

## SCHIBSTED AS, OSLO, NORWAY

Schibsted is one of the leading media groups in Scandinavia. Schibsted's media companies are involved in both the traditional and digital media: newspapers, the Internet, TV, radio, magazines, mobile phones and publishing operations. Schibsted now has operations in 11 European countries and wishes to further expand in Europe. The Group is currently a leading media company in Scandinavia. Its domestic markets are Norway and Sweden, but it also has operations in Denmark, Finland, Estonia, Latvia, Lithuania, France, Spain, Austria and Russia.

Schibsted's operations are reported in **4 business areas**: Newspapers; Baltics; TV/Film; and Publishing. In the 1<sup>st</sup> quarter of 2006, Schibsted implemented a new Group structure based on a geographical model, with Norway, Sweden and International as units.

### NEWSPAPERS

Schibsted owns the two largest, most widely read daily newspapers in Scandinavia. *Aftonbladet* in Sweden is the Nordic region's biggest newspaper, and *VG* in Norway, which is this country's biggest newspaper. In Norway, the Group also owns the no.2 largest newspaper, *Aftenposten*. In Sweden, Schibsted also owns *Svenska Dagbladet*. *20 Minutes* is Schibsted's international free-newspaper concept. The print newspapers' circulation figures are declining. Schibsted's large subscription newspapers in Norway and Sweden, *Aftenposten* and *Svenska Dagbladet*, on the other hand, are increasing their circulation figures.

Through *Aftonbladet*'s acquisition of Teleadress AB, which includes the directory search service hitta.se, Schibsted entered the growing market for directory services.

*Svenska Dagbladet* and *Aftonbladet* jointly formed Näringsliv24 – n.24.se – which immediately became the second largest web site for business news and services in Sweden.

In Spain, Schibsted has launched the blocket concept, which involves online purchases and sales through a web site, Compraventa.com, owned by *20 Minutes* in Spain.

New magazines have been launched in both Norway and Spain. *Aftenposten*'s *A-magasinet* is back. *VG* has launched a weekend magazine as well as publishing a daily sports news section printed on pink paper. In Spain, *20 Minutes* has started to publish a monthly magazine, *Calle20*, and also expanded in other ways.

**Newspapers:** *Aftenposten* is one of Norway's largest media companies and holds strong positions in both the print newspaper and online newspaper markets. *Aftenposten*'s morning and evening editions are the 2nd and 4th largest newspapers in Norway respectively. In addition, *Aftenposten Multimedia* has 641,000 unique readers each week, while *FINN*, Norway's largest classified ads web site, has 590,000. The *Aftenposten* media company's results improved sharply, due to both a strong advertising market and an increase in circulation. The *Aftenposten* Group's total revenues in 2005 came to NOK 2.4 billion and an operating profit of NOK 266 million. *Aftenposten* achieved advertising revenues of NOK 1 220 million, a growth of NOK 115 million.

The AM edition was converted into tabloid format and the negative circulation trend was turned around.

The *FINN* Group has reinforced its position as Norway's largest online marketplace for real estate, recruitment, automotive and other classified ads. In 2005, *FINN* had at the most more than two million unique users monthly. *FINN* achieved a total revenue of NOK 267.3 million and an operating profit of NOK 114.4 million in 2005. Its three main markets, automotive, recruitment and Real Estate, have market shares of 80.51% and 90% respectively.

*Aftenposten Multimedia* grew rapidly in terms of users, product development and revenue in 2005. Its revenues increased by 74%, its number of unique users per week rose by more than 30%, it almost doubled its staff and a number of new products were launched. The company achieved an operating profit of NOK 2.6 million. *Aftenposten.no* is the fourth largest online newspaper in Norway.

Verdens Gang (VG) is one of Norway's leading media companies. Verdens Gang AS publishes VG, which is Norway's largest newspaper (with a 12.4% share of the total market and a 68% share of the single copy sales market) and has a circulation that is twice that of its closest competitor. VG Multimedia is a wholly owned subsidiary of Verdens Gang AS and publishes VG Nett and VG Mobil. VG Nett is Norway's leading online news service. VG Mobil is a leading supplier of news and entertainment to mobile phones.

The VG Group continued to produce sound results in 2005 and achieved an operating margin of 17%. VG AS, the print edition version, increased its revenues by 0.6% compared to 2004. VG AS's operating profit of NOK 249 million produced an operating margin of 15.3%, which is much lower than in 2004. VG Multimedia AS developed very positively in 2005 and achieved an operating profit of NOK 51 million, giving it an operating margin of 42.3%. The operating revenues increased by 82% in 2005.

