



# Annual Report

## ★ NORTH MEDIA<sub>A/S</sub>

# 2011

# Content

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The Annual Report 2011 has been prepared in Danish and English.

The Danish text shall be the governing text for all purposes and in case of any discrepancy the Danish wording shall be applicable.

## **Designations**

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

The designations 'North Media A/S' and 'the Parent Company' refer to the Parent Company

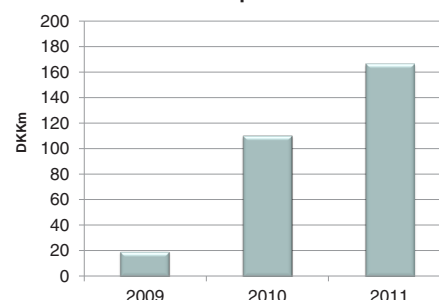
## TARGETED EFFORTS AND EFFICIENCY IMPROVEMENT HAVE LED TO FINE FINANCIAL RESULTS FOR 2011

- In 2011, revenue rose by 6% to DKK 1,212 million.
- North Media managed to increase EBIT before special items by DKK 56 million to DKK 167 million despite the difficult situation prevailing in the markets.
- Free cash flows came to DKK 167 million in 2011.
- Profit for the year came to DKK 302 million based on operating profit and profit on sale of the remaining shares in Gratistidningar i Sverige AB (GISAB).
- On 11 May 2011, extraordinary dividend of DKK 14.00 per share was paid, corresponding to a total of DKK 275 million.
- The Group's net interest-bearing cash position totals DKK 107 million at 31 December 2011.
- ROIC is increased to 39% in 2011 from 23% in 2010.
- The work to strengthen the earnings basis for a number of newspaper and online activities has been partially completed and will continue in 2012.
- The Board of Directors recommends that, at the Annual General Meeting to be held on 9 March 2012, ordinary dividend of DKK 3 per share, or DKK 60 million in total, be distributed.

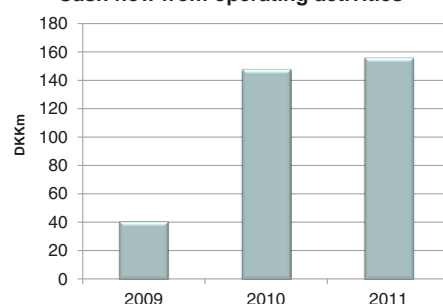
## INTENSIFIED PRICE COMPETITION AND LESS PRINTED MATTER WILL AFFECT EARNINGS FOR 2012

- Price competition intensifies in the market in which FK Distribution operates, and volumes of the market are expected to decline.
- Søndagsavisen continues to pursue an aggressive volume strategy, focusing on reaching breakeven point for the Group for Q1 2013.
- Ofir's new strategy and massive marketing efforts are expected to result in revenue growth in 2012.
- The Group's revenue for 2012 is estimated to be in the range of DKK 1,050 million to DKK 1,150 million. EBIT for 2012 is expected to come to DKK 100 million to DKK 130 million, corresponding to a reduction of DKK 35 million to DKK 65 million compared to 2011. The decrease in profit is attributable to the lower profit generated from the Print segment, whereas the more positive results produced by the Online segment compensate for this in part.

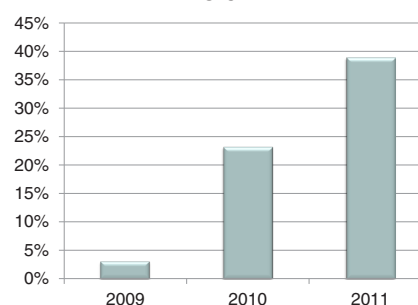
EBIT before special items



Cash flow from operating activities



ROIC



Dividend and cash payment to shareholders



# Management Commentary

## Financial highlights and ratios

DKKm	2011	2010	2009	2008	2007
<b>Income statement:</b>					
Revenue	1,211.6	1,138.7	1,028.5	1,160.9	1,433.8
Gross profit	579.7	535.7	441.7	455.1	571.6
EBITDA	199.5	156.4	74.9	6.7	114.8
Depreciation	33.0	46.2	55.4	61.1	77.0
EBIT before special items	166.5	110.2	19.5	-54.4	37.8
Special items	0.0	-28.0	-13.2	-52.9	-28.6
Financials, net	-3.7	4.3	-4.4	-9.6	-8.3
EBT, continued operations	162.3	103.0	3.4	-120.0	-1.6
Tax for the year	41.1	15.3	6.9	-14.1	-3.3
Net profit, continued operations	121.2	87.7	-3.5	-105.9	1.7
Disposals of subsidiaries	182.0	-0.3	10.7	299.4	0.0
Net profit, discontinued operations	-1.6	-1.6	1.9	11.7	22.4
Net profit	301.6	85.8	9.1	205.2	24.1
Comprehensive income	302.9	78.5	10.9	195.0	30.8
<b>Balance sheet:</b>					
Total assets	868.9	762.2	802.9	923.1	979.8
Share capital	100.3	100.3	100.3	111.4	111.4
Shareholders' equity (incl. minorities)	523.8	498.2	573.4	661.4	490.1
Net interest-bearing cash position including securities	107.3	57.7	62.9	-85.5	-207.8
Net working capital	-50.4	-63.0	-44.2	96.7	-21.9
Invested capital	416.5	440.5	510.5	746.9	697.9
Investment in property, plant and equipment	13.5	8.8	11.5	35.1	102.4
Free cash flow	166.7	166.4	42.6	-25.0	-6.8
<b>Cash flow statement:</b>					
Cash flows from operating activities	155.9	147.7	41.0	1.5	94.4
Cash flows from investing activities	-178.9	-43.0	-53.4	-65.8	-150.9
Cash flows from financing activities	-204.4	-158.7	-54.1	-24.2	-54.5
Changes in cash flow and cash equivalents, continued operations	-227.4	-54.0	-66.5	-88.5	-111.0
<b>Other information:</b>					
Average number of employees	602	627	672	849	991
Number of shares at year-end, in thousand	20,055	20,055	20,055	22,280	22,280
Treasury shares, in thousand	444	582	24	2,225	1,518
Share price at year-end, DKK	22.8	36.0	34.5	19.8	30.4
<b>Ratios:</b>					
Gross margin (%)	47.8	47.0	42.9	39.2	39.9
Profit margin (EBIT) (%)	13.7	9.7	1.9	-4.7	2.6
Equity ratio (%)	60.3	65.4	71.4	71.6	50.0
Return on equity (ROE) (%) (1)	59.0	16.0	1.5	35.6	4.8
Return on capital employed (ROIC) (%)	38.9	23.2	3.1	-7.5	5.8
Earnings per share (EPS) - continued operations	5.8	4.1	-0.3	-4.6	-0.3
Earnings per share (EPS) - Total (1)	15.0	4.0	0.2	11.0	0.7
Price Earning (P/E) (1)	1.5	9.0	172.5	1.8	43.4
Price/Book Value (P/BV)	0.9	1.4	1.2	0.7	1.4
Cash flow per share (CFPS)	8.0	7.5	2.0	0.1	4.5
Dividend per share	14.0	6.5	2.5	0.0	0.0

Definition of financial ratios, see note 3.

The consolidated highlights are adjusted for discontinued operations for 2008 and 2009.

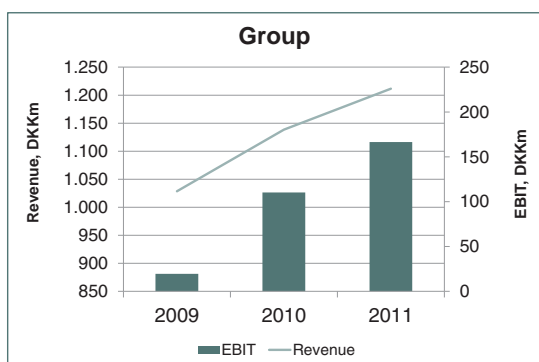
The consolidated highlights are shown for continued operations unless otherwise stated.

Note 1: The key figures also include discontinued operations.



## ANNUAL REPORT

### Group



**In continuously challenging markets, North Media A/S has managed to strengthen its business and increase earnings by more than 50% in 2011**

The Group's revenue for 2011 came to DKK 1,212 million, which is 6% up on 2010 and up to expectations. The Group's EBIT before special items (hereinafter EBIT) also increased, meaning that EBIT for 2011 comes to DKK 167 million, corresponding to an increase of DKK 56 million or more than 50% compared to 2010. This increase is mainly attributable to a higher profit earned from print activities. So, the profit margin has increased from 9.7% in 2010 to 13.7% in 2011. This performance is up to the latest expectations as initial EBIT expectations of DKK 120 million to DKK 150 million were adjusted upwards to DKK 150 million to DKK 160 million in connection with the publication of the Group's Interim Management Statement for Q3 2011, Company announcement no 12-11.

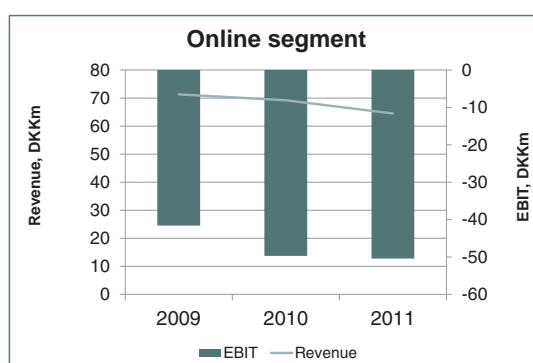
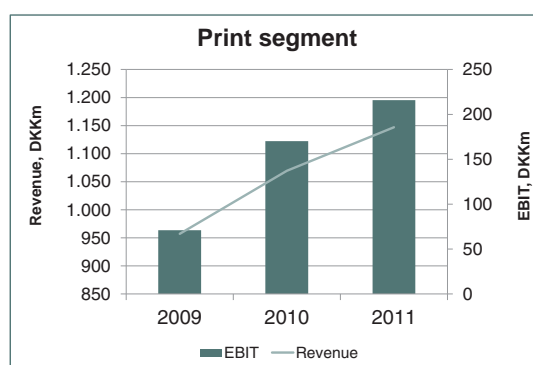
### Considerable increase of print activities and new strategy for Ofir

As regards print activities, especially FK Distribution has managed to generate higher revenue and contribute to further improve earnings through higher efficiency and lower unit costs. So, FK Distribution has produced the best results ever seen since the establishment of the Company. In 2011, Søndagsavisen upped revenue by considerably increasing its share of the market for printed advertisements. This increase in revenue supports the expectation that Søndagsavisen will reach breakeven point for the group at Q1 2013.

In 2011, Ofir implemented a new strategy for product development and made a massive targeted marketing effort, which has resulted in a considerable operating loss as expected. However, this targeted marketing effort has also resulted in a number of key indicators, including degree of recognition and number of people visiting ofir.dk, going up. Therefore, North Media believes that the basis exists for future profitability. The new strategy will have been fully implemented in mid-2012, after which earnings are expected improve.

As regards North Media's online activities, BoligPortal.dk continued to develop satisfactorily in terms of revenue and results. Other and loss-making online activities were reviewed during 2011 and assessed in relation to business and earnings potential. This has led to certain activities having been discontinued, reduced considerably, combined or further developed, which has helped to ensure profitable operations from 2012 onwards.

Positive cash flows from operating activities increased to DKK 156 million compared to DKK 148 million in 2010.



### Strong financial position and distribution of dividend

In March 2011, North Media sold the remaining 33.3% of the Group's shares in Gratistidningar i Sverige AB (GISAB). The selling price was SEK 256 million, yielding a profit of DKK 182 million, which has been recognised as profit from the sale of company. Consequently, the selling price has not been included in EBIT for 2011.

So, total cash flows for 2011 come to DKK -28 million against DKK -56 for 2010. This growth is attributable to increased cash flows from operating activities as well as the sale of GISAB shares. Based on the Group's strong financial position, the Board of Directors decided to distribute extraordinary dividend of DKK 14.00 per share, or DKK 275 million net, on 11 May 2011.

The Group's operating cash is DKK 72 million at 31 December 2011. Add to this a portfolio of securities (mainly bonds) worth DKK 208 million. Mortgage debt is DKK 172 million, meaning that the Group's net interest-bearing cash position is DKK 107 million at year-end 2011 against DKK 58 million at year-end 2010.

The Board of Directors recommends that the Annual General Meeting on 9 March 2012 distribute dividend of DKK 3 per share, or DKK 60 million in total.



*North Medias domicile in Søborg*

## North Media A/S in brief

North Media A/S is the only listed media group in Denmark. Since the establishment of North Media in 1965, its corporate mission has been to communicate advertisements and information to consumers. This is done through:

- **Print activities:** Distribution to all households in Denmark of own and third-party ad-financed door-to-door distributed free newspapers as well as unaddressed advertisements. Publication of ad-financed door-to-door distributed free newspapers as well as a daily.
- **Online activities:** Provider of several online services targeted at Danish consumers, particularly focusing on the market for job advertisements, the housing market and retail trade.

North Media A/S is a financially sound company seeking to add long-term value to its shareholders through profitable expansion of activities resulting in satisfactory ROIC and to pursue an attractive dividend policy. North Media intends to ensure profitability through high sales volumes and considerable market shares for the different segments.

## New group management increases its focus on earnings improvement and profitability for all activities

At year-end 2010, the Board of Directors decided to take measures to ensure intensified and more targeted efforts by Management for all units.

On 1 January 2011, the Board of Directors appointed Lars Nymann Andersen as new Group CEO. Mads Dahl Møberg Andersen fully concentrates on the Group's key business activity, FK Distribution, with a view to increasing and optimising earnings.

*"Highly efficient execution and consideration of business potential was Management's top priority in 2011"*

Since the beginning of 2011 the objective has been for several initiatives in the Print and Online segments to strengthen the basis for future increases in revenue and earnings.

These initiatives were launched in 2011, albeit not completed in all respects.

- FK Distribution continued its effort to improve the efficiency and quality of all processes, resulting in reduced costs. Business development, the target of which has been the customers within new product and industry segments, has created a basis for a larger portfolio of customers.

- Bekey accelerated product maturing. The Bekey system has now been installed in more than 5,500 residential properties in Copenhagen. Bekey made a win with the municipality of Faxe, consolidating its position as a company holding great potential.
- Søndagsavisen continued to increase its share of the market for printed advertisements and also strengthened its market position in the western part of Zealand through Vestsjællandske Distriktsblade A/S' acquisition of several competitors in that area.
- Ofir implemented a new strategy and launched a massive marketing campaign in order to regain its competitiveness and win market shares in a job advertisement market highly affected by the prevailing financial crisis and debt crisis. The key figures are improving and the new strategy is expected to generate revenue growth for 2012.
- In Q1 2011, costs relating to Søndagsavisen.dk were reduced and the operation of the site was rationalised in order to reach a breakeven point whereas lokal.dk, a local niche initiative, was discontinued due to its business having been deemed inadequate.
- In Q2 2011, after reconsideration of MatchWork's potential and future growth prospects, it was decided to heavily reduce activities in order to break even here as well and to plot a new course for the company. During the same period, Søndagsavisen.dk and MinReklame.dk were combined organisationally in order to gain more benefits from having more than 500,000 unique users who visit these homepages and make use of the services offered.
- In Q3 and Q4 2011, the possibility of capitalising on the high number of online users, newsletter re-

cipients and app users benefitting from the Group's online activities was considered. Considerations are ongoing, but they are expected to materialise in activities in 2012.

Moreover, steps were taken in 2011 to develop a shared online vision for the Group. North Media aims to be Denmark's leading online link and sales channel between providers of goods and services and consumers in selected fields.

The objective is to create financially strong online activities in parallel with existing print activities. North Media expects to do so by acquiring small providers of online activities with great potential.

North Media has in that connection, in early 2012, made a minor acquisition within a new business area which provides online building engagements to private customers. The plan is to develop this business area during 2012.

## **Worsening of the market situation will affect earnings negatively in 2012**

North Media expects the market situation to worsen in 2012 and, accordingly, to see adverse effects of the major socioeconomic challenges prevailing in general in addition to increasing price competition in the distribution market. North Media will seek to remain focused on enhancing the quality and cost effectiveness of all elements of the value chain. Further, North Media will continue the process of establishing a strong online base supported by

*"Coping with critical market conditions and continuously developing business will be crucial in the years ahead"*

strategic competitive advantages, for example, by exploiting its solid business foundation and know-how regarding print activities.

## **The Group's strategic plan and operations for 2012 are based on the two following key segments:**

Print:

- FK Distribution is more efficient and agile than ever, and the main task will be to maintain the

company's current market position and efficiency of operations in a declining market affected by fierce price competition. In addition, identifications of risks will be increased with respect to any future legislative measures which may influence business negatively.

- Søndagsavisen will continue to pursue its volume strategy of winning market shares and generating high growth

Online:

- Ofir is to capitalise on the new strategy and intense marketing efforts. This is to materialise in revenue growth and a larger market share.

- Implementation of the Group's new online vision.

The goals set and the strategic course of the Group are to be realised through the four following tactical target areas:

1. Unchanged constant focus on maintaining the current market position and the high level of efficiency.
2. Exploit the solid business platform and know-how of print activities in order to ensure high manoeuvrability and maintain high profitability in a market affected by fierce price competition and possible legislative changes, which may impact on the market.
3. Develop the online business. Exploit business platforms and core competencies to strengthen future business and earnings and invest in relevant online businesses.
4. Ensuring high profitability and solid cash flows and, in doing so, a financial basis allowing for investments in both business development and higher direct dividend to shareholders.

Expectations for 2012 are that increased price competition and reduced volumes in the market for distribution of printed matter will have a considerable negative effect on the Group's revenue and financial performance. Overall, EBIT for 2012 from print activities is expected to be in the range of DKK 130 million to 160 million, which is DKK 55 million to DKK 85 million down on 2011.

Conversely, losses on online activities are expected to decrease to approx DKK 30 million in 2012 against approx DKK 50 million in 2011 due to restructuring in 2011.



