9

INCOME STATEMENTS BY REGION, cont.				
Amounts in SEK million	2004 Jan-Dec	2003 Jan-Dec	2004 Oct-Dec	2003 Oct-Dec
<i>Operating expenses</i>				
Nordic & Baltic	-459.9	-469.6	-121.4	-116.3
Rest of Europe	-492.8	-471.4	-120.8	-124.0
North America	-394.8	-318.7	-105.7	-87.4
Other/eliminations	-4.7	-0.6	-5.2	-0.9
Group	-1,352.2	-1,260.3	-353.1	-328.6
<i>Depreciation/amortization, excl. goodwill amortization</i>				
Nordic & Baltic	-13.4	-13.7	-2.7	-3.1
Rest of Europe	-21.6	-18.2	-7.7	-4.3
North America	-18.5	-15.7	-4.3	-4.1
Other/eliminations	-12.2	-12.6	-3.9	-2.8
Group	-65.7	-60.2	-18.6	-14.3
<i>EBITA</i>				
Nordic & Baltic	32.8	83.0	7.3	21.9
Rest of Europe	77.9	93.4	14.8	14.2
North America	125.9	83.9	37.5	31.1
Other/eliminations	-40.9	-36.7	-14.9	-10.2
Group	195.7	223.6	44.7	57.0
<i>EBITA margin</i>				
Nordic & Baltic	6.5%	14.7%	5.6%	15.5%
Rest of Europe	13.2%	16.0%	10.3%	9.9%
North America	23.3%	20.1%	25.4%	25.4%
Other/eliminations				
Group	12.1%	14.5%	10.7%	14.3%

OPERATING CAPITAL BY REGION	2004	2003
Amounts in SEK million	Dec 31	Dec 31
Assets		
<i>Operating assets</i>		
Nordic & Baltic	117.8	121.0
Rest of Europe	226.7	225.5
North America	179.5	148.2
Other/eliminations	32.8	38.3
Group	556.8	533.0
<i>Intra-group receivables</i>		
Nordic & Baltic	0.8	2.0
Rest of Europe	2.2	2.8
North America	0.2	0.0
Other/eliminations	-3.2	-4.8
Group	0.0	0.0
<i>Goodwill</i>		
Nordic & Baltic	117.0	129.8
Rest of Europe	1,159.3	1,244.5
North America	964.1	1,021.5
Other/eliminations	0.0	0.0
Group	2,240.4	2,395.8
<i>Financial assets and tax assets</i>		
Nordic & Baltic	-	-
Rest of Europe	-	-
North America	-	-
Other/eliminations	141.0	225.2
Group	141.0	225.2
<i>TOTAL ASSETS</i>		
Nordic & Baltic	235.6	252.8
Rest of Europe	1,388.2	1,472.8
North America	1,143.8	1,169.7
Other/eliminations	170.6	258.7
Group	2,938.2	3,154.0

OPERATING CAPITAL BY REGION, cont.	2004	2003
Amounts in SEK million	Dec 31	Dec 31
Liabilities and operating capital		
<i>Current liabilities</i>		
Nordic & Baltic	99.7	90.1
Rest of Europe	102.8	98.3
North America	153.5	141.5
Other/eliminations	39.9	36.0
Group	395.9	365.9
<i>Intra-group liabilities</i>		
Nordic & Baltic	1.4	4.2
Rest of Europe	2.2	5.3
North America	0.1	0.5
Other/eliminations	-3.7	-10.0
Group	0.0	0.0
<i>Financial liabilities & tax liabilities</i>		
Nordic & Baltic	-	-
Rest of Europe	-	-
North America	-	-
Other/eliminations	897.8	1,013.3
Group	897.8	1,013.3
<i>TOTAL LIABILITIES</i>		
Nordic & Baltic	101.1	94.3
Rest of Europe	105.0	103.6
North America	153.6	142.0
Other/eliminations	934.0	1,039.3
Group	1,293.7	1,379.2
<i>OPERATING CAPITAL</i>		
Nordic & Baltic	134.5	158.5
Rest of Europe	1,283.2	1,369.2
North America	990.2	1,027.7
Other/eliminations	-6.6	7.5
Group	2,401.3	2,562.9
<i>OPERATING CAPITAL EXCL. GOODWILL</i>		
Nordic & Baltic	17.5	28.7
Rest of Europe	123.9	124.7
North America	26.1	6.2
Other/eliminations	-6.6	7.5
Group	160.9	167.1