The Aftonbladet Group's main activities are in two business areas: Newspaper Publication and New Media. Aftonbladet is also the major owner of blocket.se, a leading online classified ads web site. Aftonbladet Hierta AB acquired TA Teleadress Information Holding AB on 2 February 2005. This includes hitta.se, a directory search service.

*Aftonbladet* has retained its clear position as a market leader in both the print and online newspaper industries in Sweden. *Aftonbladet*'s share of the afternoon newspaper market was 53%. Aftonbladet achieved the best result in its 175-year history in 2005. It made a profit after net financial items of SEK 337 (314) million. This result is particularly strong since the company also invested a lot during the year to further develop a number of areas. Its main projects have been related to TV and to the hitta.se subsidiary.

The Svenska Dagbladet media company publishes Stockholm's second-largest AM newspaper, mainly based on home delivery subscriptions. Svenska Dagbladet achieved its best results ever in 2005. The Group made an operating profit of SEK 13 million, compared to an operating loss of SEK 19 million the year before. The print edition alone made an operating profit of SEK 18 million. The improvement in results is primarily a result of increased revenues. SvD's circulation revenues increased by 7% to SEK 411 million. The newspaper's advertising revenues increased by 17% to SEK 394 million.

In 2005, SvD sold its stake in Tidningstryckarna AB. The printing of the Stockholm edition was moved to Tabloidtryck AB in Södertälje.

As part of the continued focus on new media, the operations in SvD.se were spun off into a separate limited company at the start of 2006, with Näringsliv 24 AB and Tasteline AB as subsidiaries. Näringsliv24 was launched in October and immediately became the second largest business web site in Sweden. Its operations are run by a company in which Svenska Dagbladet owns a 60% share while Aftonbladet owns a 40% share. In January 2006, SvD.se and n24.se launched a new recruitment web site, Jobb24.se. Tasteline AB was bought in March. This web site is the largest independent web site in its field in Sweden.

20 Minutes is Schibsted's free newspaper concept. It was launched in December 1999 and has later experienced huge growth. In total, *20 Minutes* is one of the 10 largest newspapers in Europe. *20 Minuten* in Switzerland was sold in the first quarter to tamedia, a Swiss media company. In April 2005, Schibsted has established a strategic cooperation with the Spanish media group Grupo Zeta and will sell 20 % of the Spanish *20 Minutos* operation. *20 Minutes France* is a joint venture between Schibsted and French partners Spir Communications and Sofiouest, both of which are part of the well-renowned Ouest France Group.

Schibsted publishes *20 Minutes* in 8 towns in France and 14 towns in Spain, where they are leading newspapers. *20 Minutes*' revenues in France and Spain rose by 24% in 2005. At the same time, its costs have increased by 35% due to the strong expansion during the past year. The number of towns in which *20 Minutes* is published has increased by two in France and eight in Spain. The newspaper's circulation has also increased from 745,000 to 805,000 in France and from 660,000 to 1,100,000 in Spain.

The operations of the free newspaper avis1 were closed down in the autumn of 2005. As from January 2006, *Aftenposten Aften* (evening edition) is instead distributed to all the households in its area of distribution every Wednesday - a total of 400,000 copies.

<b>Circulation</b>	2001	2002	2003	2004	2005
<b>Norway:</b>					
Aftenposten – weekdays (morning)	262,632	263,016	256,600	249,861	<b>252,746</b>
Aftenposten – weekdays (evening)	167,671	163,945	155,400	148,067	<b>141,609</b>
Aftenposten – Sundays	229,857	234,693	232,900	220,149	<b>223,212</b>
Verdens Gang – weekdays	387,508	390,510	380,190	365,266	<b>343,702</b>
Verdens Gang – Sundays	317,051	314,422	314,730	315,103	<b>298,736</b>
<b>Sweden:</b>					
Aftonbladet – weekdays	401,500	435,900	442,100	444,100	<b>428,422</b>
Aftonbladet – Sundays	468,000	489,000	489,400	504,300	<b>501,428</b>
Svenska Dagbladet – weekdays	172,945	184,600	184,600	179,200	<b>187,200</b>
Svenska Dagbladet – Sundays	185,816	194,000	194,600	190,800	<b>197,100</b>

**Printing: Schibsted Trykk AS** has a new, modern production facility at Nydalen in Oslo and is Norway's biggest printing plant. The company produces *Aftenposten's* AM and PM editions, *VG*, *avis1* (closed down in December 2005) and *Dagsavisen*. A total of around 275 million copies are printed yearly. The company also prints advertising inserts and had considerable revenues from this segment in 2005. Schibsted Trykk enhanced its results by around NOK 16 million compared to 2004, excl. extraordinary costs related to the introduction of IFRS.