Management expects that the Group's revenue for 2012 will be in the range of DKK 1,050 million to DKK 1,150 million, or a decline of 4% to 12% compared to 2011. The Group's EBIT for 2012 is estimated at DKK 100 million to DKK 130 million, corresponding to a decline of DKK 35 million to DKK 65 million compared to 2011.

The Group's investments for 2012 are estimated at DKK 30 million and ordinary impairment losses are estimated at DKK 30 million.



*Preben and Pernille setting up this week's edition of Søndagsavisen*

The North Media group's print activities include FK Distribution, Søndagsavisen, Helsingør Dagblad, Lokalavisen Nordsjælland and Bekey

## FK Distribution - one of Europe's most well-driven distribution companies

FK Distribution was established in 1965 and is Denmark's largest private distribution company. Based on a fine meshed network of 10,000 distributors and advanced target group and segment analysing tools, FK Distribution distributes unaddressed advertisements and newspapers to up to 2.6 million households one or two times per week, ensuring access for its customers to the most effective marketing channel by far – delivering messages directly to the home address of the consumer.

FK Distribution's strong focus in recent years on developing business, enhancing efficiency and optimising quality for all processes has helped the Company to considerably reduce costs. As a result, FK Distribution is now stronger and more competitive than ever. This enables FK Distribution to gradually expand its business from unaddressed printed matter to other parts of the media market.

## Very positive developments and effective implementation of strategy - but even fiercer price competition

The market for unaddressed printed matter seems to have peaked as the market has been in decline for the past three years.

The market for distribution of printed matter, in which FK Distribution and Post Danmark are the two largest and the only two players covering the entire country, is characterised by high price sensitivity. Whereas prices have been increasing in recent years, price competition intensified in 2011 resulting in declining prices.

Despite the market situation worsening in 2011, FK Distribution has managed to develop its business very satisfactorily. New long-term distribution contracts have been concluded with a number of key customers. FK Distribution has also entered into contracts with smaller customers from sectors which so far have not exploited the potential of the medium.

*"Based on several years of focusing on price and effectiveness, FK Distribution has produced record-breaking results for 2011. However, increasing competition in terms of price and volume will have a negative effect on the company's performance for 2012."*

## Higher productivity level leads to profit increase

In 2011, FK Distribution continued to take significant measures to improve efficiency and reduce costs. The distribution terminals have worked systematically on organisation and processes, and this has produced positive results for 2011.

Also, the implementation of several optimisation processes within route planning as well as the introduction of a new pay and bonus system etc enhanced the quality of distribution.

Through targeted efforts and hard work FK Distribution has managed to generate the highest revenue and highest profit ever seen since its establishment.

## Households can save DKK 11,000 annually from printed advertisements

In the autumn of 2011, the new Danish government declared its intention to examine whether it would be possible to impose a tax on door-to-door distributed printed matter yielding DKK 400 million in total tax revenue from 2013. The government remains to decide how to impose such tax.

FK Distribution co-operates with other stakeholders to enable decision-makers to consider the consequences of such possible measures on an informed and correct basis. Numerous consumer surveys unmistakably show that consumers benefit from door-to-door distributed printed matter and that an average household may save up to approx DKK 11,000 per year thanks to quick and easy access to information about choice of goods and bargain



prices. Also, calculations made by Copenhagen Economics show that a tax on advertisements as the one proposed by the government will lead to food price increases of 5% to 6%, meaning annual additional costs of DKK 2,500 to DKK 3,000 for an average family. Any reduction of printed matter cannot be expected to produce any environmental benefit as the volume of advertisements in local newspapers and dailies, which are less effective by far in terms of advertising, must be expected to go up.

Based on a reasoned assessment, FK Distribution believes that the existing “no ads, please” arrangement is appropriate and adequate.

### **Solid business foundation and high level of competitiveness**

In recent years, FK Distribution's Management and employees have worked to substantially strengthen the Company's business. At the beginning of 2012, the Company stands stronger than ever thanks to this effort. The Company's market position regarding unaddressed printed matter has been strengthened, substantial cost-saving measures have been taken, and the level of quality and efficiency has increased considerably. The results of such targeted efforts must be maintained and improved, ensuring

manoeuvrability in potentially volatile markets.

FK Distribution's strategy plan is to protect its current market share and expand business to new segments by acting as media market advisor and not just as distributor. The process of supporting this ambitious goal will continue in 2012 in two steps. Firstly, FK Distribution's role as expert on measurement and documentation of effects and as advisor on the use and distribution of printed matter will be exploited in order to extend the market to sectors which do not presently use unaddressed advertisements. Secondly, the development of new effect measurements and documentation tools will continue.

Business development and targeted efforts will help to further strengthen FK Distribution's level of competitiveness. This is crucial in times like these when fierce price competition and possible legislative changes lead to some uncertainty as to how the market for unaddressed printed matter will develop in future. Given the orders already placed, Management expects the market situation of 2012 with fierce price competition and reduced volumes of distributed printed matter to negatively affect the Company's activities and financial performance.



*One of FK Distribution's 10,000 distributors working his route*

### Bekey - Denmark's electronic key system

Bekey is an electronic key system operating through a mobile phone. The system was developed for individuals using, renting or managing housing units, vacation homes or other locked rooms. The system enables such persons to give access to whomever and whenever they like. It is safer and less expensive to use the Bekey system instead of using and managing physical keys. The system offers considerable advantages regarding a number of activities that require access through a locked door such as home care, delivery of mail, delivery of goods, receiving hired help, guests etc.

### Successful introduction of new locking technology continues

A Bekey door unit for stairway doors consists of a small electronic control box that is even smaller than a matchbox. The unit is installed behind the front plate of the control panel of the entry phone to avoid visible signs of installation of the Bekey system. The door unit is then linked to the electronic door lock, which may be opened using mobile units that function as an electronic Bekey key. In order to ensure a high security level, communication between the mobile unit and the door unit is encrypted.

*"In 2011, Bekey really gained a foothold as a company holding great potential. Roll-out pace will go up for blocks of flats, and the introduction of a private home door unit is expected for 2012"*

The most important and innovative feature of the Bekey system is the centrally managed IT system to which users log on via their computer or mobile phone. Having been granted access to the IT system, users are able to manage the granting and removal of electronic keys for selected mobile units. This is easily done, for example, by granting electronic keys, which are only to be active for a certain period of time. Bekey is strongly positioned as regards the stairway door unit, as no other com-

petitors offer a similar web-integrated system that users are able to operate themselves and which is compatible with route planning systems, among others.

Originally, the Bekey system was developed to facilitate access for distributors of newspapers and advertisements to locked stairways in Danish cities. As the system has been installed in more than 5,500 housing units in Copenhagen, the potential of the system and the interest shown by potential customers have increased considerably. For example, Bekey has made a win with the municipality of Faxe, FK Distribution has begun using the system and several other large distribution companies are testing the Bekey system with a view to possibly entering into a contract in 2012.

In 2011, Bekey also developed a private home door unit together with one of Europe's leading providers of electronic locking technology. The Company expects to introduce this product in 2012.

### Increased investments in commercial activities

Bekey generated limited revenue for 2011, and an amount in DKK in the single-digit million range has been invested. Bekey expects to start selling solutions in 2012 to delivery service providers, property managers and municipal providers of home care, among others. As the process of rolling out solutions progresses, the loss for 2012 will exceed that for 2011.

# BEKEY

## Søndagsavisen - Denmark's most widely read newspaper

Søndagsavisen is by far Denmark's largest newspaper in terms of circulation, number of readers and geographical coverage. The newspaper, which was printed for the first time in 1978, is a door-to-door distributed free weekend newspaper with approx 1.4 million readers. Circulation of 1.3 million copies is divided into 11 regional versions, based on consumers' buying behaviours based on comprehensive analyses. However, the advertisements in Søndagsavisen are adapted to regional conditions enabling the advertisers to tailor their messages to specific target groups in Denmark.

The journalistic profile adopted is to be relevant and entertaining and to address topics of interest to the target group of modern parents aged 25 to 50 years, primarily topics such as consumption, food, personal finances, family and work life. No other newspaper offers advertisers the opportunity to communicate directly with active as well as passive information-seeking consumers. This is why Søndagsavisen is such a strong medium.

## Execution and strengthened position in a very difficult market

In 2011, Søndagsavisen focused on taking measures to recreate cash flows and reduce losses resulting from the high pressure seen in the media market, particularly regarding printed job advertisements, since 2008.

*"In 2011, Søndagsavisen increased its activity level by considerably strengthening its market position in printed advertisements. The grounds are laid for positive contribution to the Group's earnings in 2013"*

In response to the considerable worsening of the market situation regarding printed job advertisements and to the regional trend towards retail trading, which favours major chain stores and units that need to advertise their offers during weekends, Søndagsavisen took advantage of its solid business platform to intensify its effort to sell printed advertisements and to implement an aggressive strategy for growth. Whereas income from such sales went up slowly in the last part of 2010, Søndagsavisen succeeded in substantially increasing its share of this market in 2011 with income from printed advertisements having increased by more than 20% whereas the general market has seen a reduction of approx 5%.

A strong product programme together with improved journalistic content, adaptability of the organisation and the newspaper's high level of recognition among consumers and advertisers

are the main reasons why Søndagsavisen has produced such fine results and considerably enhanced the market position. Those are all factors that are stressed by the increasing number of readers and by the fact that activities involving media and advertising agency customers increased by 100% in 2011 compared to 2010.

Whereas printed advertisements developed most satisfactorily in 2011, the number of job advertisements decreased further, representing a very low percentage of revenue at year-end. The Q2 2011 introduction of Søndagsavisen and Ofir's shared strategy, "Two media – one job market", has not been able to counter the negative effects seen in the Print segment arising from the continuously declining market for printed job advertisements. Management believes that the natural way in which the online and the printed media interact in relation to active and passive job seekers will not result in synergy effects until the macroeconomic situation has stabilised and demand for staff has increased.

## Higher activity level and loss reduction

Despite the decline in income from job advertisements, the positive developments seen within printed advertisements have resulted in Søndagsavisen's activity level increasing in the period from 2010 to 2011. In addition, targeted streamlining of the organisation, which has led to considerable cost reductions starting in 2008, has been maintained. This means that in 2011 Søndagsavisen has continued to enhance efficiency.

Søndagsavisen generated a loss for 2011, which in itself is considered unsatisfactory. However, the management believes that the measures taken in



2011 have helped to strengthen Søndagsavisen's business and improve its long-term profitability. Considering this and the general market situation, developments in results for 2011 are considered satisfactory.

### **Solid business foundation forming the basis for growth**

Management expects no improvement of the underlying market conditions for the media profession in 2012. The job advertisement market will remain extremely limited whereas competition regarding printed advertisements will intensify.

Despite the difficult market situation, Søndagsavisen managed to enhance the quality of the newspaper and to improve its brand in 2011 as clearly evidenced by the increasing number of readers and a historically large order book for advertisements for 2012. Søndagsavisen intends to exploit its strong momentum to strengthen its position re-

garding printed advertisements and to increase its market share. A key measure will be to continue to enhance the quality of the newspaper as done in recent years. In 2012, new journalistic measures will be taken in areas about which the consumers request information the most such as personal finances, mortgage loans etc and the raising of children. Such improvement of the journalistic content is to ensure that the number of readers continues to go up, making Søndagsavisen even more attractive to new advertisers. Finally, Søndagsavisen will maintain focus on cost effectiveness and efficiency, which has been characteristic of the efforts made in recent years.

The strategic measures have been planned to ensure that Søndagsavisen – despite expectations of continuous difficulties in the markets – will be able to further reduce its loss in 2012 and to generate positive EBIT for Q1 2013 for the Group in accordance with previous announcements.



*Peter and Michael from Søndagsavisen's Call center*

### **Helsingør Dagblad - your daily - your everyday, to the citizens of Helsingør and adjoining region**

Helsingør Dagblad A/S issues 6,000 daily copies of the morning paper, Helsingør Dagblad, and 35,000 copies of the free weekly, Lokalavisen Nordsjælland. The newspapers focus on local news and local advertisers.

### **Increasing number of subscribers and profitable operations**

Following extensive restructuring, which involved closing down printing facilities and taking considerable efficiency-improving measures in addition to improving the journalistic content and increasing sales, Helsingør Dagblad A/S started off 2011 as a profitable media house.

It remained so in 2011. So, the number of readers subscribing to Helsingør Dagblad has increased

*"With increases in circulation and earnings, the North Zealand newspapers continue to develop positively"*

as has the level of online activities through the introduction of "Rabatten i dag" (discounts offered today) – an offer given to the readers enabling them to buy goods at reduced cost at local shops based in the area in which the newspaper is distributed.

The property which housed the former print house was renovated in 2011 to increase the possibility for sale. The property has been recorded under assets held for sale as it has not been sold yet.

### **Strengthening of journalistic work**

In 2011, Arne Ullum was appointed as manager of Helsingør Dagblad A/S. Arne Ullum is responsible for improving the joint production of articles etc by Søndagsavisen and the editorial staff of Helsingør Dagblad and Lokalavisen Nordsjælland and for creating higher synergy effects with a view to further increasing the profitability of activities in 2012.

# Helsingør Dagblad



The North Media group's online activities include Ofir.dk, BoligPortal.dk, BostadsPortal.se, Søndagsavisen.dk, MinReklame.dk and MatchWork.com

### Ofir - one of Denmark's leading job portals

Ofir.dk was set up in 1996 as Denmark's first job portal. Today the portal remains one of Denmark's leading players, the position of which was always stronger in the field of public sector job offerings.

Ofir is responsible for all of the Group's activities relating to recruiting and job advertising through online and printed advertisements.

### New strategy and platform implemented

The job advertisement market is very sensitive to market fluctuations with the financial and debt crises having a considerable adverse effect on employment and, consequently, on the job advertisement market. As a result, the activity level of Ofir was under great pressure in 2011 and is expected to remain so in the next few years.

Based on two basic factors of relevance to the recruiting of new staff, as a jumping-off platform, Ofir has formulated a new strategy, which is expected to be ground-breaking in the Danish job advertisement market.

One fact relates to another factor, namely that the difficulties in recruiting staff very greatly depend on the type of job and the location of the workplace. Some job advertisements attract many candidates, others only attract a few.

The other fact is based on the percentage of active job seekers more or less constantly being 15% while 40% of the entire workforce is passively looking for a job. Active job seekers actively look for a job where vacancies are posted such as job data

bases. Therefore, active job seekers are quite easy to reach. Passive job seekers, however, are not actively looking for a job. Therefore, job advertisements have to be presented to this group of job seekers where their interests or profession takes them.

Based on those two factors, employers are offered an advertising package, which is adapted to each job vacancy. In advertising packages the price and composition reflect the level of recruiting difficulty. They include drafts of the job advertisements in the format in which they will be posted on Ofir, through selected and relevant online media of third parties and in Søndagsavisen. In this way a job advertisement may be posted so that it will be exposed to active job seekers as well as to attractive passive job seekers, and this too is a unique feature of the Danish job advertisement market.

Expectations are that this strategy will have been fully implemented in H1 2012 and that it will be followed by an continued intense marketing campaign.

Developing the Ofir portal into a portal that is able to realise the new strategy is a costly and time-consuming process. This combined with intense marketing efforts has had a negative impact on the financial performance for 2011 and is expected to also impact on the performance for 2012. The new strategy is not expected to yield revenue growth or a market share increase until H2 2012.

During the year, Ofir carried out organisational restructurings, maintaining focus on cost adjustment and cost reduction wherever possible.

*"The implementation of a new strategy for Ofir and a massive marketing campaign focusing on small and medium-sized enterprises have formed a basis for future earnings"*



## BoligPortal.dk and BostadsPortal.se

BoligPortal.dk operates in the market for both rental property and owner-occupied dwellings, having more than 1 million visitors per month. BoligPortal.dk is the market leader and Denmark's largest market place for rental property with the portal registering more than 8,000 new properties every month.

BostadsPortal.se is a newly established site, the ambition of which is to become market leader in Sweden just as Boligportal.dk has become market leader in Denmark.

## Extension of platforms

Danes' pattern of behaviour is changing these days in terms of online media usage. Earlier on users would use just one computer to visit well-known websites or sites found via Google. Now they also use social media as well as smartphones and tablets. In 2011, a mobile version of BoligPortal.dk was developed, and this site was also available through social media to some extent. In order to become even more popular with the users, new applications

for smartphones will be developed in 2012, and the objective is for the portal to become more visible in the social media.

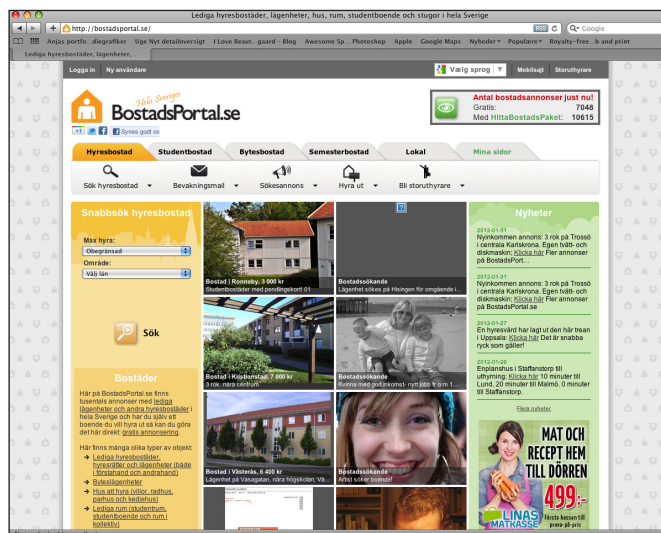
In 2011, efforts were also made to relaunch the section for owner-occupied dwellings, focusing on co-operative housing units, as the target group demanding rental property is very similar to the target group demanding co-operative housing units.

The Swedish sister portal, BostadsPortal.se, was launched in 2010. It had its first paying customers in second half of 2011. In 2011, efforts were concentrated on increasing the number of advertisements for rental property and on increasing organic traffic not generated via Google Adwords. Realising such increases will be crucial in meeting the revenue and profit targets set for 2012.