OPERATING CASH FLOW BY REGION		2004	2003	2004	2003
Amounts in SEK million		Jan-Dec	Jan-Dec	Oct-Dec	Oct-Dec
<i>EBITA</i>					
Nordic & Baltic		32.8	83.0	7.3	21.9
Rest of Europe		77.9	93.4	14.8	14.2
North America		125.9	83.9	37.5	31.1
Other/eliminations		-40.9	-36.7	-14.9	-10.2
Group		195.7	223.6	44.7	57.0
<i>Depreciation/amortization, excl. goodwill amortization</i>					
Nordic & Baltic		13.4	13.7	2.7	3.1
Rest of Europe		21.6	18.2	7.7	4.3
North America		18.5	15.7	4.3	4.1
Other/eliminations		12.2	12.6	3.9	2.8
Group		65.7	60.2	18.6	14.3
<i>Investments</i>					
Nordic & Baltic		-6.3	-9.0	-1.4	-2.7
Rest of Europe		-26.0	-27.8	-8.0	-6.9
North America		-18.5	-17.6	-8.8	-7.8
Other/eliminations		-3.8	-1.5	-3.1	0.0
Group		-54.6	-55.9	-21.3	-17.4
<i>Disposals</i>					
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	1.5	0.0	1.3
Group		0.0	1.5	0.0	1.3

OPERATING CASH FLOW BY REGION, cont.	2004	2003	2004	2003
Amounts in SEK million	Jan-Dec	Jan-Dec	Oct-Dec	Oct-Dec
<i>Other non-cash items/result from participations in associated companies</i>				
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	-0.8	-0.8	-0.1	1.9
Group	-0.8	-0.8	-0.1	1.9
<i>Change in working capital</i>				
Nordic & Baltic	9.1	-4.7	11.1	-5.7
Rest of Europe	8.0	5.2	9.7	-15.6
North America	-20.5	-18.9	-18.1	-4.2
Other/eliminations	7.2	44.0	-0.5	46.1
Group	3.8	25.6	2.2	20.6
<i>OPERATING CASH FLOW</i>				
Nordic & Baltic	49.0	83.0	19.7	16.6
Rest of Europe	81.5	89.0	24.2	-4.0
North America	105.4	63.1	14.9	23.2
Other/eliminations	-26.1	19.1	-14.7	41.9
Group	209.8	254.2	44.1	77.7

DISTRIBUTION BY SERVICE AREA	2004	2003
Amounts in SEK million	Dec 31	Dec 31
<i>Operating assets</i>		
Research/Contact (formerly Communication Tools)	150.6	146.3
Monitor/Evaluate (formerly Media Intelligence)	373.4	348.4
Other	32.8	38.3
Group	556.8	533.0

DISTRIBUTION BY SERVICE AREA	2004	2003	2004	2003
Amounts in SEK million	Jan-Dec	Jan-Dec	Oct-Dec	Oct-Dec
<i>External revenue</i>				
Research/Contact (formerly Communication Tools)	453.4	378.6	118.2	108.6
Monitor/Evaluate (formerly Media Intelligence)	1,160.2	1,165.5	298.2	291.3
Other	0.0	0.0	0.0	0.0
Group	1,613.6	1,544.1	416.4	399.9
<i>Investments</i>				
Research/Contact (formerly Communication Tools)	14.2	10.6	6.3	6.9
Monitor/Evaluate (formerly Media Intelligence)	36.6	43.8	11.9	10.5
Other	3.8	1.5	3.1	0.0
Group	54.6	55.9	21.3	17.4

Accounting principles

This 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 the world leader in media monitoring and communication evaluation. With Observer's services, clients can identify the right target groups, distribute information, and monitor and analyze their media coverage.

Observer AB is quoted on the Attract40 segment of Stockholmsbörsen's O-list and has around 24,000 shareholders. The company has around 2,400 employees and a turnover of slightly over SEK 1.5 billion in 2003. Observer operates in the US, UK, Sweden, Canada, Germany, Norway, Finland, Denmark, Portugal, Ireland, Estonia, Latvia and Lithuania.

Financial report schedule:

April 28, 2005	Interim report	January-March 2005
August 5, 2005	Interim report	January-June 2005
November 1, 2005	Interim report	January-September 2005

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**Further comments on the interim report will be provided at a telephone conference with Observers AB's management at 11:00 (CET) on February 8.
To participate, please phone +44 (0) 207 162 0180. Use code: Observer**