**The Harstad Tidende Group (HTG)** publishes four local newspapers in the north of Norway, all with their own online editions, and holds TV and radio broadcasting licences. The Group owns and operates this region's biggest rotary printing works. HTG controls 21% of the newspaper market in the north of Norway, and 27% of its revenues come from the MediaNor joint venture. It established its own distribution company in 2005.

**Tidningstryckarna Aftonbladet Svenska Dagbladet AB** was one of the largest newspaper printing plants in Sweden and had a considerable number of commercial printing assignments in addition to printing *Aftonbladet* and *Svenska Dagbladet*. This printing plant was sold to Tabloidtrykk AB and the printing of *Aftonbladet's* and *Svenska Dagbladet's* Stockholm newspapers were transferred to printing plants in Södertälje and Norrtälje as from July 2005.

**Picture agency: Scanpix** is Scandinavia's leading picture agency and also has operations in the Baltic countries. Scanpix's largest market is print newspapers, despite the general decline in circulation figures. The growth in reading online publications produces an increasing focus on pictures for this segment. Scanpix Sverige merged with Pressens Bild in Sweden in 2005. The name of the new company is Scanpix. Scanpix sold its shareholding in Scanpix Danmark in 2005. Results have improved in the Baltic area and the company has become established in all three Baltic countries. The company's operations produced a sound profit primarily as a result of strong results in Norway.

## **Newspapers**

<i>In million NOK</i>	2002	2003	2004	2004	2005
Subscription revenues	803	865	909	909	964
Single copy sales revenues	2,506	2,677	2,665	2,665	2,552
Advertising revenues	2,307	2,456	3,272	3,269	3,571
Other revenues	n.a.	n.a.	n.a.	627	714
Internal revenues	n.a.	n.a.	n.a.	17	18
Operating revenues	<b>6,082</b>	<b>6,511</b>	<b>7,487</b>	<b>7,487</b>	<b>7,819</b>
Operating profit (EBITA)	<b>474</b>	<b>628</b>	<b>858</b>	<b>868</b>	<b>909</b>
Operating profit (EBIT)	<b>379</b>	<b>587</b>	<b>405</b>	<b>475</b>	<b>1,002</b>
Operating margin (EBITA) (%)	7.8%	9.6%	11.5%	11.6%	11.6%

**BALTICS** Schibsted Baltics owns the largest Estonian media group, **Eesti Meedia** (92.5%), the second-largest commercial TV channel in Estonia, **Kanal 2** (100%), Lithuania's largest magazine publisher, **Žurnalų leidybos grupė – ŽLG** (66.7%) and **UAB Extra Žinios** (51%). 2005 ended with good results for all the Group's companies in the Baltic countries.

Eesti Meedia is Estonia's largest media company and has newspaper, magazine, printing, online and radio operations. *Postimees* is the largest AM newspaper in Estonia and the Eesti Meedia Group's most important publication. In addition to the subscription-based AM edition, *Postimees* also publishes a Russian edition (launched in autumn 2005) and an online edition, *postimees.ee*. The newspaper's advertising revenues increased by 28% in 2005 and the company achieved its best result ever. Other newspapers, the popular tabloid *SL Õhtuleht* and five local newspapers, also benefited from the good advertising market and their circulation figures and circulation revenues continued to grow.

The magazine company Ajakirjade Kirjastus managed to maintain its profitability in a tougher market in 2005. The loss of market shares in the traditional magazine market due to new publications was compensated for by success in the book market and by other publications.

Kroonpress is a leading newspaper and commercial printing plant in Estonia. It has specialised in printing large volumes of newspapers, magazines and advertising materials. In addition to the two largest Estonian newspapers, *Postimees* and *SL Õhtuleht*, Kroonpress prints around 30 different periodicals. Production was very stable at the end of 2005 and the company produced its best results ever.

Kanal 2 is Estonia's second-largest commercial TV channel. The strategic decisions and investments made over a period of time produced results as expected in 2005. The revenues increased by 27% and the company once more made a profit after many years of losses. The year's viewer figures were also good.

ŽLG, Žurnalų leidybos grupė is Lithuania's largest magazine publisher. The company's most important products are the weekly magazines *Žmonės (People)* and *Ji (She)* and the monthly magazines *Laima* and *Edita*. *Žmonės* continued to be successful in 2005 and became the largest magazine in both Lithuania and the Baltic countries. Its circulation almost tripled during the year. After being redesigned, the circulation figures for *Ji* also started to increase.

Schibsted Baltics has established a cooperation with Lietuvos Rytas, Lithuania's largest media group, and has acquired 51% of the shares in Extra Žinos. The paper was redesigned and launched in March 2006 under the name L.T.