"BoligPortal.dk has strengthened its position as Denmark's leading portal for rental property through an intensified marketing effort and new platforms. The aggressive approach will continue in 2012 by relaunching the section for owner-occupied dwellings."



BoligPortal.dk



BostadsPortal.se

## Søndagsavisen.dk and MinReklame.dk

Søndagsavisen.dk supports the printed newspaper, Søndagsavisen, offering a number of services. MinReklame.dk is Denmark's leading digital distributor of retailers' leaflets and catalogues.

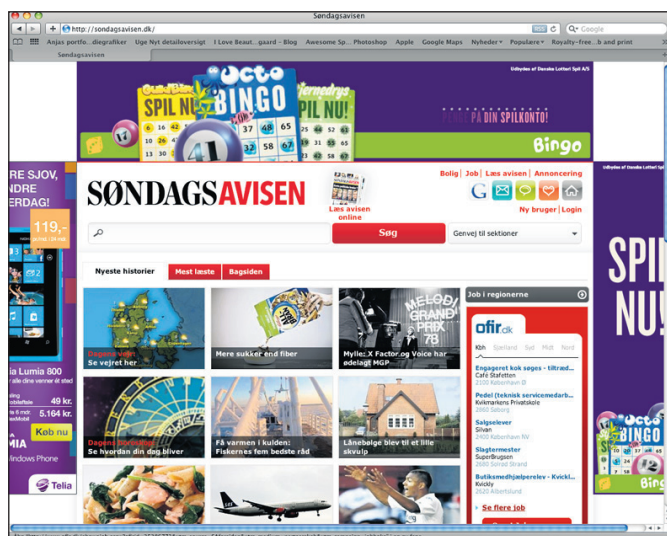
## Combination intended to develop business

In 2011, Søndagsavisen.dk and MinReklame.dk were organisationally combined as part of the Group focusing on adjustment of online activities. Søndagsavisen.dk and MinReklame.dk and related services have more than 500,000 unique users every month. Given this and the fact that the sites have broken even, expectations are that it should be possible to profitably develop business.

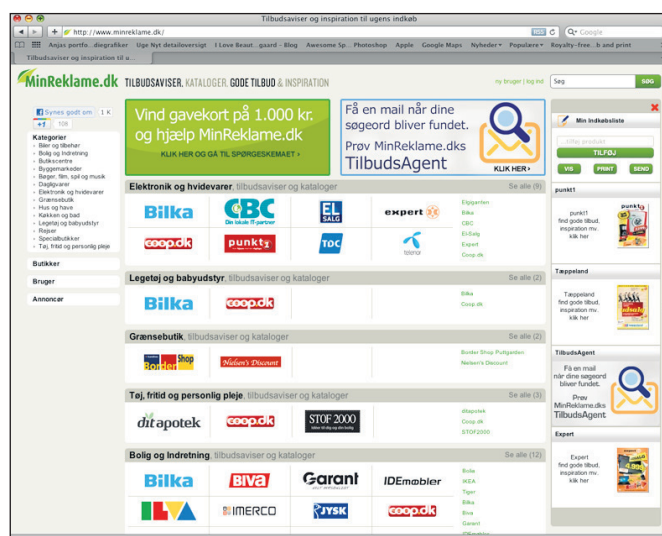
In 2011, MinReklame introduced a new front-end and an App for offers. This has increased the number of leaflets and catalogues read by more than 100%. In doing so, MinReklame has strengthened its leading position.

Management expects that the further development of Søndagsavisen.dk and MinReklame.dk will result in the introduction of new specific activities in H1 2012.

*"The combination of Søndagsavisen.dk and MinReklame.dk leads to profitability and the introduction of a new shared vision."*



Søndagsavisen.dk



MinReklame.dk

## MatchWork.com

MatchWork.com develops and hosts a “Software as a Service” platform for media enterprises wishing to carry on job portal business under their own brand. MatchWork.com has been delivering platforms to more than 300 sites since 1996.

## Heavily reduction of activities

After several years of major losses, MatchWork’s potential for future growth was reviewed once more in 2011. Based on this it was decided to heavily reduce activities. This has had a negative impact on the performance for 2011, but MatchWork is expected to break even in 2012. In 2012, the IT platform will be adapted in order for it to form the basis of standard solutions for customers.

*”The adjustment of the business foundation of MatchWork.com produced a loss for 2011, but breakeven is expected for 2012”*

## NORTH MEDIA’S SEGMENT REPORTING BY QUARTER

DKKm	Year		Revenue							
			Q4		Q3		Q2		Q1	
	2011	2010	2011	2011	2011	2011	2010	2010	2010	2010
Print	1,147.1	1,069.5	327.3	258.5	296.5	264.8	301.6	249.0	273.1	245.8
<i>Index cp. same period last year</i>	<i>107.3</i>	<i>111.7</i>	<i>108.5</i>	<i>103.8</i>	<i>108.6</i>	<i>107.7</i>	<i>118.1</i>	<i>109.7</i>	<i>110.4</i>	<i>107.9</i>
Online	64.5	69.2	14.4	17.1	16.2	16.8	15.7	16.4	17.7	19.4
<i>Index cp. same period last year</i>	<i>93.2</i>	<i>97.1</i>	<i>91.7</i>	<i>104.3</i>	<i>91.5</i>	<i>86.6</i>	<i>98.7</i>	<i>92.7</i>	<i>93.7</i>	<i>103.2</i>
<b>Continued operations total</b>	<b>1,211.6</b>	<b>1,138.7</b>	<b>341.7</b>	<b>275.6</b>	<b>312.7</b>	<b>281.6</b>	<b>317.3</b>	<b>265.4</b>	<b>290.8</b>	<b>265.2</b>
<i>Index cp. same period last year</i>	<i>106.4</i>	<i>110.7</i>	<i>107.7</i>	<i>103.8</i>	<i>107.5</i>	<i>106.2</i>	<i>117.0</i>	<i>108.5</i>	<i>109.2</i>	<i>107.5</i>

DKKm	Year		EBIT before special items							
			Q4		Q3		Q2		Q1	
	2011	2010	2011	2011	2011	2011	2010	2010	2010	2010
Print	215.9	170.2	72.0	41.3	61.6	41.0	63.0	29.1	46.2	31.9
<i>Profit margin</i>	<i>18.8%</i>	<i>15.9%</i>	<i>22.0%</i>	<i>16.0%</i>	<i>20.8%</i>	<i>15.5%</i>	<i>20.9%</i>	<i>11.7%</i>	<i>16.9%</i>	<i>13.0%</i>
Online	-50.6	-49.7	-12.2	-14.5	-14.0	-9.9	-11.2	-11.6	-14.2	-12.7
<i>Profit margin</i>	<i>-78.4%</i>	<i>-71.8%</i>	<i>-84.7%</i>	<i>-84.8%</i>	<i>-86.4%</i>	<i>-58.9%</i>	<i>-71.3%</i>	<i>-70.7%</i>	<i>-80.2%</i>	<i>-65.5%</i>
Unallocated costs	1.2	-10.3	-1.8	0.9	1.7	0.4	-10.3	1.0	-1.0	0.0
<b>Group EBIT, continued operations</b>	<b>166.5</b>	<b>110.2</b>	<b>58.0</b>	<b>27.7</b>	<b>49.3</b>	<b>31.5</b>	<b>41.5</b>	<b>18.5</b>	<b>31.0</b>	<b>19.2</b>
<i>Profit margin</i>	<i>13.7%</i>	<i>9.7%</i>	<i>17.0%</i>	<i>10.1%</i>	<i>15.8%</i>	<i>11.2%</i>	<i>13.1%</i>	<i>7.0%</i>	<i>10.7%</i>	<i>7.2%</i>

## COMMENTS ON THE FINANCIAL STATEMENTS

### INCOME STATEMENT

#### Contribution margin

The Group's contribution margin for 2011 totals DKK 579.7 million, which is DKK 44 million up on last year. Accordingly, the contribution ratio increased from 47.0% in 2010 to 47.8% in 2011. This increase is attributable to enhanced efficiency and lower direct staff costs relating to print activities and particularly to FK Distribution.

#### Staff costs

Staff costs come to DKK 263.3 million for 2011, which is DKK 3.9 million down on 2010, or a decrease of approx 1%.

Staff costs for 2010 were negatively influenced by net costs of DKK 10.1 million relating to changes on the Executive Board as stated in Company announcement no 15-10 of 12 November 2010. If adjusted for such one-off costs, staff costs for 2011 have increased by DKK 6.2 million, or 2%, compared to 2010.

The average number of employees for 2011 is 602 against 627 for 2010.

#### Other expenses

Other expenses for 2011 total DKK 124.3 million, an increase of DKK 5.4 million compared to 2010, or 5%. The main reason for this increase is the increase in marketing costs resulting from the relaunch of Ofir. Also, North Media has incurred a loss on one major customer. Other types of costs have decreased slightly.

#### Share of profits/losses from associates

Losses from associates total DKK 0.5 million. They are the Group's share of the results produced by Vestsjællandske Distriktsblade. In 2010, results produced by associates also included those attributable to the Group's 33.3% ownership share of GISAB (Gratistidningar i Sverige AB), which was divested in March 2011, see Company announcement no 04-11.

#### Financials

Net financials are negative by DKK 3.7 million for 2011, which is DKK 8.0 million up on 2010. In 2010, the Company's portfolio of listed shares yielded an unrealised capital gain of DKK 8.2 million. In 2011, the portfolio of shares yielded a capital loss, which is cancelled out, however, by a slightly larger capital gain on the portfolio of bonds. Increased mort-

gage borrowing has only had a limited effect on the Group's net interest expenses as the increasing proceeds from loans have been placed in similar bonds on the asset side.

#### Special items

The income statement for 2011 includes no special items. In 2010, special items accounted for DKK 28 million, representing total impairment losses on all intangible assets relating to loss-making activities.

#### Profit before tax

Profit before tax from continuing operations is DKK 121.2 million for 2011 against DKK 87.7 million for 2010. This increase is attributable to the increase in the contribution margin and the lower level of amortisation and depreciation, whereas the share of results produced by the associates is smaller due to the divestment of GISAB. Financial expenses also increased.

#### Tax

The Group's total tax on continuing operations is DKK 41.1 million, corresponding to an effective tax rate of 25.3%.

#### Gain/loss on sale of business

The gain for 2011 on the sale of the remaining 33.3% of the shares in GISAB has been recognised. The gain comes to DKK 182 million and is presented in the same way as for the sale of the initial 67% of the shares in 2008.

#### Loss for the year, discontinued operations

This year's loss on discontinued operations is DKK 1.6 million, which is attributable to discontinued print activities and the printing facility, which is for sale.

#### Profit for the year

Profit for the year is DKK 301.6 million, which is DKK 216 million up on 2010, resulting from the gain earned on the sale of GISAB and from improved ordinary activities.

#### Investments

The Group's investments in intangible assets and property, plant and equipment total DKK 15.9 million for 2011. Of this amount, investments in property, plant and equipment, primarily in the form of technical plant at FK Distribution's packing terminals and replacement of cars, account for DKK 13.5 million. Total investments for 2010 were DKK 9.5 million.

By comparison, amortisation and depreciation for 2011 total DKK 33 million against DKK 46.2 million for 2010. This reduction is mainly due to the write-down of intangible assets in H1 2010.

### Working capital

At year-end 2011, trade receivables come to DKK 91.9 million, meaning an increase of DKK 8 million, or 10%, which is due to the increase in revenue. Days receivables at group level total 22.5 at 31 December 2011 against 21.9 days at 31 December 2010.

Current trade payables come to DKK 56.4 million at year-end 2011. At year-end 2010, current trade payables totalled DKK 47.7 million, meaning an increase/decrease in days payables from 27 in 2010 to 31 in 2011.

Other payables come to DKK 85.1 million at 31 December 2011, which is DKK 11 million down on 2010. Other payables have dropped as a result of, for example, the recognition of expenses relating to changes in the Executive Board, as stated in Company Announcement 15-10. These were not paid until 2011.

The Group's net working capital comes to a negative DKK 50.4 million at year-end 2011, a drop of DKK 12.6 million on year-end 2010. This decline is due to a reduction in other payables as stated above.

### Cash flows and interest-bearing debt

Cash flows for the year total a negative DKK 27.6 million.

Cash flows from operating activities come to DKK 154.3 million for 2011 against DKK 146.1 million for 2010. This increase is mainly attributable to the increase in operating profit, but is set off by a reduction in other payables, see above, and reduced amortisation and depreciation.

Cash flows from investing activities for 2011 total DKK 22.5 million against a negative of DKK 43.3 million for 2010. Investing activities include the purchase of securities, the majority of which are short-term bonds, and the divestment of shares in GISAB.

Financing activities for 2011 are negative by DKK 204.4 million, which is due to the distribution of dividend of DKK 274.6 million (DKK 14 per share) and to the increase in long-term mortgage loans for the Group's properties of DKK 77.4 million. Cash flows from financing activities for 2010 are negative by DKK 158.7 million resulting from the distribution of dividend of DKK 128.5 million (DKK 6.5 per share).

At 31 December 2011, the Group's cash amounts to DKK 71.8 million, its portfolio of securities totals DKK 207.6 million, and its mortgage loans, including the fair value of interest-rate swaps, comes to DKK 172.1 million. The Group's net interest-bearing cash position at year-end 2011 is DKK 107.3 million against DKK 57.7 million at year-end 2010.

### Capital structure

It is group policy to be self-supporting. However, the Group's properties are financed by way of long-term fixed-interest loans. The Board of Directors regularly considers whether or not to adjust the capital structure in order to weigh the increase in the required rate of return on equity against the increasing uncertainty associated with loan capital. It is group policy to distribute dividend in so far as such distribution is considered reasonable, given the existing overall capital structure and liquidity.

### Equity and holding of treasury shares

The Group's equity is DKK 523.8 million at 31 December 2011, corresponding to an increase of DKK 25.6 million compared to 2010. This increase is attributable to profit for the year being slightly higher than the amount distributed in dividend for 2011. A total of DKK 274.6 million has been distributed in dividend to shareholders for 2011, or DKK 14 per share. At year-end 2011, the Group holds 443,500 treasury shares, corresponding to 2.21% of share capital.





*Anton is packing print advertising circulars at FK Distribution's packaging terminal in Tåstrup*



## SHAREHOLDER INFORMATION

### The Group and NASDAQ OMX Copenhagen

In May 1996 North Media A/S was the first media group in Denmark to be listed on the NASDAQ OMX Copenhagen.

#### Company information

Address: North Media A/S  
Gladsaxe Møllevvej 28  
DK - 2860 Søborg

Internet: [www.northmedia.dk](http://www.northmedia.dk)

Telephone: (+45) 39 57 70 00

Fax: (+45) 39 66 74 15

E-mail: [investor@northmedia.dk](mailto:investor@northmedia.dk)

Reg no.: 66 59 01 19

Securities ID: DK001027034-7

Auditors: Deloitte

Bankers: Danske Bank A/S

### Financial year

The Group's financial year follows the calendar year, and this Annual Report comprises the year ended 31 December 2011, the Company's 31st, financial year.

### Annual General Meeting

The Annual General Meeting of shareholders will be held on Friday 9 March 2012 at 3.00 p.m. at Ingeniørforeningens Mødeceter A/S, Kalvebod Brygge 31-33, 1780 Copenhagen V, Denmark.

### Share capital

The Company's share capital is DKK 100.3 million, distributed on 20,055,000 shares of DKK 5.00 nominal, which has been fully paid up. All shares are listed on NASDAQ OMX Copenhagen. No shares grant special rights and the negotiability of shares is not limited in any way. Any amendment to the Articles of Association must be presented to the Annual General Meeting and must be adopted by two-thirds of the votes cast as well as of the voting share capital represented at the Annual General Meeting. If no proposal has been made, or if the Board of Directors has not adopted a given proposal, at least half of the voting share capital must be represented at the Annual General Meeting.

### Authorisation

The Board of Directors is authorised to increase the share capital one or several times by up to DKK 25.0 million.

Increases may take place through cash capital injections or otherwise. Increases may take place without any pre-emptive right for the Company's existing shareholders if the increase is effected

at market price or as consideration for the Company's acquisition of an existing business or specified property values at a value corresponding to the value of the shares issued. Outside the cases described in the previous sentence, the shareholders have a pre-emptive right to subscribe for new shares. The authorisation is given for a period up to 1 May 2012.

### Treasury shares

The Board of Directors is authorised to allow North Media A/S to acquire treasury shares up to an aggregate amount of 15% of the share capital in accordance with applicable law, provided that the acquisition is made at the market price in force at the time of purchase with a variance of plus or minus 5%. The authorisation has been granted for a period of five years, ending on 23 April 2015.

The Company's holding of treasury shares at 31 December 2011 amounted to 443,500 shares, corresponding to 2.21% of the shares.

### Dividend

The Board of Directors recommends that the Annual General Meeting on 9 March 2012 distribute dividend of DKK 3 per share, or DKK 60.2 million in total.

The Parent Company's income statement shows a profit of DKK 289.9 million. The Board of Directors recommend the following appropriation of the profit:

#### Appropriation of profit, DKKm

Retained earnings at 1 January 2011	356.8
Other equity items	0.7
Profit for the year	289.9
Dividend	-274.6
Investments in treasury shares	3.9
<b>Available for distribution</b>	<b>376.7</b>

The Board of Directors submits the following appropriation of the profit for approval by the Annual General Meeting:

Dividend to the shareholders	60.2
Retained earnings at 31 December 2011	316.5

### Shareholders

The register of shareholders holding at least 5% of the share capital, which the Company keeps in accordance with the Danish Public Companies Act, includes the following shareholders:

- Baunegård ApS  
Fredensborg Kongevej 49, DK - 2980 Kokkedal

The principal shareholder is Richard Bunck, the founder of the Company who privately and through a 100% owned and controlled holding company, Baunegård ApS, holds 57.06% of the share capital.

## The Board of Directors' and the Executive Board's share holding at 31 December 2011:

Board of Directors	shares
Richard Bunck (incl Baunegård ApS)	11,442,816
Peter Rasztar	10,700
Steen Gede	1,170
Ulrik Holsted-Sandgreen	0
<b>Total</b>	<b>11,454,686</b>

## Executive Board

Lars Nymann Andersen	0
Kåre Stausø Wigh	30,000
Arne Ullum Laursen	20,000
<b>Total</b>	<b>50,000</b>

## Executive Board

At year-end 2011, the Company's Board of Directors and Executive Board, excluding Richard Bunck, controlled 61,870 shares, or 0.31% of the share capital.

In the financial year under review, the Company's Board of Directors and Executive Board purchased 50,000 shares net in the Company.

## Share price

The market capitalisation of the Company's shares was DKK 457.3 million at the close of the financial year on 31 December 2011.

## Contact with investors

North Media A/S has an open and uniform dialogue with investors and analysts so as to provide the stock market with optimum and adequate information about the Company.

Meetings with shareholders, investors, financial analysts and other stakeholders are held at regular intervals.

Banks and stockbrokers monitoring North Media A/S:

Stockbroker	Name and phone No.
Nordea Markets	Dan Wejse (+45) 33 33 24 09

Handelsbanken Capital Markets	Andrew Carlsen (+45) 46 79 15 87
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## Corporate site

North Media A/S' corporate site [www.northmedia.dk](http://www.northmedia.dk) provides information about the Company, the Board of Directors, the Executive Board, shareholder information, etc.

## Contact to investors

Lars Nymann Andersen, CEO  
Kåre Stausø Wigh, CFO

Tel: (+45) 39 57 70 00  
Fax: (+45) 39 66 74 15  
E-mail: [investor@northmedia.dk](mailto:investor@northmedia.dk)

### Announcements 2011

24 February 2011:	Notice convening the Annual General Meeting of North Media A/S
3 March 2011:	Annual report 2010 for North Media A/S
3 March 2011:	Statement of leading management and related parties' trade with North Media A/S shares
10 March 2011:	North Media A/S effects sale of remaining 33.3% of the shares in Gratistidningar i Sverige AB
11 March 2011:	Statement of leading management and related parties' trade with North Media A/S shares
25 March 2011:	Annual General Meeting of North Media A/S, Friday 25 March 2011 - Summary
5 May 2011:	Interim Management Statement for Q1-2011 of North Media A/S
27 June 2011:	Distribution agreement with Coop extended until 31 December 2014
3 August 2011:	Interim Report 2011
9 August 2011:	Statement of leading management and related parties' trade with North Media A/S shares
7 October 2011:	Press coverage in Danish media
4 November 2011:	Interim management statement for Q3 2011 of North Media A/S
14 November 2011:	Referring to the bill just introduced for tax on printed advertising material
16 December 2011:	Financial calendar 2012 for North Media A/S

### Financial calendar for 2012

9 February 2012:	Annual Report 2011
9 March 2012:	Annual General Meeting
8 May 2012:	Interim Management Statement for Q1 2012
7 August 2012:	Interim Report 2012
1 November 2012:	Interim Management Statement for Q3 2012

### The Board of Directors' meeting calendar for 2012

Tuesday, 10 January 2012
Wednesday, 25 January 2012
Wednesday, 8 February 2012 / Thursday, 9 February 2012
Friday, 9 March 2012
Tuesday, 8 May 2012
Tuesday, 19 June 2012
Tuesday, 7 August 2012
Thursday, 6 September 2012
Thursday, 1 November 2012
Tuesday, 5 December 2012

## BUSINESS MANAGEMENT

North Media's corporate governance is firmly based on the Group's values relating to customer focus, responsibility, quality, fairness and positive aggressiveness.

North Media mainly focuses on the customer and on developing and delivering value-adding products and services which enable us to add growth and value – for the customer and for us. We take responsibility in our relations with customers and with one another. When things go as planned but also when something unexpected suddenly happens, we act from a basic platform of ownership, honesty and care. It is only by showing responsibility in every act and at every point in time that we can make the right decisions for the benefit of our customers, employees, shareholders and other stakeholders.

North Media wishes to be known for the quality of its products and services, and we are constantly and untiringly striving to achieve this through conscientiousness, efficiency and focus on optimisation of all products, processes and dialogues. We believe that value-adding quality products supplied at the right time and at the right price provide the basis for long-term relationships. Our success is based on a passionate belief in what we are doing and in our ability and courage to be innovative.

### Board of Directors and Executive Board

The Annual General Meeting is North Media A/S' supreme authority. The Annual General Meeting elects the Company's Board of Directors, which is responsible for the overall management of the Company. The Board of Directors supervises the Company's activities and satisfies itself that the Company is managed properly and in accordance with the Company's Articles of Association, the Danish Companies Act and any other legislation that may be important to the Company. The Board of Directors' most important tasks are to determine the overall targets and strategies, lay down clear guidelines for the distribution of responsibility, planning and risk management, select a competent Executive Board and be an open-minded, active sparring partner for the Executive Board. The Board of Directors comprises four members with Richard Bunck, the Company's major shareholder, as chairman.

The Executive Board is responsible for the day-to-day management of the Company. In compliance with the guidelines and directions prepared by the Board of Directors, the Executive Board prepares action plans and forecasts that support the Com-

pany's strategy and reports earnings performance, risks and other significant data to the Board of Directors on a regular basis.

Since 1 January 2011, Lars Nymann Andersen has been serving as the CEO of the Group.

Besides Lars Nymann Andersen, the Group's Executive Board consists of Arne Ullum Laursen, who serves as Media Director in charge of the *Søndagsavisen* and *Helsingør Dagblad* newspapers, and of Kåre Stausø Wigh, CFO.

The Board of Directors and the CEO constitute the Company's Chief Operating Decision Makers (CODM) focusing on responsibility for the group's Print and Online segments. The Executive Board is responsible for the individual business areas/segments and the transversal product and business development.

### Statutory report on corporate governance

According to section 107b of the Danish Financial Statements Act and paragraph 4.3 of "Rules for Issuers of Shares – NASDAQ OMX Copenhagen", listed companies must draw up a report on corporate governance. This report must describe how the company deals with the recommendations regularly published by the Committee on Corporate Governance in Denmark. The Committee's recommendations are available from [www.corporategovernance.dk](http://www.corporategovernance.dk).

When drawing up the report on corporate governance, the Company must adopt the "comply or explain" principle. Under this principle, the Company must either comply with the corporate governance recommendations or explain why it has decided not to comply with them, or to just comply with some of them. This means that the Company must state the recommendations that it does not comply with and the reasons for non-compliance and, where relevant, explain what measures it has taken instead.

According to the principle, the affairs and conditions of the Company are what determine the extent to which the recommendations are complied with, or whether it would be inappropriate or undesirable for the Company to do so, as the top priority is to ensure transparent corporate governance.

The areas for which North Media A/S deviates from the recommendations are accounted for in the section below. A complete outline thereof is available from the Company's homepage [www.uk.northmedia.dk/governance.cfm](http://www.uk.northmedia.dk/governance.cfm)

## CORPORATE GOVERNANCE

The Board of Directors and the Executive Board of North Media A/S regularly discuss and consider the Company's Corporate Governance policies and procedures. The recommendations together with applicable law and guidelines as established by the Board of Directors form the basis of such work.

The Board of Directors is of the opinion that the Company generally follows the recommendations, and the Board of Directors is constantly considering how the recommendations may contribute to ensuring maximum value addition for the Company's shareholders. Accordingly, the Board of Directors also considers whether recommendations not previously complied with should be complied with.

The areas for which North Media A/S has laid down guidelines and policies differing from the "Recommendations for Corporate Governance" are described below.

### Shareholders' role and interaction with Management

North Media A/S has decided not to comply with the recommendations regarding takeover bids as the recommendations are not deemed relevant, considering the ownership structure of the Company with Richard Bunck, principal shareholder, holding more than 50% of the share capital through Baunegård ApS, a wholly owned and controlled holding company.

### Responsibilities of the supreme and central governing bodies

Besides the rules of procedure as required by law, no scope of work or task list has been established for the Chairman or the Vice-Chairman regarding their duties and responsibilities, as they are considered regularly taking into account the nature, scope and relevance of tasks. The Company believes that this is the best way to ensure swift and competent action. Similarly, no scope of work or task list has been defined permanently for the Executive Board for the same reason.

Richard Bunck, Chairman of the Board of Directors, serves as the CEO of the subsidiary, Ofir A/S, which sells job advertisements to Søndagsavisen and Ofir.dk. In 2010, the Board of Directors asked Richard Bunck to assume this responsibility. In deciding so, the Board of Directors emphasised that Richard Bunck displays not only profound knowledge of the job market, but also extensive experience with Ofir A/S, and he would therefore be able to quickly adapt to the role as CEO and perform the measures

needed to ensure profitable operations.

### Composition and organisation of the supreme governing body

The Company has not set an age limit for Board members as the Board of Directors believes that a member's experience and qualifications and not their age is what determines whether they can add value to the work of the Board.

North Media A/S has no staff-elected representatives on the Board of Directors.

The Board of Directors has not set up a nomination committee or a remuneration committee as it believes that the best solution is for all Board members to see to such matters.

### Remuneration of Management

Remuneration of the Board of Directors, the Executive Board and executive staff is disclosed in the Annual Report. The aim of the general remuneration policy of North Media A/S is to ensure that the Company offers competitive remuneration which is based on efforts and performance and which is on a par with remuneration offered by comparable listed companies. The remuneration policy, which is reproduced below, is intended to help attract and retain qualified members of the Company's Board of Directors, Executive Board and other executive staff. Total remuneration of the Executive Board is determined by the Board of Directors, serving as Remuneration Committee. The Board of Directors finds it more appropriate that it has the right to adjust the remuneration of management at any time without having to obtain the shareholders' prior approval.

Board members receive a fixed annual fee and do not take part in a share option programme, nor do they receive any bonus.

The members of the Company's Executive Board, other executives and deputy executives receive a fixed basic salary, and the Company makes competitive pension contributions. In addition, the Company offers a bonus plan, which is based on revenue growth and increases in EBIT as well as on EBIT for the year concerned. This bonus, which prioritises profitable revenue growth, is limited to a maximum of 100% of the annual basic salary. The bonus is paid once the Annual General Meeting has adopted the financial statements. The bonus payment is final.

The Company cannot claim repayment of variable components of remuneration that have been paid



on the basis of data which subsequently proved to be manifestly misstated. At present, North Media A/S does not intend to grant further share options. However, if the Company changes this decision, such grant would follow the “General Guidelines for the Granting of Share Options and for Incentive Pay to the Board of Directors and the Executive Board” as adopted at the Annual General Meeting held on 4 April 2008.

In the event of the dismissal of any of the members of the Executive Board, or other executive staff, the maximum term of notice is 12 months, and severance pay normally equals 12 months’ salary. No defined benefit plans have been established.

As the Board of Directors considers information about remuneration to be a private matter, no information is normally published about the retirement benefit plans or total remuneration of the individual members of the Board of Directors and of the Executive Board. Consequently, the Annual Report only discloses the total remuneration to the Board of Directors as well as the total remuneration including bonus for the Executive Board.

Based on this, the Company does not find it relevant to approve the remuneration of the supreme governing body at the Annual General Meeting, and it does not find it relevant to state the reasons for this decision in the chairman’s commentary to be given at the Annual General Meeting.

## **Risk management and internal control**

Considering the limited size of the Company and its limited activities abroad, the Board of Directors has presently decided not to establish a whistle-blowing scheme.

## **Audit committee**

The Company’s Board of Directors is responsible for the overall management of the Company. The Board of Directors has set up an Audit Committee to supervise the Group’s financial reporting procedures. The Audit Committee consists of two members from the Board of Directors of North Media. The members are appointed by North Media’s Board of Directors for a term of one year at a time. The Audit Committee is composed of Peter Rasztar, Vice-Chairman of the Board of Directors, and Steen Gede. Peter Rasztar is chairman of the Audit Committee.

Members of the Committee must have an insight into accounting or auditing as well as experience of the conditions of listed companies. In addition, members of the Audit Committee must be inde-

pendent, pursuant to the definition in Recommendations for Corporate Governance. The Board of Directors appoints the chairman of the Audit Committee.

The Audit Committee meets at least twice a year in connection with the external audit’s preparation of audit book comments for the audit during the year and the year-end audit, respectively. Otherwise the Audit Committee meets as required.

The primary tasks of the Audit Committee are, on behalf of the Board of Directors, to monitor and supervise the financial information given in external financial reporting or any other important financial reporting and to ensure compliance with current legislation, standards and other reporting requirements. Furthermore, the Audit Committee reviews and evaluates the internal control procedures at least once a year with a view to evaluating the appropriateness of the controls and/or any weaknesses. The Audit Committee also considers the external auditor’s audit plan and reviews the associated audit agreement and payment of fees as well as the auditor’s management letters and audit book comments.

In 2011, four meetings were held (2010 four meetings).

## **Day-to-day management**

In recent years, the competencies of the entire financial organisation have been expanded, and departments have been centralised into fewer but larger groups to ensure enhanced efficiency, a good control environment and an appropriate segregation of functions. In addition, the use of the local financial systems of the subsidiaries and the activities has been upgraded and harmonised.

A number of different systems are used by North Media across the Group for purposes such as advertisement booking, invoicing, user payment, route planning, financial reporting and consolidation. The systems are, as far as possible, integrated to prevent data duplication and to reduce the risk of errors and enhance efficiency. Internal controls and reconciliations have been established to ensure the interrelationship of data from various sources. The control procedures include monthly reconciliations in connection with financial reporting.

Independent strategy and action plans as well as budgets have been prepared for the individual subsidiaries and activities. The plans and the budgets are checked against the monthly reporting. A detailed and standardised process is used to prepare



annual strategy and action plans as well as budgets. In this process, significant risks are identified and it is decided how to handle them.

Based on instructions from the Board of Directors, including values for business management, guidelines for corporate governance and through cooperation with the Audit Committee, the Group Finance function has prepared systems for a detailed financial reporting process with built-in control procedures. The systems do not eliminate the risk of error and do not provide complete assurance that all errors are discovered and adjusted, but they ensure that risks are controlled and that material errors and defects are corrected. The most important processes are the following:

1. Reporting instructions and time schedule for the monthly financial reporting by subsidiaries and activities are circularised before the beginning of the financial year. In September extended instructions are circularised in connection with the preparation of the financial statements. The accounting and reporting instructions are supported by the Group's accounting policies, which for selected areas describe more detailed reporting requirements.
2. Significant accounting estimates, documentation of these and any possible accounting policy changes as a result of changed accounting rules etc. are reviewed by the Group Finance function before reporting instructions are circularised.
3. Monthly reporting is carried out in the Group's reporting system by subsidiaries and activities. The system, which is a standard reporting and consolidation system, ensures full transparency between reporting by the individual subsidiaries and the full consolidated financial statements. Reporting by the individual companies corresponds to the local bookkeeping, which in turn is in full accordance with the financial statements of subsidiaries. All differences between local bookkeeping / accounting policies and the Group's IFRS financial statements are handled at central level by Group Finance to ensure full understanding and ownership of these adjustments.
4. In connection with each monthly closing of accounts, significant balance sheet items are reconciled by the individual subsidiaries. Reconciliations and controls are made in accordance with checklists, and a specification and documentation hereof are saved. Reconciliation and controls comply with the guidelines to the effect that the risk of misstatements in each subsidiary's monthly financial statements are minimised and corrected. In 2011, the Company started the process of updating those guidelines.

5. A number of controls are made at central level in Group Finance to ensure that the reported figures are correct. In addition, a number of points are checked to ensure that reporting is done in accordance with the Group's accounting policies.
6. In connection with acquisitions / divestments of companies, all relevant entries are controlled at central level. There is also a central model for the Group's allocation of purchase price by type of asset. Any value impairments of assets are also calculated at central level for all Group units.
7. In addition, a management report is prepared on the basis of the monthly financial reporting, comparing results with the action plan and the budget. Variances are explained, corrective actions proposed, the competitive situation described, an action plan status given etc. In connection with the presentation of quarterly statements, an updated estimate is prepared for the year's revenue and results.
8. The subsidiaries' and the activities' financial reporting is submitted to the central Group Finance function, which prepares consolidated, segment, subsidiary and activity financial statements as well as analyses for the Executive Board and the Board of Directors.

The contents of reporting to the Executive Board and the Board of Directors are evaluated continuously to ensure relevance in relation to focus areas and the Group's performance. Further, constant efforts are made to improve the efficiency of reporting and increase reporting speed. In this way, the Board of Directors and the Executive Board will quickly have correct and relevant information at their disposal.

## INCENTIVE SCHEMES

At the Annual General Meeting on 4 April 2008, general guidelines relating to the incentive pay for the Board of Directors and Executive Board were adopted.

The Board of Directors may grant an individually variable number of share options to members of the Executive Board and any other managerial staff. Should the Board of Directors choose in any one financial year to grant share options, the calculated theoretical market value of the share options granted at the time of grant cannot exceed 100% of the annual fixed pay. The value is calculated using the Black & Scholes model.

North Media has not granted any share options since 2008. The option programme is further described in Notes 8 and 23 to the Annual Report.

## CORPORATE SOCIAL RESPONSIBILITY

### Policy

North Media's business units are managed and driven on the basis of strong values forming the basis of the Company's policies, rules, business processes, etc. For the Group CSR is a natural element of the business units' respective strategies and day-to-day operations.

So, CSR forms an integral part of the Group's values with one of the basic principles being to act responsibly and to take responsibility for the employees' working conditions, situation and environment as well as to ensure equal treatment of employees who are in the same situation. We also practise fairness and demonstrate sound business practice for the benefit of our customers as well as North Media.

North Media A/S regularly focuses on CSR-related matters as much as it does on its constant efforts to strengthen other procedures and policies. Being accountable in all respects is an important element of the Group's values and therefore a key element of great relevance to the Group's vision, objectives and strategy.