#### **Baltics**

<i>In million NOK</i>	2002	2003	2004	2004	2005
Subscription revenues	56	64	71	71	74
Casual sales revenues	21	23	31	31	43
Advertising revenues	91	113	126	126	157
Other revenues	n.a.	n.a.	92	92	103
Internal revenues	n.a.	n.a.	7	7	11
Operating revenues	<b>242</b>	<b>288</b>	<b>327</b>	<b>327</b>	<b>388</b>
Operating profit (EBITA)	<b>16</b>	<b>28</b>	<b>26</b>	<b>26</b>	<b>41</b>
Operating profit (EBIT)	<b>(2)</b>	<b>15</b>	<b>13</b>	<b>26</b>	<b>41</b>
Operating margin (EBITA) (%)	6.6%	9.7%	7.8%	8.0%	10.7%

**TV / FILM** Schibsted is one of the leading Scandinavian media companies in the TV & film sector. The Group is the majority owner of **Metronome Film & Television** (65%) (the largest independent Scandinavian player in film and TV production), owns 50% of **Sandrew Metronome** (leading purchaser and distributor of films for the cinema, videos, DVDs and TV; also involved in Scandinavian film production), 33.34% of **TV2** (Norway's largest commercial TV channel), and 26.9% of Sweden's **TV4** (Sweden's largest commercial TV channel).

The Metronome Film & Television Group is the Nordic region's largest independent TV-production group. This production work takes place through subsidiaries in Sweden, Norway, Denmark, Finland and Estonia. Metronome Film & Television reorganised its operations, terminated unprofitable productions, increased its revenues by 27% and achieved a better result than the year before. The rise in volume was primarily due to more TV production work in Norway and Sweden.

Distribution and rights company Sandrew Metronome is owned in equal shares by Schibsted ASA and Sweden's Anders Sandrews Stiftelse. The company was greatly affected by extensive changes to the market for

videos/DVDs, the reorganisation of its own video/DVD distribution and the sale of Sweden's second-largest chain of cinemas.

Measured in daily viewers, the TV 2 Group is established as Norway's largest commercial media company. The significant growth in the advertising market helped to strengthen the operations of the TV 2 Group in 2005, while the revenues from various forms of user payment products increased considerably. The Group made an operating profit of NOK 233 (175) million. TV2 Interactive, TV 2 Nettavisen (Online Newspaper), Storm Weather Center and the technical TV company OB-Team all improved their results in 2005. Kanal 24 made a loss that was significantly less than in 2004.

In January 2006, TV 2 Nettavisen merged with TV 2 Interaktiv to become one of Norway's leading provider of online products and interactive services.

The TV4 Group increased its operating profit considerably in 2005 compared to the previous year. Extensive efficiency enhancement efforts with the goal of reducing costs by SEK 230 million has been carried out in order to improve profitability and enable further investments in new programmes. In 2005, TV4 retained its position as Sweden's most popular channel with 12-59 year olds, achieving a viewer rating of 23.6%.

Major ownership changes towards the end of 2004 resulted in TV4 no longer meeting the Stockholm Stock Exchange's requirements regarding the spread of ownership. The TV4 share was therefore delisted from the Stockholm Stock Exchange's A list in July 2005 and was instead quoted on the New Markets list.

#### TV / Film

<i>In million NOK</i>	2002	2003	2004	2004	2005
Operating revenues	<b>1,131</b>	<b>1,258</b>	<b>1,282</b>	<b>1,282</b>	<b>1,168</b>
Operating profit (EBITA)	<b>26</b>	<b>66</b>	<b>23</b>	<b>67</b>	<b>111</b>
Operating profit	<b>10</b>	<b>50</b>	<b>(59)</b>	<b>(11)</b>	<b>103</b>
Operating margin (EBITA) (%)	2.3%	5.2%	1.8%	5.2%	9.5%

**PUBLISHING Schibsted Forlagene AS** and its Swedish subsidiaries are the core of Schibsted's publishing operations. This is Norway's fifth largest publishing company. Schibsted Forlagene bases its operations on the publication of the following product categories: comics; light reading and detective novels; books of facts, language courses, translated fiction and children's books; the publication of specialised magazines. In addition, Schibsted Forlagene imports and stocks international books in original language, owns 50% of the magazine called *Dagens Medisin* and carries out publishing operations in Sweden through its Swedish subsidiaries.

Schibsted Forlagene consists of 5 divisions:

- Bladkompaniet – publishes Norwegian and translated fiction, comics and crime novels.
- Chr. Schibsteds Forlag – publishes fact books and translated fiction.
- Schibsted Internasjonale Bøker (SIB) – imports and stocks literature that has not been translated into Norwegian.
- The specialist magazine publisher (Spesialbladforlaget) – publishes the specialist magazines *Maison*, *Tique* and *4U*.
- Dine Penger – publishes the magazine of the same name.