This means that the Company constantly focuses on not just complying with Danish and international rules and conventions, but also on exploiting its CSR efforts to increase its financial, social and environmental performance through regular control, optimisation, operationalisation and reporting.

Normally, reporting of CSR-related matters is done as part of other reporting to the officers in charge.

### Pay and working conditions for the Group's many distributors

#### Policy

Thanks to its distributions business, North Media A/S is one of Denmark's largest workplaces for young employees. A distributor job is often the first time that money is earned outside the home. This imposes major demands on us as a business and our organisation,

systems and procedures to ensure that each of our employees has a positive and favourable perception of their first job.

#### Action

The introduction to the job is always given in dialogue with both the distributor and his or her parents. Thorough instructions and follow-up are provided, and comprehensive instruction material has been prepared, which, based on many years' experience, is aimed at introducing the young distributor to the job before, during and after performance of the work.

To ensure that the employee always receives a pay reflecting the effort performed on the individual route, several checks are carried out, all with the aim of ensuring that we comply with the working environment rules and that the distributors receive a fair pay reflecting the work they do. The distribution business has a large number of employees who regularly provide instructions and perform evaluations and checks to ensure that we meet our ambitions.

#### Results

We believe that we help our young employees develop basic skills such as acting responsibly and reliably by offering them a job as distributors. These are skills that they will need to have when they begin their studies and when they enter the job market as adults. Their sense of responsibility vis-à-vis the task of distributing newspapers is underlined by the fact that they perform on the same level as our adult distributors.

### Sickness absence

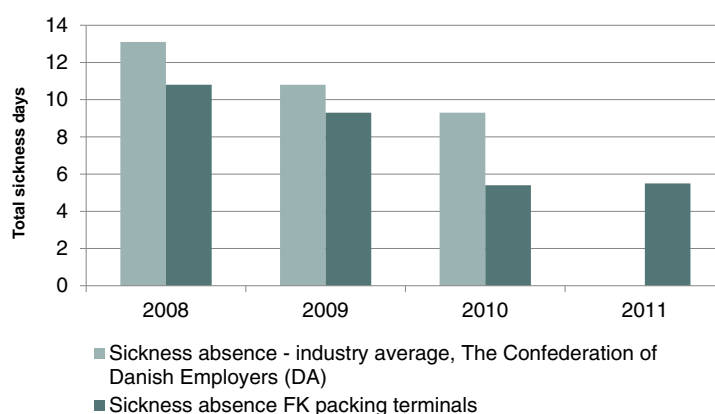
#### Policy

The distribution segment policy is to aim for a low frequency of sickness absence in the packaging terminals.

#### Action

The low frequency of sickness absence is to be maintained on the basis of continued close staff involvement and visible management, but also by maintaining the systematic efforts to counter and prevent industrial accidents. Injuries are always analysed in the health & safety organisation.

**Sickness**



Focus is on sickness absence, and systematic follow-ups are made on the basis of sickness interviews. In that connection, the Company also focuses on long-term healthy employees who have not contracted any sickness over the last 12 months.

## *Results*

Throughout the last four years, sickness absence in packing terminals has been declining steadily, and represent 5,5 days a year including long-term illness which is on a par with 2010. This corresponds to an absence rate of 2.7% which is far below the industry average. Below, sickness absence is displayed for the period 2008 to 2011 and compared to industry figures for 2008 to 2010. Industry figures for 2011 are not available yet.

The Company believes that the low frequency of sickness absence is key to maintaining the efficiency of the packing department as a low frequency helps to ensure more smooth and effective production.

## **Integration of “new Danes”**

### *Policy*

The Company's staff policy is based on its strong standards of value, which aim at giving equal opportunities to everybody, and which require that, in principle, everybody must meet the same demands.

### *Action*

A requirement for being employed is that the candidate is able to express him/herself in Danish and understands Danish. Employees are also instructed to speak Danish only at the workplace so that everyone can understand all conversations and no one feels left out.

All employees are treated equally in connection with gifts, parties, etc.

### *Results*

As a result, the 70% or so of the employees in the Group's two packing terminals that are so-called new Danes have been well integrated, and many of the jobs as supervisors are handled by new Danes. This in itself produces a cumulative effect on good integration.

In practice, the merit of such successful integration is that no conflicts seem to exist in the workplace despite the fact that people of different nationalities work together at North Media A/S.

## **Sub-suppliers' consumption of newsprint**

### *Policy*

It is important to North Media A/S that the Group's newspapers are produced using sustainable methods. At the end of 2011, the Søndagsvisen, Helsingør Dagblad and Lokaltidningen Nordsjælland newspapers

therefore decided to use FSC certified newsprint. FSC certification is a global labelling system, which is widely supported by a number of green organisations such as WWF, Greenpeace and Nepenthes.

### *Action*

North Media co-operates with some of Denmark's largest and best printing houses for the printing of the Group's newspapers. Pressens Fællesindkøb, the procurement association of the Danish press, and the printing companies ensure that the requirements as to, for instance, the traceability of newsprint are met, which is an important element of FSC certification.

The wood used to produce newsprint is from FSC-certified forests, mainly Nordic forests, where trees are felled as new trees start to grow. In addition, much of the newsprint is produced from the residues from saw mills as well as recycled paper.

### *Results*

Most of the newsprint already used is collected and recycled through municipal recycling systems. This helps to reduce the environmental impact as much as possible.

## **Energy consumption**

### *Policy*

In 2010, the North Media Group started to carefully map the energy consumption at its domicile Gladsaxe. The purpose of this examination was to explore the possibilities of reducing energy consumption for servers and lighting as well as heating, ventilation and cooling systems.

### *Action*

The Group's buildings are generally new and fitted with low energy lighting, and the ventilation systems have been improved. In the past three years, the Group has focused on consolidating the considerable server farm. In doing so, it decided to use low energy servers.

Technological developments have created new opportunities, particularly within ventilation, cooling and lighting. Based on the careful mapping of energy consumption made in 2010, the Group set an ambitious goal to reduce the total energy consumption for Gladsaxe by 30% of the 2009 consumption by 2013, corresponding to a reduction of 620 MWh.

### *Results*

The preliminary calculations for 2011 show savings in the region of 400 MWh compared to the consumption for 2009, with consumption continuing to decrease, which will take full effect in 2012. So, the Group is on schedule in terms of total energy reduction. New initiatives were taken in 2011 which will not be measurable until 2012 and which are to ensure that the target of 620 MWh for total energy reduction is reached in 2013.

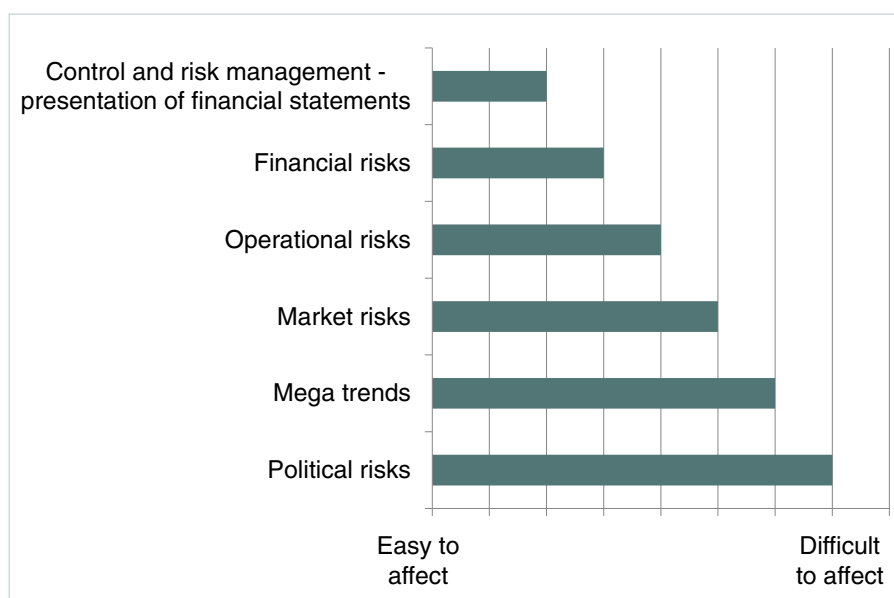
## RISKS AND RISK MANAGEMENT

The Board of Directors carries out an annual review of the risk management systems, controls and policies.

The main purpose of the review is to ensure that risks which may be critical to the Group's ability to achieve the set targets are identified and uncovered.

Like the rest of the Group, the overall management of the risk area is based on the principles of the fundamental management structure, which is described in the section on Corporate Governance. The daily follow-up and management of risks are based on a structure of internal policies, concepts and procedures.

At North Media, risks are divided into five levels and illustrated as follows:



### POLITICAL RISKS

In an open and well-developed society, private suppliers of goods and services compete against each other to provide the best and least expensive services to consumers for the benefit of the entire society.

This contest for consumer favour represents the very precondition for goods and services continuously being developed in accordance with the consumers' needs and wishes.

North Media does not consider a contest among businesses operating under the same competitive preconditions and terms as North Media to pose a risk that cannot be overcome with a positive result.

Political decisions and initiatives, on the other hand, are found to pose far larger risks than those North Media may incur from private businesses in open, free and fair competition.

On the three most significant business areas of North Media, distribution, publication of newspapers and job advertisements, the Danish State and Parliament act as the greatest challengers and pose the largest risks to the Company's future operations.

As to distribution, the Danish State subjects North Media's distribution business, FK Distribution, to unreasonable competition by imposing laws, provisions and regulations in several areas that favour Post Danmark, the Danish postal service, the principal shareholder of which is the Danish State, to the detriment of North Media and similar private competitors.

The new government has decided to examine the possibility of imposing an advertising tax explicitly on door-to-door distributed printed advertisements which is North Media's principal activity. The adoption of such tax would inevitably affect North Media adversely. The political deliberations continue even though facts-based documentation shows that a limitation of door-to-door printed advertisements would severely weaken competition on groceries and result in household expenditure for groceries skyrocketing.

Thanks to VAT exemption and government-backed media support for publishers of dailies and free newspapers, the North Media-published Søndagsavisen is subjected to unfair and extensive taxpayer-



funded competition. Søndagsavisen is not exempted from VAT and does not receive media support.

Through the state-operated "Jobnet.dk", the Danish State competes against the private job portals, including the North Media-owned Ofir.dk. The private job portals essentially have to be operated on commercial terms where the customers pay for the services rendered. The state-owned Jobnet.dk, however, is 100% taxpayer-funded and thus imposes unfair competition on the privately operated job portals. Competition which in every respect is totally superfluous as the private players are fully capable of servicing the Danish job market with an efficient and inexpensive model where jobseekers enjoy easy and free access to the supply of advertised vacancies.

Management of North Media makes a targeted effort to ensure that politicians can make their decisions on a well-documented and informed basis and that the necessary insight into factors affecting and of interest to North Media's stakeholders is available.

### MEGATRENDS

Megatrends have a long incubation period and materialise gradually without any actual ending.

Megatrends in North Media's business areas include developments and trends which on a global and national scale determine the direction of how and in which media businesses choose to advertise and communicate with their existing and potential customers.

North Media's print media such as printed advertisements and newspapers are gradually supplemented and will perhaps be entirely replaced by digital media in the very long run. However, this is expected to take at least 20 years as megatrends in advertising point towards more and many different media types each supporting their specific needs and targets. On the job advertisement market, this migration from Print to Online has to a great extent already manifested itself as the market for printed job advertisement has dropped massively in the last few years. Printed job advertisements have increasingly developed into a niche product which is used when online advertising fails to produce the desired effect or when the recruitment is intended to reach passive jobseekers.

North Media wants to spearhead this development and therefore works actively with product development for the Print and Online activities and on linking up the two media in order to achieve increased utility value for both advertisers and consumers.

### MARKET RISKS

Market risks affect all market participants in the markets in which North Media is operating. North Media defines market risk as being relevant now and within the next one or two years.

Like other companies, North Media is affected by the macroeconomic development. Due to their attachment to advertisement markets in general and recruitment advertisement markets in particular, the segments of the Group related to the recruitment market are greatly affected by economic trends. This applies to recruitment advertisement revenue from the printed newspaper and to Ofir.dk as well as Matchwork. The other segments of the business, including the distribution of unaddressed printed matter for the retail trade in particular, are only to a limited extent affected by economic trends. The distribution of unaddressed printed matter to customers outside the retail trade is to some extent affected by economic trends.

For a great many years, the free newspaper market has been characterised by substantial excess capacity. This has led to a great pressure on prices and a reduction in average prices of ads. This price pressure is expected to continue, for which reason investments are made in the automation of work processes to meet this price pressure. North Media is financially prepared to act in a market under pressure and to continue its product development efforts to minimise any further price erosion.

Newsprint is an essential commodity in the production of newspapers. As a result of the Group's membership of Pressens Fællesindkøb, it can buy newsprint at the same advantageous prices as other daily newspapers and free newspapers in Denmark. The market risk on newsprint prices is therefore limited.

Søndagsavisen's newspapers are printed in a narrow time window in the period from Thursday afternoon to Friday morning. Attempts are made through long-term printing contracts to ensure that printing prices are always competitive and that any changes in printing prices can be adjusted through the advertisement prices.

The future business model is still uncertain within some areas of the online business. Continuous work is carried out on various models to ensure satisfactory earnings.

## OPERATIONAL RISKS

North Media defines operational risks as processes associated with day-to-day operations such as IT systems or fire in terminals or office buildings. The most material risks relate to the distribution activities which could have a significant impact on the Group's financial performance if they suffer lengthy breakdowns in the terminals. The newspaper activities would only to a lesser degree be affected by IT downtime as production can be moved swiftly to other servers. In the event of a breakdown in one printing house, the printing of the newspaper could swiftly be redirected to other printing houses as the printing market is characterised by spare capacity.

The quality of the Søndagsavisen newspaper is managed via internal control procedures in the editorial and pre-press related processes, while the print quality is described in performance specifications for external printing facilities.

In the distribution market, high quality is an important competitive parameter. North Media's distribution terminals in Taastrup and Tilst have been of great importance to the continuous quality improvement. Sorting systems pack the printed matter in household sets with a very small number of errors per thousand, and the distribution quality is ensured through training and control calls. North Media is co-operating closely with selected customers on an ongoing basis in order to continuously improve the level of quality.

The IT facilities are consolidated at North Media's headquarters in Gladsaxe and have their own emergency power system, which automatically cuts in should the public power supply fail.

An emergency power system has also been established at the two distribution terminals in Taastrup and Tilst, making it possible to perform a controlled power down of the Company's IT systems in the event of power failure.

All vital servers are duplicated and placed in physically separate server rooms, and backup procedures are run every night on all production servers to obtain two sets of identical data. Inergen, air conditioning and smoke, fire and humidity alarm systems have been installed.

In 2010, North Media decided to outsource IT operations in Gladsaxe to KMD Informatik (formerly known as Rambøll Informatik). The transfer of all servers and other IT equipment to KMD Informatik has begun.

As part of the outsourcing of IT operations, North Media has decided to update the Group's procedures in this respect, including to update the Group's IT security policy, IT risk analysis and the IT security tests performed in 2011. North Media intends to regularly revise its IT security policy, IT risk analysis and IT security tests.

All systems are protected by access controls which limit access to the functions that the individual employee needs. In addition, daily updates are performed of firewall, spam filters, anti-virus programs and scanning of mails for high-risk content.

In the insurance policy the Board of Directors has drawn up guidelines for the protection of the Group's assets and earnings as well as for risk prevention work and provided an overview of imminent financial risks and consequences.

Thus, for daily management purposes policies and manuals as well as backup procedures for the most important operational risks have been established. In addition, it is the Executive Board's and the Board of Directors' opinion that the Group is appropriately insured in terms of insurable risks and own risks.

## FINANCIAL RISKS

North Media defines interest rate, liquidity, credit and currency risks as financial risks.

North Media has implemented a financial policy, which regulates the general frameworks for managing the Group's exposure to, for example, currency and interest rate movements. The policy sets out guidelines for risk hedging. Where financial instruments or other hedging is used, hedging is done for the sole purpose of reducing the future risk.

### Interest rate risks

The Group's policy is to hedge interest rate risks on the Group's long-term loans if it is found to be possible to secure the interest payments at a satisfactory level. For a detailed analysis of the Group's interest rate risks, see Note 38.

### Liquidity risks

The Group undertakes liquidity management to ensure the availability of sufficient and flexible financial resources at any time. The risk of the liquidity situation suddenly and unexpectedly developing adversely and affecting the Group's investment and operational liquidity requirements is handled through a number of management tools. The planning of anticipated liquidity requirements is carried out in connection with the preparation of budgets and action plans. Such liquidity requirements are

monitored on a monthly and a daily basis. Every month, a liquidity projection is made for a period of at least six months, and at least twice a year the projection is made for a minimum of twelve months.

The Group's aim is to have sufficient cash resources in order to be able to take appropriate action in the event of unforeseen fluctuations in liquidity.

The bank accounts of the Parent Company and the Danish subsidiaries are included in the Group's cash pool, which is monitored daily in order to optimise interest received and interest paid on the Group's total cash flows.

It is group policy to be self-supporting. However, the Group's properties are financed by way of long-term fixed-interest loans.

### **Credit risks**

North Media is exposed to credit risks relating to receivables and deposits with banks. The maximum credit risk corresponds to the carrying amount.

North Media A/S' policy is to do business only with banks of a high credit rating. Loss on receivables is a business risk, and the risk of loss on a customer is weighted against the earnings potential on an ongoing basis. Loss on receivables has historically been limited in size.

### **Currency risks**

In 2008 - 2011, the Group reduced its presence outside Denmark, having thereby reduced its total risk on transactions in foreign currency, to an entirely immaterial level.

### **Capital management**

The Group evaluates continuously the need to adapt its capital structure in order to weigh the higher eq-

uity return requirement against the increased uncertainty connected with borrowed funds.

It is the Group's policy to pay dividend to the extent it is found to be reasonable within the frameworks of the overall capital structure and cash.