2005 was the best year ever for Schibsted's publishing operations. The Schibsted Forlagene Group achieved an operating margin of 12.3%, while Schibsted Forlagene AS achieved an operating margin of 13.7%. The latter makes Schibsted Forlagene one of the most profitable of the major publishing houses in Norway.

2005 was a good year for the magazines too. *Dine Penger*'s single copy sales declined but this appeared to stabilise towards the end of the year. The number of subscribers is stable and the volume of new advertisements is good, with a 12% increase in revenue compared to 2004. In 2005, *Dine Penger* entered into a joint venture with *VG* regarding a joint personal finances web service that was launched in February 2006.

#### Publishing

<i>In million NOK</i>	2002	2003	2004	2004	2005
Subscription revenues	29	28	30	30	35
Casual sales revenues	13	14	20	20	41
Advertising revenues	28	30	33	33	36

Other revenues	n.a.	n.a.	260	260	242
Internal revenues	n.a.	n.a.	1	1	2
Operating revenues	<b>339</b>	<b>349</b>	<b>344</b>	<b>344</b>	<b>356</b>
Operating profit (EBITA)	<b>34</b>	<b>35</b>	<b>34</b>	<b>34</b>	<b>44</b>
Operating profit (EBIT)	<b>25</b>	<b>26</b>	<b>24</b>	<b>33</b>	<b>44</b>
Operating margin (EBITA) (%)	10.1%	10.1%	9.9%	9.9%	12.3%

**OTHER** The Other Operations business area made an operating loss of NOK 128 million in 2005 (a loss of 55 million). The Group has increased its focus on organic growth and this led to increased costs for the head office, among others. In addition, investments were made in Schibsted Søk (Search) and other new operations.

**Schibsted Søk (Search)**, as the first media company in Europe, launched a complete search service for local and international web searches, directory searches, news searches, pictures and maps/charts under the name of sesam.no on 1 November.

In the autumn of 2005, Schibsted Søk bought Internettkatalogen (a directory company). This directory company is being operated as a separate service at present, but it is considered to integrate the service into Sesam in 2006.

In December 2005, Schibsted bought **Basefarm AS**. Basefarm is a leading player in the field of online, application and server operating services in the Nordic region and has specialised in hosting business-critical Internet applications.

**Aspiro** sells mobile contents services to consumers in the Nordic region, other European countries and the USA. The company is a market leader in the Nordic region and provides a wide range of mobile services, such as games, ring tones, background pictures, film clips, music and directory enquiries via SMS. 2005 was a good year for Aspiro, which achieved revenues of SEK 408 (130) million and an operating profit of SEK 25 million (a loss of 60 million).

Aspiro bought Schibsted Mobile in February 2005. Following the merger of the two companies, Schibsted is the dominant owner, with 43.8% of the shares at year-end.

**Bokkilden** is one of Norway's leading purely online booksellers and offers more than 1.6 million titles. It achieved revenues of NOK 45 million in 2005. This company was sold to De Norske Bokklubbene (a book club) in November 2005.

**OWNERSHIP** The largest shareholders (over 3%) as of December 31, 2005: Blommenholm Industrier AS (26.11%); State Street Bank (8.74%); JP Morgan Chase Bank (8.17%); Folketrygdfondet (7.97%); Fidelity Funds (4.32%); Mellon Bank (4.28%); Schibsted ASA (3.01%).

Schibsted's impartiality and integrity have also been guaranteed by restrictions in ownership and voting rights stipulated in the company's articles of association. Blommenholm Industrier AS, which is owned by Tinius Nagell-Erichsen, controls 26.1% of the shares in Schibsted ASA. The voting A share in Blommenholm Industrier AS will be transferred to the Tinius Trust at a time decided by Tinius Nagell-Erichsen or upon his death.

## PERSONNEL

	2002	2003	2004	2005
EMPLOYEES by region – at year-end:				
Norway	2,310	2,130	2,293	2,480
Other countries	2,450	2,560	2,983	2,880
Total	<b>4,760</b>	<b>4,690</b>	<b>5,276</b>	<b>5,360</b>
EMPLOYEES – average number			<b>4,983</b>	<b>5,319</b>

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

<i>In million NOK</i>	2002 NGAAP	2003 NGAAP	2004 NGAAP	2004 IFRS	2005 IFRS
Operating revenues	<b>7,872</b>	<b>8,555</b>	<b>9,690</b>	<b>9,690</b>	<b>9,832</b>
Raw materials, work in progress and finished goods	(1,730)	(1,774)	(1,894)	(1,894)	(1,908)
Personnel costs	(2,423)	(2,591)	(2,805)	(2,831)	(2,961)
Depreciation and amortization	(375)	(354)	(374)	(376)	(344)
Other operating costs	(2,795)	(3,057)	(3,733)	(3,733)	(3,840)
Income from associated companies				84	198
Operating result before impairment of goodwill and other revenues and expenses				<b>940</b>	<b>977</b>
Impairment loss goodwill				(78)	-
Other revenues and expenses				(348)	184
Operating result (EBITDA)	<b>494</b>	<b>701</b>	<b>326</b>	<b>514</b>	<b>1,161</b>
Financial income				49	94
Financial expenses				(87)	(78)
Result before taxation	<b>271</b>	<b>681</b>	<b>412</b>	<b>476</b>	<b>1,177</b>
Taxation				(163)	(230)
Net income				<b>313</b>	<b>947</b>
Attributable to majority interests	156	484	241	241	874
Attributable to minority interests				72	73
EBITDA margin (%)	11.7%	13.2%	13.0%	13.6%	13.4%
Earnings per share	NOK 2.26	NOK 6.92	NOK 2.55	NOK 3.55	NOK 12.91
Earnings per share - adjusted				NOK 8.18	NOK 9.76

The operating revenues increased by 1.5% in 2005 compared to 2004. The sale of 20 Minutes' operations in Switzerland, the merger of Schibsted Mobile with Aspiro, and the sale of the Swedish cinemas led to reduced revenues in 2005. A weaker Swedish krone reduced the revenues by around 2%, so that the underlying growth was approx. 3.5%.

The 2005 accounts were affected by the Group's new investments in such areas as directories, search services and the internationalisation of classified ads. These new investments had a negative effect on the accounts of NOK 165 million in 2005.

2005 was a record year for the Group's core activities. The Group achieved an operating profit (EBITA) of NOK 977 (940) million in 2005, producing an operating margin of 10% (10%). The Group is expanding through organic growth. Investments in new activities debited the 2005 accounts by NOK 165 million.

The Group's established online activities produced strong figures in 2005. The income from these grew by more than 50% from 2004 to 2005. After adjusting for costs relating to new operations, the online activities contributed 35% of the Group's operating profit (EBITA) in 2005.

The advertising market improved in 2005, mainly as a result of the enhanced recruitment market.

**CONSOLIDATED CASH FLOW STATEMENT**

<i>In million NOK</i>	2001	2002	2003	2004	2005
Net cash flow from operating activities	298	589	954	1,086	984
Net cash flow from investing activities	(335)	(50)	(410)	(1,265)	(190)
Net cash used in financing activities	108	(560)	(321)	(99)	(650)
Cash at the beginning of the period	<b>537</b>	<b>608</b>	<b>587</b>	<b>810</b>	<b>532</b>
Cash at the end of the period	<b>608</b>	<b>587</b>	<b>810</b>	<b>532</b>	<b>676</b>

**CONSOLIDATED BALANCE SHEET**

<i>In million NOK</i>	2002	2003	2004	2004	2005
Non-current assets				5,303	5,667
Current assets				2,112	2,268
<b>Total assets</b>	<b>6,402</b>	<b>6,916</b>	<b>7,333</b>	<b>7,415</b>	<b>7,935</b>
Majority interest in equity				2,291	2,934
Minority interests				140	287
Non-current liabilities				2,489	1,950
Current liabilities				2,495	2,764

**SEGMENT REPORT**

<i>In million NOK</i>	2001	2002	2003	2004	2005
<b>OPERATING REVENUES by type:</b>					
Subscription	901	888	957	1,010	1,073
Casual sales	2,541	2,539	2,714	2,716	2,636
Advertising	2,558	2,417	2,596	3,428	3,774
Other	1,972	2,028	2,288	2,536	2,349
<b>Total</b>	<b>7,972</b>	<b>7,872</b>	<b>8,555</b>	<b>9,690</b>	<b>9,832</b>

**SEGMENT REPORT**

<i>In million NOK</i>	2002	2003	2004	2004	2005
<b>OPERATING REVENUES by division:</b>					
Newspapers	6,082	6,511	7,487	7,487	7,819
TV/Film	1,131	1,258	1,282	1,282	1,168
Publishing	339	349	344	344	356
Baltics	242	288	327	327	388
Other operations	n.a.	n.a.	412	412	271
Eliminations	n.a.	n.a.	(162)	(162)	(170)
<b>Total</b>	<b>7,872</b>	<b>8,555</b>	<b>9,690</b>	<b>9,690</b>	<b>9,832</b>
<b>OPERATING PROFIT by division:</b>					
Newspapers	379	587	405	475	1,002
TV/Film	10	50	(59)	(11)	103
Publishing	25	26	24	33	44
Baltics	(2)	15	13	26	41
Other operations	82	23	(57)	(9)	(29)
<b>Total</b>	<b>494</b>	<b>701</b>	<b>326</b>	<b>514</b>	<b>1,161</b>