## **CONTROL AND RISK MANAGEMENT IN CONNECTION WITH THE PRESENTATION OF FINANCIAL STATEMENTS**

Detailed internal control and risk management systems have been established in connection with the process of presenting financial statements. The aim is to ensure that the internal and external financial reporting give a true and fair view free from material misstatement. Furthermore, the systems are to ensure that external interim management statements, interim reports and annual reports of the Group are presented in accordance with IFRS as adopted by the EU as well as additional Danish disclosure requirements for the presentation of financial statements of listed companies.

For a specific description of control and risk management in connection with the presentation of financial statements - please refer to the annual report's section on Corporate Governance page 25.

The Board of Directors estimates that it will not be necessary to set up an independent internal audit function to support the Company's internal control and risk management systems. The Board of Directors finds that the size of the Group does not call for an independent internal audit function.

## COMPANY DESCRIPTION

The Company was founded in 1965 with the distribution of unaddressed printed matter and newspapers as its principal activity.

In 1978, the Company expanded its activities and began to publish free newspapers financed by advertisements that were distributed to households during weekends under the name of Søndagsavisen.

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

Under this new structure, the Group's parent is the holding company of the Group's operating companies with the exception of certain administrative group functions. Regular activities have been hived off into separate subsidiaries.

## PRINT

### FK DISTRIBUTION

#### Professional distribution

FK Distribution is Denmark's largest private distributor of door-to-door distributed advertisements and weeklies to all Danish households twice a week. We create high value for the customers through professional advisory services on the use of print advertising circulars. The Company is the flexible alternative, and in all parts of the business we do our utmost to always meet our customers' requirements to distribute door-to-door advertisements and weeklies to Danish households at the proper time, place and in proper condition.

The packing of print advertising circulars is fully automated, and highly specialised staff ensures that the right print advertising circulars is packed for the right households. Preparation for distribution has been optimised to a great extent, and the quality control of the production process is among the best in Europe. Through high-end GIS systems, a fine-meshed route network and the Company's many responsible distributors, we ensure high reliability of delivery every time.

#### Denmark's effective advertising medium

Door-to-door distributed advertisements are by far the consumer's preferred advertisement tool when looking for information in connection with shopping, and the majority of Danish consumers use print advertising circulars actively in their planning

of daily purchases. Consumers increasingly regard door-to-door distributed advertisements as relevant and topical information rather than actual advertising material. In addition, door-to-door distributed advertisements are one of the most used forms of advertisements that least annoy the consumers. When also taking into consideration that consumers decide themselves where and when to read the advertising material, we have the explanation of why door-to-door distributed advertisements are the most effective advertising medium in Denmark for the retail business.

Door-to-door distributed advertisements are indeed the retail business' preferred advertising tool as the effect is significantly higher than in other forms of advertising. The door-to-door distributed advertising material drives a major flow of customers and can be directly measured on the shops' sales.

#### Customer and campaign analyses

FK Distribution has the most sophisticated systems and tools for target group and segment analyses.

The analyses are designed to increase benefits from the customer's marketing campaigns while, at the same time, supporting the distribution-oriented part of the Company. The analyses are performed by pooling data in FK Distribution's own database, data from Statistics Denmark and possibly the advertiser's own customer database. By this means, FK Distribution can map the profile of a given customer segment and advise our customers in order for them to benefit even more from their marketing campaigns.

#### Impact documentation

During a campaign, FK Distribution may carry through impact measurements that document how the customer's door-to-door distributed advertising material has been seen, read and understood by consumers. This is of great value to the advertisers as they gain much more insight into the benefit of the campaigns we advise them on.

#### Targeted distribution

With quality and effect as our main focus, FK Distribution will continue to develop product solutions in the years to come that will enable us to offer more options within segmented distribution for the benefit of our customers, who will be able to select and market themselves more directly to their target groups through door-to-door advertising material.

#### After-school jobs – a good start to an active life

Adults that have had an after-school job as distribu-



tors of advertising material earn higher salaries, often hold management positions and are by far more active in sports than the ones who have not had an after-school job as a young man/woman. With 10,000 young distributors, FK Distribution is Denmark's largest youth working place. An after-school job with us is for most young people their first real job and first acquaintance with the job market. This places a special social responsibility on FK Distribution, and to ensure a good start on the job market for so many young people is a task that we take very seriously. FK Distribution manages and guides many young people professionally and teaches them how to take on a responsibility and work independently. An after-school job as a distributor of advertising material not only results in more pocket money, but is also a really good start on an active adult life.

### **The preferred advisor**

In the years to come, FK Distribution will expand its product portfolio with the ambition of becoming the preferred advisor in the use of door-to-door distributed advertising material. Professional advisory in the use of our media in interaction with other media groups means that at FK Distribution we wish to offer for instance customer and campaign analyses, impact documentation and new targeted marketing products for our many customers. Accordingly, product development is one of our core focus areas in the years to come along with the ambition to increase our advisory competencies in the use of printed advertisements in interaction with other media groups.

This way, we can document the media channel's value together with any other media channels and strengthen customer relations in a valuable co-operation. The strategy involves an expansion of the market perspective to include the media market as a whole, and FK Distribution will capture advertising revenue from other media.

### **BEKEY**

Bekey A/S has developed an electronic key system to replace the ordinary "physical" key as we know it. The system is used for stairway entrance doors and private doors, giving users more flexible access compared to the ordinary key because it is sent from the Bekey server in encrypted form – through the telephone network – to the mobile phone (like a text message). The mobile phone may then be used to open doors equipped with a "Bekey door unit".

Besides being more flexible, the Bekey system also provides greater security for citizens, property managers and others because the keys cannot be

copied easily, and their period of use may be limited, and they may be reset via the Bekey server should the mobile phone be lost.

The Bekey system is directly integrable into route planning systems and is therefore very relevant to businesses that generally experience difficulties in handling keys, for instance in connection with the distribution of advertising brochures, letter post and home care staff's access to private homes. All distributors, postmen or home care staff linked to the system via their route planning systems automatically receive electronic keys covering the period relevant to them, which makes individual management of key assignments superfluous. This will save many costs for the customers.

The Bekey system has already been installed in more than 5,500 stairway entrance doors, and expectations are that it will be installed in over 10,000 stairways by the summer of 2012.

### **SØNDAGSAVISEN**

Søndagsavisen is distributed in approximately 1.3 million copies, roughly corresponding to 47% of the approximately 2.6 million households existing in Denmark. This makes Søndagsavisen the largest newspaper in Denmark by far, and no other Danish printed media are even close to circulation on this scale or have similarly broad readership and unique coverage.

### **Distribution areas and days**

Søndagsavisen has undertaken comprehensive analyses to map the population's shopping, transport and relocation patterns. These behaviour patterns have formed the basis of Søndagsavisen's regional structure.

Based on these analyses, Søndagsavisen is the only example in Denmark of a national newspaper divided into 11 different regional editions and 24 sub-editions, each with its own characteristic features.

Søndagsavisen's editorial content is basically the same in all editions throughout the country, which makes the newspaper unique in comparison with local newspapers.

However, the advertisements in Søndagsavisen are adapted to regional conditions enabling the advertisers to tailor their messages to specific target groups in Denmark. This flexibility does indeed make Søndagsavisen unique compared to the daily newspapers.

## Company Description

Søndagsavisen is distributed at weekends and reaches the readers when they have time to spare for relaxing at home, shopping and researching. The weekend has become a time for relaxation for families and a time for being together, for inspiration and for making joint decisions, be it on a new job or making a major purchase.

### Editorial concept

As Denmark's most widely read newspaper, Søndagsavisen grips the Danish families. Søndagsavisen's ambition is to start conversations in Danish households about vital and fascinating subjects and enhance dialogue about the most important national matters.

With a strong editorial team, Søndagsavisen provides Denmark's best and free reader experience with unique news, profiles and good advice for the consumers to use in their daily lives. The newspaper's focus areas are society, consumption, food and health, personal finances as well as family and working life centring on the modern family with young children.

### The readers

With 1,353,000 readers, Søndagsavisen is Denmark's most widely read newspaper. The following characteristics of the newspaper's massive readership are particularly noteworthy (TNS Gallup/Index Danmark H1 2011):

- 80% have an influence on the purchases made by the household
- 73% of our readers live in an owner-occupied or co-operative housing unit
- 41% of our readers are aged between 25 and 50
- 43% have children living at home.

A comparison of Søndagsavisen's readers with the population in general shows, among other things, that:

- Readers in the high-income groups with annual household income of DKK 600,000 or more are overly represented in Søndagsavisen's readership. This group constitutes 32% of our readership, compared to 28% of the population as a whole.
- Female readers are overly represented in Søndagsavisen's readership, and they are the ones who typically plan a family's weekly shopping. This makes Søndagsavisen a particularly attractive medium, not least for the retail business. So, women constitute 56% of our readership compared to 51% of the population as a whole.
- Readers with high-level education are overly represented in Søndagsavisen's readership by 37%, compared to 33% in the population as a whole.

resented in Søndagsavisen's readership by 37%, compared to 33% in the population as a whole.

### Value for advertisers

Søndagsavisen is Denmark's most widely read newspaper and is known by a large portion of the Danish population, particularly families with young children. Not many media reach the consumers in their homes at weekends when they have time for relaxation, inspiration, purchase and research. The newspaper is delivered free of charge into the letter box and as an advertiser, you get the opportunity to get past the "No ads please" sign and reach the consumers in their homes.

With a sharp focus on consumption, tests, politics and society, Søndagsavisen has won a very large group of loyal readers (74%) who reads all or almost all editions of our newspaper. Thus, the advisers have the opportunity to target the same reader more than once.

Søndagsavisen is often read between family members in Danish living rooms: 70% of Søndagsavisen's readers read the newspaper together with their partner (source: TNS Gallup/Multi Mediemennesket). So, advertisers can reach families at weekends when they gather together to get inspiration and plan purchases based on offers in the newspaper.

Søndagsavisen's readership is both actively and passively looking for information. Most decisions to change job or to make major purchases always take some time to mature. During this maturation period, the decision-maker is passively looking for information, but is receptive to influences and inspiration, which may in the end be decisive for the reader's decision-making process. Søndagsavisen is a strong medium in that process as the consumers have the newspaper handy at weekends.

### HELSINGØR DAGBLAD

The company, Helsingør Dagblad A/S, publishes the daily newspaper Helsingør Dagblad and a free weekly newspaper in the North Zealand region called Lokalavisen Nordsjælland.

Helsingør Dagblad is a morning paper distributed to subscribers in Elsinore and environs. The newspaper is published six days a week, Monday to Saturday, in approximately 5,600 copies to 24,000 readers (Source: TNS Gallup). The newspaper is a politically independent publication covering news of a general nature in addition to local news. The newspaper is distributed by Helsingør Dagblad's own team of distributors.

Lokalavisen Nordsjælland is distributed free of charge as a mid-week newspaper in Elsinore, Humlebæk, Espergærde, Snekkersten, Tikøb, Hornbæk, Ålgårde, Hellebæk and Kvistgård. The newspaper is published in approximately 35,000 copies, 52 weeks a year. The journalistic content includes local news, entertainment and stories from many areas of interest while local advertisements from places such as the four major shopping centres in the area provide inspiration in the form of ideas and bargains.

### ONLINE

The North Media Group is one of Denmark's oldest providers of Internet-based services. Since the initiation of its activities in 1996, North Media has established a strong position in the market for Internet-based advertising services in Denmark.

#### Business areas

North Media has organised its Internet activities in six business areas, each focusing on the specific requirements and needs of their customer group in relation to a professional provider:

- Ofir.dk
- BoligPortal.dk
- BostadsPortal.se
- Søndagsavisen.dk
- MinReklame.dk
- MatchWork.com.

#### OFIR.DK

Since 1996 Ofir.dk has been a specialised Internet service where job seekers can find new jobs, and employers new staff.

Similarly, Søndagsavisen has been an important medium for advertising job vacancies for more than 30 years.

The two media supplement each other in that, being an Internet site, Ofir particularly attracts the active job seekers whereas Søndagsavisen's strength mainly should be seen in relation to the passive job seekers - the candidates who are not actively looking for a new job, but are tempted when they spot an interesting position.

In 2009, the two organisations, which had until then serviced their respective media on the job advertisement market, were merged. First under the name of Kandidathuset and from 2011 as Ofir & Søndagsavisen. Two media – one job market. This

organisation handles all tasks involving recruitment and job advertising.

In the second half of 2011, Ofir entered into a number of partnership agreements with niche sites. On the partner's website, a job box displays vacancies that are relevant to the users of the particular site. In this way, the employer's job advertisement is shown to a segment of the population that is particularly interesting to the employer in relation to job vacancy.

Both Ofir.dk and Søndagsavisen have developed a range of advanced IT implements for the handling of employers' recruitment tasks and tools that enable employers to compose and create their own advertisements for the Internet and printed media.

Having accessed the Ofir.dk website, employers can use the self-service functions to advertise job vacancies in all related media, which will in future be marketed as Ofir Jobunivers.

Through innovation and fresh thinking, Ofir and Søndagsavisen aim to become employers' preferred choice when they look for new staff. Similarly, Ofir have set the target to have as many job seekers as possible find their new job through Ofir Jobunivers.

#### BOLIGPORTAL.DK

BoligPortal.dk was established in 1999 to make it easier for tenants and landlords to get into touch with each other. Today, however, it is operating within both home sales and rentals. The Company operates BoligPortal.dk, which has more than 1 million hits a month.

BoligPortal.dk is Denmark's largest market place for rental housing with an average of more than 8,000 new rental housing units being added every month, making BoligPortal.dk a clear market leader. This position is ensured by providing the market's most efficient match of landlords and people seeking housing. BoligPortal.dk is based on the principle of free housing advertising for landlords and the principle of free home seeking for home seekers. However, purchasing a package of additional services will significantly optimise the home seeking process.

BoligPortal.dk operates an owner-occupied housing portal where sellers may put up their homes for sale. Also, buyers and sellers are offered a range of services. All housing units currently up for sale in Denmark are listed together with the selling prices realised on units sold since 1992. In addition, users

may gain greater insight into the housing market through a Negotiation Report. Based on actual selling prices of comparable housing units, the Negotiation Report makes it possible to evaluate the pricing of a housing unit.

BoligPortal.dk is among the definitely fastest growing companies in Denmark, and in 2007, 2008 and 2009 it was awarded the title of Gazelle Company by the daily newspaper Børsen.

### **BOSTADSPORTAL.SE**

Under the auspices of the subsidiary, Væksthuset, North Media launched the site BostadsPortal.se, which is a Swedish counterpart to BoligPortal.dk. The portal's business area is advertisements for rental housing, and the object is to make it easier for people seeking housing and landlords to find each other. The business model is similar to that of BoligPortal.dk.

BostadsPortal.se experienced a considerable increase in the number of visitors to the website in 2011. In the summer peak season, the number of absolutely unique visitors reached more than 100,000 in August alone.

In second half of 2011, BostadsPortal.se introduced online payment and generated revenue for the first time. The primary revenue-generating activity is sale of services to people looking for housing.

### **SØNDAGSAVISEN.DK**

Søndagsavisen.dk supports the printed version of Søndagsavisen with online articles as well as reader and advertiser information.

Søndagsavisen.dk continues to provide Forum services such as e-mail, chat and dating services and is thus also an online place to meet for hundreds of thousands of people.

The primary target group of Søndagsavisen.dk matches that of the print target group:

- More than half of the visitors are aged between 25 and 50
- More than half of the visitors visit Søndagsavisen.dk every day (80% are weekly visitors)
- More than 30% have a higher education
- More than 75% have shopped online within the last three months
- More than half of the visitors are women.

Women under the age of 40 with middle or high income and medium skills or high skills are the secondary target group.

Søndagsavisen.dk's business is based primarily on revenue from banner advertisements and affiliate agreements, and secondarily on revenue from user payments.

### **MINREKLAME.DK**

MinReklame.dk is Denmark's leading digital distributor of supermarket leaflets and retail catalogues. MinReklame is focused on finding customers for physical and online retail shops. MinReklame.dk leads the customer to and preferably all the way through the purchase transaction for the benefit of the shop and the customer.

MinReklame.dk co-operates with more than 80 of Denmark's largest retail chains. Digital distribution via MinReklame.dk provides retail chains with the opportunity to show their publications and sell their products when the customer needs them and seeks them. At the same time, the shops reach a large number of the consumers under the "No ads, please" scheme.

### **MATCHWORK.COM**

MatchWork.com develops and hosts an Internet-based "Software as a Service" platform for media enterprises that wish to carry on job portal business under their own brand.

Today, the product is sold on several European markets. MatchWork's platform supports all known earnings flows within the job portal area, and at the same time it provides cost-effective operations and application adaptation. The customer can also participate in a shared network, creating a higher transaction volume, for the benefit of customers and users alike.



## STATEMENT BY MANAGEMENT ON THE ANNUAL REPORT

The Board of Directors and the Executive Board have today considered and approved the annual report of North Media A/S for the financial year 1 January to 31 December 2011.

The consolidated financial statements are presented in accordance with International Financial Reporting Standards as adopted by the EU. The parent financial statements are presented in accordance with the Danish Financial Statements Act. Further, the annual report is prepared in accordance with Danish disclosure requirements for listed companies.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31 December 2011 and of their financial performance and cash flows for the financial year 1 January to 31 December 2011.

We believe that the management commentary contains a fair review of the developments in the Group's and the Parent's activities and finances, performance for the year and the Parent's financial position, and of the financial position as a whole for the entities included in the consolidated financial statements as well as a description of the most material risks and uncertainties facing the Group and the Parent.

We recommend the Annual Report for adoption at the Annual General Meeting.

Søborg, 9 February 2012

### Executive Board

Lars Nymann Andersen  
Chief Executive Officer

Kåre Stausø Wigh  
Chief Financial Officer

Arne Ullum Laursen  
Media Director

### Board of Directors

Richard Bunck  
Chairman

Peter Rasztar  
Vice Chairman

Steen Gede

Ulrik Holsted-Sandgreen

### Adoption

As presented and adopted at the Annual General Meeting of shareholders on 9 March 2012.