**SEGMENT REPORT**

<i>In million NOK</i>	2001	2002	2003	2004	2005
<b>OPERATING REVENUES by region*:</b>					
Norway		4,440	4,668	4,809	5,196
Sweden		3,063	3,487	3,444	3,419
Other Nordic countries		115	93	512	425
Baltics		247	306	353	389
Other Europe		7	5	572	403
Eliminations		-	(4)	-	-
<b>Total</b>	<b>56</b>	<b>494</b>	<b>8,555</b>	<b>9,690</b>	<b>9,832</b>

\*Based on the location of the operations.

**CAPITAL EXPENDITURE**

<i>In million NOK</i>	2002	2003	2004	2005
<b>INVESTMENTS by division:</b>				
Newspapers	184	145	122	234
TV/Film	46	59	71	61
Publishing	4	2	2	4
Baltics	15	50	10	26
Other operations	48	7	10	38
<b>Total</b>	<b>297</b>	<b>263</b>	<b>215</b>	<b>363</b>

INVESTMENTS by region:			
Norway		113	241
Sweden		65	53
Other Nordic countries		17	27
Baltics		10	26
Other Europe		10	16
<b>Total</b>		<b>297</b>	<b>263</b>
		<b>215</b>	<b>363</b>

## ACQUISITIONS AND DISPOSALS

### 2006

Schibsted bought 50% of the company that publishes *Moi Rajon* (My District), a weekly free newspaper in St. Petersburg that is published in 11 local editions.

On February 8, 2006, Schibsted sold unused **property in Nydalen**. Sandakerveien 121 AS, a subsidiary of Schibsted Eiendom AS has entered into an agreement to sell an unused property reserve of approx. 19 000m<sup>2</sup> situated south of the printing plant in Nydalen to Avantor Eiendom 5 AS, a subsidiary of Avantor ASA. The transaction price of NOK 170 million gives Schibsted an accounting gain of approx. NOK 105 million.

Schibsted ASA has on May 18 entered into an agreement about acquisition of the remaining 50% of the shares in **Sandrew Metronome AB** from the Anders Sandrew Foundation. The agreed price is SEK 145 million in addition to 50% of the profits from sales of the cinema operations in Denmark and Finland. Takeover is July 1.

Sandrew Metronome has entered into an agreement about a sale of their **cinema operations in Denmark** to Nordisk Film.

On June 7, 2006, Schibsted ASA has, through its subsidiary Schibsted International Classified & Search AS, entered into a definitive agreement to acquire selected activities of Trader Classified Media (Trader) in Spain (incl. Latin America), France, Italy and Switzerland (Trader Western Europe), for EUR 580 million. The transaction is expected to close around mid-July 2006 and is subject to regulatory approval, Trader shareholder approval and other customary conditions. Trader is a leader in classified advertising, focusing on the categories of vehicles, real estate, recruitment and general merchandise. The products are distributed on print and on the internet. After the acquisition Schibsted becomes a leading pan-European player within classifieds.

### 2005

On 24 January 2005 Schibsted, through its subsidiary 20 Min Holding AG, sold its 50.5 % interest in **20 Minuten (Schweiz) AG** to Express Zeitung AG, a subsidiary of tamedia. The sale gave rise to a gain of NOK 200 million. The sale of the remaining 50.5 % followed the agreement signed in 2003 but the sale took place on an earlier date than originally agreed.

In April 2005 the Spanish media group Grupo Zeta acquired 20 % of the shares in **20 Minutos España** through a combination of a sale of shares and a share issue. The transaction gave rise to a gain of NOK 68 million which has been recognised directly in the group's equity.

Pursuant to an agreement signed on 17 February 2005 Schibsted sold **Tidningstryckarna** (the group's printing works in Sweden) to JMS Mediasystem. The sale involved write-downs of plant and equipment of NOK 303 million, which were charged to the financial statements for 2004. Costs relating to demanning and the relocation of production of NOK 81 million were charged to the financial statements for 2005.

In March 2005 Schibsted sold 100 % of the shares in **Schibsted Mobile AS** to Aspiro AB with settlement in newly issued shares in Aspiro AB. Following the transaction Schibsted held 44.5% of the shares in **Aspiro**. The sale gave rise to a gain of NOK 88 million.

Schibsted sold 100% of the shares in **Bokkilden AS** to De Norske Bokklubbene (a book club) in November 2005. The sale gave rise to a gain of NOK 11 million.

In 2005 Sandrew Metronome sold its **cinema business in Sweden**.

The Swedish part of the business of the Scanpix group was reorganised in 2005 through a merger of the businesses of **Scanpix Sverige** and **Pressens Bild** and the establishment of a joint venture owned 50% by

Schibsted and 50% by Bonnier. The reorganisation gave rise to a gain of NOK 6 million relating to the sale of Scanpix Sverige and a goodwill of NOK 13 million relating to the purchase of Pressens Bild.

Scanpix sold its shareholding in **Scanpix Danmark** in 2005.

In the first quarter of 2005 Schibsted, through its subsidiary Aftonbladet Hierta AB, acquired 95 % of the shares in **TA Teleadress Information Holding AB**, which, among other things, operates the number information service [www.hitta.se](http://www.hitta.se).

In the fourth quarter of 2005 Schibsted, through its subsidiary Schibsted Søk AS, acquired 100 % of the shares in **Internettkatalogen NO AS** which operates an online yellowpages database. The final purchase price will be based on the company's results for 2005.

Schibsted acquired 59.1% of the shares in **Basefarm AS** in the fourth quarter of 2005. Together with holdings acquired in previous years the group's interest in Basefarm is 73.58%. Basefarm AS is a leading participant in the provision of Internet, application and server operating services in the Nordic region.

In the fourth quarter of 2005 Schibsted acquired 100% of the shares in **Mera AB** which operates a dating service in Norway and Sweden.

During 2005 Schibsted invested NOK 194 million in the Swedish company **TV4 AB**, partially through the exercise of an option agreement signed in 2004 to acquire 5.9%. Schibsted thereby increased its holding from 20.1% to 26.9%.

A magazine called *Design: Interiør* was acquired as at 31 December 2005.

The operations of the free newspaper *avis1* were closed down in the autumn of 2005.

## 2004

In March 2004 Schibsted, Apax Funds, and a group of Swiss investors entered into an agreement whereby Schibsted increased the stake in **20 Min Holding AG** from 41.5 % to 98.7 %. At year end, the ownership in 20 Min Holding AG has increased to 100 %.

In April 2004, Aftenposten and Schibsted Multimedia acquired the media intelligence company **Retriever AB**.

The owners of **BiljettDirekt Ticnet AB** entered into an agreement of selling the company to Ticketmaster in May. Schibsted had a stake in BiljettDirekt Ticnet of 34 %.

During the spring of 2004, 20 Min Holding AG fulfilled its option obligations on approx. 30% of the shares in **Multiprensa Holding SL**, the parent company for the operations of *20 Minutes* in Spain.

In June 2004, Aftonbladet Hierta AB and FINN.no AS acquired shares in **Byt Bil Nordic AB**. After this purchase Schibsted has a stake in Byt Bil of 92 %.

Schibsted acquired 67% of the shares in Lithuania's largest magazine company **Žurnalų leidybos grupė (ŽLG)**.

With effect from 1 July 2004, Schibsted Mobile AS acquired 100% of the shares in Danish company **SMS A/S**, thus reinforcing its position as Scandinavia's leading provider of mobile contents services.

In December 2004, Schibsted increased its stake in Sweden's **TV 4** from 5% to 20.1%.

## 2003

In the 2<sup>nd</sup> quarter 2003, Fish4, the largest UK player in online classified advertising, buys a 25% stake in **FinnTech**.

In the 2<sup>nd</sup> quarter 2003, TV2 buys 24% of **Kanal24**. Schibsted's indirect participating interest increases to 23%.

In 4th quarter of 2003, **20 Min Holding AG** sold 49.5 % of the shares in the **Swiss operation** to Express Zeitung AG based on an agreement entered into in the 1st quarter of 2003. Remaining shares are agreed sold to Express

Zeitung AG within 1st quarter of 2007. Express Zeitung AG is owned by Tamedia (82.5%) and Berner Zeitung (17.5%).

In the 4th quarter 2003, Schibsted, via FinnMer AB, acquired all the shares in **Blocket AB**. Blocket operates a classified advertisement service called [www.blocket.se](http://www.blocket.se) and is Sweden's leading company in the field of buying and selling private vehicles and miscellaneous articles on the Internet.

#### **PAPER CONSUMPTION**

<i>In tons</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>
Paper consumption	114,000	110,000	113,400	<b>84,300</b>

The amounts of paper consumed vary slightly between the printing works. Since Tidningstryckarna is no longer owned by Schibsted, the figures are not comparable with those for 2004. The three remaining printing works, Schibsted Trykk and Harstad Tidende Trykk in Norway and Kroonpress in Estonia, consume a total of 84.3 thousand tonnes of paper.

# CHARTWATCH