As chairman of the meeting:

## INDEPENDENT AUDITOR'S REPORT

To the shareholders of North Media A/S

### Report on the consolidated financial statements and parent financial statements

We have audited the consolidated financial statements and parent financial statements of North Media A/S for the financial year 1 January - 31 December 2011, which comprise the income statement, balance sheet, statement of changes in equity and notes, including the accounting policies, for the Group as well as the Parent, and the statement of comprehensive income and the cash flow statement of the Group. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies, and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

### Management's responsibility for the consolidated financial statements and parent financial statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies as well as the preparation of parent financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express an opinion on the consolidated financial statements and parent financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements and parent financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and parent financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the consolidated financial statements and parent financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements and parent financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the consolidated financial statements and parent financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

### Opinion

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position at 31 December 2011, and of the results of its operations and cash flows for the financial year 1 January - 31 December 2011 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Further, in our opinion, the parent financial statements give a true and fair view of the Parent's financial position at 31 December 2011, and of the results of its operations for the financial year 1 January - 31 December 2011 in accordance with the Danish Financial Statements Act.

### **Statement on the management commentary**

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the consolidated financial statements and parent financial statements.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the consolidated financial statements and parent financial statements.

Copenhagen, 9 February 2012

**Deloitte**  
**Statsautoriseret Revisionspartnerselskab**

Kim Mücke  
State Authorised Public Accountant

Jens Baes  
State Authorised Public Accountant



*Søndagsavisen - Denmark's most widely read newspaper*



# Consolidated statement of comprehensive income

Note		2011 DKK m	2010 DKK m
	Revenue	1,211.6	1,138.7
	Direct expenses	426.6	400.0
7	Direct staff costs	205.3	203.0
	<b>Gross margin</b>	<b>579.7</b>	<b>535.7</b>
7	Staff costs	263.3	267.2
9	Other costs	124.3	118.9
16, 17	Amortisation and depreciation	33.0	46.2
	Other operating income	7.4	6.8
	<b>EBIT before special items</b>	<b>166.5</b>	<b>110.2</b>
12	Special items, net	0.0	-28.0
10	Share of profit in associates	-0.5	16.5
11	Financial income	7.0	9.6
11	Financial expenses	-10.7	-5.3
	<b>Profit before tax, continuing operations</b>	<b>162.3</b>	<b>103.0</b>
13	Tax, continuing operations	41.1	15.3
	<b>Net profit, continuing operations</b>	<b>121.2</b>	<b>87.7</b>
6	Profit of disposal of subsidiaries	182.0	-0.3
6	Net profit, discontinued operations	-1.6	-1.6
	<b>Net profit for the year</b>	<b>301.6</b>	<b>85.8</b>
	Translation adjustments, foreign companies	0.6	1.6
	Fair value adjustment of hedging instruments	0.9	-11.9
	Tax, other comprehensive income	-0.2	3.0
	<b>Other comprehensive income</b>	<b>1.3</b>	<b>-7.3</b>
	<b>Comprehensive income</b>	<b>302.9</b>	<b>78.5</b>
	<b>Attributable, net profit:</b>		
	Shareholders in North Media A/S	293.3	79.0
	Minority interests	8.3	6.8
		<b>301.6</b>	<b>85.8</b>
	<b>Attributable, comprehensive income:</b>		
	Shareholders in North Media A/S	294.6	71.7
	Minority interests	8.3	6.8
	<b>Net profit for the year</b>	<b>302.9</b>	<b>78.5</b>
14	<b>Earnings per share, in DKK</b>		
	Earnings per share (EPS) – total	15.0	4.0
	Diluted earnings per share (EPS-D) – total	14.8	4.0
	Earnings per share (EPS) – continuing operations	5.8	4.1
	Diluted earnings per share (EPS-D) – continuing operations	5.7	4.0

## Consolidated balance sheet at 31 December

### ASSETS

Note		2011 DKKm	2010 DKKm
	Goodwill	39.1	39.1
	Other intangible assets	18.7	19.5
	Completed development projects, software	2.2	3.2
	Development projects in progress	1.7	0.0
16	<b>Intangible assets</b>	<b>61.7</b>	<b>61.8</b>
	Land and buildings	300.0	308.4
	Plant and machinery	47.9	59.5
	Operating equipment, fixtures and fittings	15.8	14.6
17	<b>Property, plant and equipment</b>	<b>363.7</b>	<b>382.5</b>
19	Investments in associates	8.6	2.6
22	Deferred tax asset	0.0	0.6
	Other securities and investments	3.7	3.7
	Other receivables	1.5	1.5
	<b>Other non-current assets</b>	<b>13.8</b>	<b>8.4</b>
	<b>Total non-current assets</b>	<b>439.2</b>	<b>452.7</b>
20	Trade receivables	91.9	83.8
	Receivables from associates	1.5	1.3
26	Income tax receivable	0.0	5.7
	Other receivables	11.0	5.5
	Prepayments	13.9	14.2
21	Securities	207.6	48.8
32	Cash	71.8	99.4
	<b>Total current assets</b>	<b>397.7</b>	<b>258.7</b>
17,19	Assets held for sale	32.0	50.8
	<b>Total current assets</b>	<b>429.7</b>	<b>309.5</b>
	<b>Total assets</b>	<b>868.9</b>	<b>762.2</b>

## EQUITY AND LIABILITIES

Note		2011 DKK m	2010 DKK m
	Share capital	100.3	100.3
	Treasury shares	-18.7	-22.6
	Hedging reserves	-13.2	-13.9
	Reserve, translation adjustments	-3.4	-4.0
	Retained earnings	445.5	426.7
	<b>Parent Company's share of shareholders' equity</b>	<b>510.5</b>	<b>486.5</b>
	Minority interests	13.3	11.7
23	<b>Total equity</b>	<b>523.8</b>	<b>498.2</b>
22	Deferred tax	4.3	0.0
24	Financial institutions	149.4	77.3
25	Fair value, interest-rate swap	17.6	9.0
	<b>Total non-current liabilities</b>	<b>171.3</b>	<b>86.3</b>
24	Financial institutions	5.1	4.2
	Trade payables	56.4	47.7
26	Income tax	10.1	0.0
27	Other payables	85.1	96.2
	Deferred income	17.1	20.0
28	Fair value, forward exchange contract	0.0	9.6
	<b>Total current liabilities</b>	<b>173.8</b>	<b>177.7</b>
	<b>Total liabilities</b>	<b>345.1</b>	<b>264.0</b>
	<b>Total equity and liabilities</b>	<b>868.9</b>	<b>762.2</b>

## Consolidated statement of changes in equity

DKK m

2011

	Share capital	Treasury shares	Hedging reserves	Reserve, translation adjustment	Retained earnings	Parent Company's total share	Minority interests	Total equity
<b>Equity 1 January 2011</b>	<b>100.3</b>	<b>-22.6</b>	<b>-13.9</b>	<b>-4.0</b>	<b>426.7</b>	<b>486.5</b>	<b>11.7</b>	<b>498.2</b>
<b>Changes in equity 2011</b>								
Net profit for the year	0.0	0.0	0.0	0.0	293.3	293.3	8.3	301.6
Translation adjustments, foreign companies	0.0	0.0	0.0	0.6	0.0	0.6	0.0	0.6
Fair value adjustment of hedging instruments	0.0	0.0	-8.6	0.0	0.0	-8.6	0.0	-8.6
Forward contract recognised in the income statement	0.0	0.0	9.5	0.0	0.0	9.5	0.0	9.5
Tax, other comprehensive income	0.0	0.0	-0.2	0.0	0.0	-0.2	0.0	-0.2
<b>Other comprehensive income</b>	<b>0.0</b>	<b>0.0</b>	<b>0.7</b>	<b>0.6</b>	<b>0.0</b>	<b>1.3</b>	<b>0.0</b>	<b>1.3</b>
<b>Total comprehensive income</b>	<b>0.0</b>	<b>0.0</b>	<b>0.7</b>	<b>0.6</b>	<b>293.3</b>	<b>294.6</b>	<b>8.3</b>	<b>302.9</b>
Sale of treasury shares	0.0	3.9	0.0	0.0	0.0	3.9	0.0	3.9
Dividend distributed	0.0	0.0	0.0	0.0	-280.8	-280.8	-6.7	-287.5
Dividend, treasury shares	0.0	0.0	0.0	0.0	6.2	6.2	0.0	6.2
Share-based payments	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.1
<b>Total changes in equity in 2011</b>	<b>0.0</b>	<b>3.9</b>	<b>0.7</b>	<b>0.6</b>	<b>18.8</b>	<b>24.0</b>	<b>1.6</b>	<b>25.6</b>
<b>Equity at 31 December 2011</b>	<b>100.3</b>	<b>-18.7</b>	<b>-13.2</b>	<b>-3.4</b>	<b>445.5</b>	<b>510.5</b>	<b>13.3</b>	<b>523.8</b>

By year-end, a dividend (not yet approved) of DKK 3 per share, or DKK 60.2 million, has been proposed. The amount is included in retained earnings.

2010

<b>Equity 1 January 2010</b>	<b>100.3</b>	<b>-0.6</b>	<b>-5.0</b>	<b>-5.6</b>	<b>475.4</b>	<b>564.5</b>	<b>8.9</b>	<b>573.4</b>
<b>Changes in equity 2010</b>								
Net profit for the year	0.0	0.0	0.0	0.0	79.0	79.0	6.8	85.8
Translation adjustments, foreign companies	0.0	0.0	0.0	1.6	0.0	1.6	0.0	1.6
Fair value adjustment of hedging instruments	0.0	0.0	-11.9	0.0	0.0	-11.9	0.0	-11.9
Tax, other comprehensive income	0.0	0.0	3.0	0.0	0.0	3.0	0.0	3.0
<b>Other comprehensive income</b>	<b>0.0</b>	<b>0.0</b>	<b>-8.9</b>	<b>1.6</b>	<b>0.0</b>	<b>-7.3</b>	<b>0.0</b>	<b>-7.3</b>
<b>Total comprehensive income</b>	<b>0.0</b>	<b>0.0</b>	<b>-8.9</b>	<b>1.6</b>	<b>79.0</b>	<b>71.7</b>	<b>6.8</b>	<b>78.5</b>
Purchase of treasury shares	0.0	-22.0	0.0	0.0	0.0	-22.0	0.0	-22.0
Dividend distributed and cash remuneration	0.0	0.0	0.0	0.0	-130.4	-130.4	-4.0	-134.4
Dividend, treasury shares	0.0	0.0	0.0	0.0	1.9	1.9	0.0	1.9
Share-based payments	0.0	0.0	0.0	0.0	0.8	0.8	0.0	0.8
<b>Total changes in equity in 2010</b>	<b>0.0</b>	<b>-22.0</b>	<b>-8.9</b>	<b>1.6</b>	<b>-48.7</b>	<b>-78.0</b>	<b>2.8</b>	<b>-75.2</b>
<b>Equity at 31 December 2010</b>	<b>100.3</b>	<b>-22.6</b>	<b>-13.9</b>	<b>-4.0</b>	<b>426.7</b>	<b>486.5</b>	<b>11.7</b>	<b>498.2</b>



## Consolidated cash flow statement

Note		2011 DKKm	2010 DKKm
	<b>Net profit, continuing operations</b>	<b>121.2</b>	<b>87.7</b>
29	Adjustments for non-cash operating items	78.2	69.1
30	Changes in working capital	-21.6	18.2
	<b>Cash flow from operating activities before net financials</b>	<b>177.8</b>	<b>175.0</b>
	Interest received	5.6	0.4
	Interest paid	-6.8	-4.6
	<b>Cash flow from ordinary activities before tax</b>	<b>176.6</b>	<b>170.8</b>
13	Income tax paid	-20.7	-23.1
	<b>Cash flow from operating activities, continuing operations</b>	<b>155.9</b>	<b>147.7</b>
	Cash flow from operating activities, discontinued operations	-1.6	-1.6
	<b>Cash flow from operating activities, total</b>	<b>154.3</b>	<b>146.1</b>
31	Investments in intangible assets and property, plant and equipment	-15.9	-9.5
	Disposals of intangible assets and property, plant and equipment	1.9	1.8
19	Dividend from associates	0.0	4.5
	Investment in other non-current assets	0.0	0.4
	Net investment in securities, net	-158.6	-40.6
	Dividend from securities	0.2	0.4
19	Investments in associates	-6.5	0.0
	<b>Cash flow from investing activities, continuing operations</b>	<b>-178.9</b>	<b>-43.0</b>
6	Cash flow from investing activities, discontinued operations (GISAB)	201.4	-0.3
	<b>Cash flow from investing activities, total</b>	<b>22.5</b>	<b>-43.3</b>
	Repayment of non-current liabilities	-4.4	-4.2
	Additions of non-current liabilities	77.4	0.0
	Dividend to minority shareholders	-6.7	-4.0
	Sales/Investment in treasury shares	3.9	-22.0
	Dividend to shareholders	-274.6	-128.5
	<b>Cash flow from financing activities, continuing operations</b>	<b>-204.4</b>	<b>-158.7</b>
	Cash flow from financing activities, discontinued operations	0.0	0.0
	<b>Cash flow from financing activities, total</b>	<b>-204.4</b>	<b>-158.7</b>
	<b>Changes in cash and cash equivalents</b>	<b>-27.6</b>	<b>-55.9</b>
	<b>Cash and cash equivalents at 1 January</b>	<b>99.4</b>	<b>155.3</b>
32	<b>Cash and cash equivalents at 31 December</b>	<b>71.8</b>	<b>99.4</b>



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**1 Accounting policies in general**

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports for listed companies and the Danish Executive Order on Adoption of IFRSs issued in accordance with the Danish Financial Statements Act.

The income statement is presented classified by nature.

**New and revised Standards and Interpretations**

The following new and revised Standards and Interpretations have been incorporated in the Annual Report for 2011:

- Revised IAS 24, Related Party Disclosures. The most important revisions relate to specification and adjustment of the definition of related parties. The Group has no relations that are subject to the revised definition.
- Minor amendments resulting from IASB's annual improvements. The amendments have been considered and implemented in this financial year. The implementation did not affect the Annual Report.

The implementation of those new and revised standards did not impact on the Annual Report.

The amendment to IAS 32 about classification of rights issues denominated in foreign currencies, the amendment to IFRIC 14, The Limit on a Defined Benefit Asset, etc well as IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments, are found not to be of any relevance to the Group as the Group has no such transactions.

**Standards and Interpretations that have not yet become effective**

At the time of publication of this annual report, a number of new or revised Standards and Interpretations exist that have not yet become effective, for which reason they have not been incorporated in this Annual Report.

Of those Standards and Interpretations, IFRS 11, Joint Arrangements, and revised IAS 28, Investments in Associates and Joint Ventures, are expected to have a bearing on the Group's accounting policies in that the option to consolidate joint ventures on a pro rata basis in the consolidated financial statements will be abolished. The Group consolidates investments in joint ventures on a pro rata basis. When IFRS 11 enters into force in 2013, the Group will have to apply the equity method to such investments. The items of the income statement, the balance sheet and the cash flow statement will be affected by the amendment, including revenue and balance sheet total, among other items, whereas profit/loss for the year and equity will not.

Management believes that application of new or revised Standards and Interpretations which have not yet become effective will not impact significantly on the Annual Report for the coming financial years.

**Presentation currency**

The Annual Report is presented in Danish kroner.

**2 Accounting policies****Consolidated financial statements**

The consolidated financial statements comprise the Parent Company North Media A/S and the subsidiaries in which North Media A/S has a controlling interest. Control exists where North Media A/S owns or holds, directly or indirectly, more than 50% of the voting rights or otherwise exercises control over the enterprise concerned. Enterprises, in which the Group holds between 20% and 50% of the voting rights and exercises a significant, but not controlling, influence, are considered associates. In assessing whether North Media A/S has control or significant influence, potential voting rights which may presently be exercised are taken into account.

The consolidated financial statements are prepared by consolidating the audited financial statements of the Parent Company and the relevant group enterprises, all of which are presented in accordance with the Group's accounting policies. All intra-group items, including revenue, expenses, interest, dividends, unrealised gains and losses on intra-group transactions, as well as balances and investments, are eliminated for the purpose of consolidation.

Investments in subsidiaries are offset against the proportionate share of the fair value of the subsidiary's identifiable net assets and recognised contingent liabilities at the time of acquisition.



## Business combinations

Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the date of acquisition or establishment. Enterprises sold or discontinued are recognised in the consolidated income statement up to the time of sale or discontinuance. Comparatives are not restated for enterprises newly acquired, sold or discontinued, unless sold or discontinued enterprises uphold the conditions under IFRS 5 to be presented as discontinued activities. Purchases of new enterprises which give the Parent Company control over the enterprise acquired, are accounted for by applying the purchase method, according to which the identifiable assets, liabilities and contingent liabilities of the acquired enterprises are measured at fair value at the time of acquisition. Identifiable intangible assets are recognised if they can be separated from or arise from a contractual right. Deferred tax is recognised on the revaluations.

In respect of business combinations that have arisen since 1 January 2004, positive differences (goodwill) between the cost of the acquisition and the fair value of the identifiable assets, liabilities and contingent liabilities acquired are recognised as goodwill under intangible assets. Goodwill is not amortised but is tested for impairment. The first impairment test is carried out before the end of the year of acquisition. On acquisition, goodwill is allocated to the cash-generating units which subsequently provide the basis for the impairment test. Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with a functional currency different from the Group's presentation currency are treated as assets and liabilities of the foreign entity and are translated into the foreign entity's functional currency at the exchange rate ruling on the transaction date. Negative differences (negative goodwill) are recognised in the income statement at the time of acquisition.

Profits or losses from divestment or winding-up of subsidiaries and associates are calculated as the difference between selling price plus fair value of any equity interests held or settlement price and the carrying amount of net assets, including goodwill, at the time of sale plus divestment or winding-up expenses.

## Joint Ventures

Enterprises where joint management has been agreed with one or more other enterprises are regarded as Joint Ventures and are included by pro rata consolidation. This means that the proportionate share of the enterprise's income statement and balance sheet items is included in the corresponding items in the consolidated financial statements and that proportionate elimination of intra-group items is carried out.

## Currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the balance sheet date and the rate in effect at the time when the payable or the receivable arose or was recognised in the latest annual report are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currency which have not been settled at the balance sheet date are translated at the closing rate. Differences between the closing rate and the exchange rate at the time when the receivable or payable has occurred or is recognised in the latest financial statements are recognised in the income statement under financial income and expenses.

On recognition of foreign subsidiaries and associates in the consolidated financial statements using a functional currency different from the presentation currency of the Group, the income statement is translated at the average exchange rate for each month, and the balance sheet items are translated at the exchange rates at the balance sheet date. Exchange differences arising from the translation of the opening equity of foreign group enterprises at closing rates and exchange differences from the translation of income statements from average rates to closing rates are taken directly to the comprehensive income and are taken to a separate reserve in equity.

Exchange adjustments of accounts with foreign enterprises which are regarded as part of the total net investment in the enterprise concerned are taken directly to the comprehensive income.

## Notes to the consolidated financial statements

### Derivative financial instruments

Derivative financial instruments are initially recognised at fair value and subsequently measured at fair value. Positive and negative fair values are recognised as other receivables and other payables, respectively.

Fair value adjustments of derivative financial instruments classified as hedges of expected future cash flows are recognised in other comprehensive income and are included in equity under a separate hedging reserve until the hedge transaction is carried through.

## STATEMENT OF COMPREHENSIVE INCOME

### Revenue

Revenue comprises income from Print and Online for goods and services rendered less VAT, cash and quantity discounts.

Online income comprises job and banner ads, user charges as well as sales of software for classified advertisement databases, including in particular Job & CV databases. Sales of job and banner ads are recognised when the ad is published on the Internet site. Software sales are recognised when delivery and risk have passed to the purchaser. Online income imposing future liabilities on the Group is recognised over the life of the liability.

Print income comprises newspaper ads and household-distributed newspapers and printed matter. Sales are recognised on the day of publication/distribution.

### Direct expenses

Direct expenses include expenses incurred to generate revenue for the year. The expenses comprise printing, external distribution, distribution services, excluding direct staff costs, and hosting service.

### Direct staff costs

Direct staff costs include costs of staff in functions performed directly to generate the year's revenue, including distribution pay and costs of warehouse and other production functions.

### Staff costs

Staff costs include wages and salaries as well as social security costs, pensions etc for the Company's staff in production management, sales and administrative functions.

### Other costs

Other costs include costs of sale, advertising, administration, premises, bad debts etc. Costs relating to development projects which do not satisfy the criteria for recognition in the balance sheet are recognised under other external expenses.

### Depreciation

Depreciation comprise depreciation of intangible assets and property, plant and machinery over the expected useful life of the individual asset. Profit from the sale of intangible assets and property, plant and equipment is calculated as the selling price less selling expenses and the carrying amount at the time of sale.

### Other operating income

Other operating income includes items of a secondary nature relative to the activities of the enterprises. The item primarily includes invoicing of overhead costs for group companies consolidated on a pro rata basis. Their shares are not eliminated in the consolidated financial statements.

### Share option programme

The value of options granted in relation to the Group's share option programme is measured at the fair value of the options at the time of granting.

The Group's share option programme can solely be utilised by acquiring shares in North Media A/S, and is therefore classified as an equity capital programme, whereby the determined ascertained fair value at the time of granted share options is recognised in the income statement under staff costs over the period in which the final right to the options vests. The counter-item is carried directly to equity.

On initial recognition of the share options, an estimate is made of the number of options to which the employees are expected to acquire a right, see the granting conditions described in Notes 8 and 23. Subsequently, adjustments are made for changes in the estimate of the number of vested options so that the total recognition is based on the actual number of vested options.

The fair value of the options granted is estimated by using the Black Scholes pricing model. In this estimate, allowance is made for the terms and conditions that apply to the share options granted.

### **Special items**

Special items include significant income and expenses which are not directly attributable to the Group's normal operating activities, but are related to single events. Special items also include significant amounts of a non-recurring nature such as amortisation of goodwill or other assets which are written down as a result of special conditions.

### **Profits or losses from investments in associates**

The proportionate shares of the net profits or losses of associates are included in the consolidated income statement after elimination of the proportionate shares of unrealised intra-group gains/losses.

### **Financial income and expenses**

Financial income and expenses include interest income and expenses, capital and exchange gains and losses, as well as impairment losses relating to securities, debt and transactions in foreign currency and surcharges and reliefs under the Danish tax prepayment scheme, etc.

The item also includes value adjustment of the Group's portfolio of securities and any proportionate share of value adjustments of hedging instruments which do not meet the requirements for hedging future cash flows.

Borrowing costs are amortised over the term of the loan.

### **Discontinued operations**

Discontinued operations are presented separately if they represent a separate major line of business or geographical area, if activities and cash flows can be distinguished operationally and for financial reporting purposes from the rest of the Company, and the line of business has either been disposed of or classified as held for sale and the sale is highly probable and expected to be completed within one year in accordance with a single coordinated plan.

Profit after tax from discontinued operations is presented in a separate line in the income statement with restated comparatives. Revenue, expenses and taxes relating to discontinued operations are disclosed in the notes.

Cash flows from operating, investing and financing activities relating to discontinued operations are presented in separate lines in the cash flow statement with restated comparatives.

### **Tax on profit/loss for the year**

North Media A/S is jointly taxed with all its Danish subsidiaries as well as the Parent Company. The current Danish income tax is allocated among the jointly taxed Danish companies in proportion to their taxable income (full allocation with refunds for losses). The jointly taxed companies are covered by the tax prepayment scheme.

Tax for the year, which consists of current tax and changes in the calculated deferred tax, is recognised in the income statement by the portion that relates to the net profit/loss for the year, and directly in the statement of comprehensive income by the portion that relates to other comprehensive income.

## **BALANCE SHEET**

### **Intangible assets**

#### **Goodwill**

Goodwill is initially recognised in the balance sheet at cost as described under 'Business combinations'. Subsequent measurements are at cost less accumulated impairment losses. Goodwill is not amortised.

The carrying amount of goodwill is allocated to the Group's cash-generating units at the time of acquisition. The definition of cash-generating units follows the management structure and the internal financial management policy.

The carrying amount of goodwill is tested for impairment if there are any indications of impairment, but at least on a yearly basis. The impairment test is carried out for all operating assets taken together in the cash-generating unit to which goodwill is allocated. Goodwill is written down to the lower of the carrying amount and the recoverable value of the cash-generating unit to which goodwill relates. Goodwill impairment is presented in the income statement under "Special items".

## Development projects, software

Development costs comprise costs and salaries that are directly attributable to the Company's development activities, primarily development of software to the Group's online activities.

Development projects that are clearly defined and identifiable and in respect of which the technological feasibility, sufficient resources and a potential future market or development potential in the enterprise can be demonstrated and where the intention is to produce, market or use the project, are recognised as intangible assets provided that cost can be determined reliably and is sufficiently certain that future earnings will be adequate to cover the production, sales and administrative expenses and actual development costs. Other development costs are expensed in the income statement as incurred.

Capitalised development projects are measured at the lower of cost less accumulated amortisation and impairment losses.

After completion of the development work, a development project is amortised on a straight-line basis over its estimated useful life. The period of amortisation is usually 3-5 years.

Completed development projects are tested for impairment if evidence of impairment exists. Development projects in progress are also tested for impairment once a year.

## Other intangible assets

Other intangible assets include distribution rights and trademarks taken over in connection with acquisitions. For some of these assets, the Group cannot forecast a reduction in the period in which the assets are expected to generate future economic benefits to the Group. In these cases, the lives of the assets are therefore deemed indefinite, for which reason they are not amortised. Other intangible assets the lives of which are deemed definite are amortised over their expected useful lives.

Other intangible assets are amortised on a straight line basis over their estimated useful lives of 10 years. The basis of amortisation is reduced by any impairment losses.

## Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation. Cost includes cost and expenses directly related to the acquisition until the asset is ready for use. Where parts of an item of property, plant and equipment have different useful lives, they are depreciated as separate items of property, plant and equipment.

The cost of properties includes the cash cost of acquisition for land and buildings and the aggregate building and/or refurbishment expenses.

The assets are depreciated on a straight-line basis over the expected useful lives based on the following assessment of the expected useful lives of the assets:

Leasehold improvements	5 years
Owner-occupied property	50 years
Mixed land, property and buildings	35 years
Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	3-5 years

Land is not depreciated.

Depreciation is expensed in the income statement under "Depreciation".



The basis of depreciation is calculated with due regard for the asset's scrap value and is reduced by any impairment losses. The scrap value is fixed at the time of acquisition and is reconsidered every year. If the scrap value exceeds the asset's carrying amount, no further depreciation will be made.

If the period of depreciation or the scrap value is changed, the impact on depreciation will be recognised prospectively as a change of accounting estimates.

### **Investments in associates and other investments**

Investments in associates are measured according to the equity method.

Investments in associates are measured in the balance sheet at the proportionate share of the net asset value of the associates less or plus a proportionate share of unrealised profits and losses plus the carrying amount of goodwill.

Associates with a negative net asset value are measured at DKK 0. If the Group has a legal or constructive obligation to cover the associate's negative balance, it is included under liabilities.

Any receivables from associates are written down to the extent that the receivable is found to be irrecoverable. When investments are made in associates, the purchase method of accounting is used, see the description of business combinations.

### **Receivables**

Receivables are measured at amortised cost which will in most cases be equivalent to nominal value net of impairment losses.

### **Inventory**

Inventory is measured at the lower of cost and net realisable value using FIFO.

### **Prepayments**

Prepayments include expenses related to subsequent reporting periods.

### **Securities**

Shares and bonds which are monitored regularly are measured and reported at fair value in accordance with the Group's investment policy, recognised on the trading day at fair value under current assets and subsequently measured at fair value. Changes in fair value are recognised regularly in the income statement under financial income or financial expenses.

### **Impairment of assets**

North Media tests goodwill for impairment if there are indications of impairment, but at least on a yearly basis. Any impairment loss is recognised in the income statement under "Special items".

Intangible assets with an indefinable useful life are tested for impairment if there are indications of impairment. The test is carried out on at least a yearly basis, the first time before the end of the year of acquisition. Development projects in progress are also tested for impairment on at least a yearly basis.

The carrying amount of intangible assets and property, plant and equipment with definite useful lives is reviewed on an annual basis to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of the asset is estimated. The recoverable amount is the higher of the asset's fair value less expected selling costs and its value in use.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds the recoverable amount of the asset or the cash-generating unit. Impairment losses are recognised in the income statement as under "Special items".

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the assumptions and estimates that led to recognition of the impairment loss. An impairment loss is reversed only to the extent that the asset's new carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## Equity

### *Dividend*

Proposed dividend is recognised as a liability when a resolution approving the dividend has been adopted by the Annual General Meeting of shareholders (the time of declaration).

### *Treasury shares*

Cost and selling prices related to treasury shares are recognised in a separate account under equity. A capital reduction through cancellation of treasury shares reduces the share capital by an amount equal to the nominal value of the investment. Dividend related to treasury shares is taken to retained earnings account.

## Income taxes and deferred taxes

Current tax payable and current tax receivable are recognised in the balance sheet as tax calculated on the taxable income for the year, adjusted for tax on previous years' taxable income and for paid tax.

Deferred tax is measured according to the balance-sheet liability method on all temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, no deferred tax is recognised on temporary differences relating to goodwill not deductible for tax purposes, office properties, or other items where temporary differences – except in the case of acquisitions of companies – have arisen at the time of acquisition and affect neither the net profit for the year nor the taxable income. In those cases where the calculation of the tax base can be made under alternative taxation rules, deferred tax is measured on the basis of the planned use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of loss carryforwards, are recognised under other non-current assets at the values at which they are expected to be realised, either by elimination against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity and jurisdiction.

Deferred tax is adjusted for eliminations of unrealised intra-group gains and losses.

The Company is jointly taxed with all foreign subsidiaries. Deferred tax relating to re-taxation of deducted losses in foreign subsidiaries is recognised based on a specific assessment of the purpose of each subsidiary.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force at the balance sheet date would be applicable in the respective countries when the deferred tax liability is expected to crystallise as current tax. Changes in deferred tax as a result of changed tax rates are recognised in the income statement.

## Financial liabilities

Debt to credit institutions etc is recognised at the time of borrowing at the proceeds received after deduction of transaction costs incurred. In subsequent periods the financial liabilities are measured at amortised cost using 'the effective interest method' so that the difference between the proceeds and the nominal value is recognised in the income statement under financial expenses over the loan term.

Other financial liabilities are measured at amortised cost except for the Group's interest-rate swap and forward exchange contract, which are measured at fair value.

## Deferred income

Deferred income comprises payments received for recognition in subsequent reporting periods.

## Fair value hierarchy

Financial instruments measured at fair value in the balance sheet are classified using the following fair value hierarchy:

- Listed prices in active markets of identical assets or liabilities (Level 1)
- Listed prices in active markets of similar assets or liabilities, or other valuation methods where all material input are based on observable market data (Level 2)
- Valuation methods under which any material input are not based on observable market data (Level 3).

## CASH FLOW STATEMENT

The cash flow statement shows the consolidated cash flows for the year, broken down by cash flows from operating, investing and financing activities, respectively, the year's changes in cash and cash equivalents and the cash and cash equivalents at the beginning and end of the year. The cash flow statement is presented by the indirect method.

Funds generated from corporate acquisitions and disposals are shown separately under 'Cash flows from investing activities'. Cash flows concerning acquired enterprises are recognised in the cash flow statement from the time of acquisition, and cash flows concerning disposals are recognised until the time of sale.

### Cash flows from operating activities

Cash flows from operating activities are calculated as the profit or loss before tax, adjusted for non-cash operating items, working capital changes, interest received and paid and income taxes paid.

### Cash flows from investing activities

Cash flows from investing activities include payments in connection with purchases and sales of enterprises and activities, purchases and sales of intangible assets, property, plant and equipment, and other long-term assets, and purchases and sales of securities not recognised as cash and cash equivalents.

### Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the share capital and related costs, as well as the raising of loans, repayments on interest-bearing debt, purchases and sales of treasury shares, and payment of dividend to shareholders.

### Cash and cash equivalents

Cash and cash equivalents include cash balances which are an integral part of the Company's financial resources.

## SEGMENT INFORMATION

The print segment includes the distributing activities of FK Distribution, BeKey as well as the newspapers of Søndagsavisen, Helsingør Dagblad and Lokalt Avisen Nordsjælland.

The Group's Online segment consists of Ofir.dk, MatchWork.com, Søndagsavisen.dk, BoligPortal.dk, MinReklame.dk and BostadsPortal.se.

The segment of Unallocated costs consists of group-related activities which are not allocated on the operating activities in the Print and Online segments.

Revenue in the operating segments comprises newspaper publishing, distribution and Internet services.

Segment income and expenses as well as segment assets and liabilities comprise the items that are directly attributable to the individual segment and the items that can be allocated to the individual segment on a reliable basis. Unallocated items mainly comprise assets and liabilities as well as income and expenses relating to the Group's administrative functions, investment activities, income taxes, etc. Unallocated items also includes the Group's owner-occupied property and the financing thereof.

Non-current assets in the segments include non-current assets used directly in the segment's operations, including intangible assets and property, plant and equipment, and investments in associates.

Current assets in the segments comprise current assets used directly in the segment's operations, including inventories, trade receivables, other receivables and prepayments.

Segment liabilities comprise liabilities derived from the segments' operations, including trade payables as well as other payables.

## 3 Ratio definitions

Gross margin	=	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Operating profit before depreciation and amortisation	=	EBITDA
Operating profit before special items	=	EBIT
Profit margin	=	$\frac{\text{EBIT} \times 100}{\text{Revenue}}$
Return on assets	=	$\frac{\text{EBIT} \times 100}{\text{Total assets}}$
Equity ratio	=	$\frac{\text{Equity at the end of the period} \times 100}{\text{Total assets}}$
Return on equity (ROE)	=	$\frac{\text{Net profit} \times 100}{\text{Average equity}}$
Net interest-bearing debt	=	Interest-bearing debt less interest-bearing assets
Net working capital (NWC)	=	Receivables less current liabilities excl. interest-bearing debt
Capital employed	=	Equity and minority interests plus net interest-bearing debt
Return on capital employed (ROIC)	=	$\frac{\text{EBIT} \times 100}{\text{Average capital employed}}$
Net interest-bearing debt as a ratio of EBITDA	=	$\frac{\text{Net interest-bearing debt}}{\text{EBITDA}}$
Free cash flow	=	EBITDA minus investments and adjusted for changes in operational balance sheet items excl. tax
Earnings per share (EPS)	=	$\frac{\text{Parent company's share of net profit for the year}}{\text{Average number of shares in circulation}}$
Earnings per share (EPS), continuing operations	=	$\frac{\text{Profit/(loss) from continuing activities}}{\text{Average number of shares in circulation}}$
Diluted earnings per share (EPS-D)	=	$\frac{\text{Parent company's share of net profit for the year}}{\text{Average number of diluted shares in circulation}}$
Price/Earnings (P/E)	=	$\frac{\text{Share price}}{\text{EPS}}$
Cash flow per share (CFPS)	=	$\frac{\text{Cash flow from operating activities}}{\text{Average number of shares}}$

Earnings per share (EPS) and diluted earnings per share (EPS-D) are calculated in accordance with IAS 33.

Ratios have been prepared in accordance with the Danish Society of Financial Analysts' "Recommendations & Key Ratios 2010", where defined, except for EBIT which is calculated before special items.



## 4 Significant accounting estimates

The calculation of carrying amount of certain assets and liabilities requires an estimate of how future events affect the value of these assets and liabilities on the balance sheet date. Estimates, which are significant to the presentation of financial statements are, for example, made when calculating amortisation and impairment losses, provisions as well as contingent liabilities and assets.

The estimates are based on assumptions that Management believes are reasonable, but which are inherently uncertain and unpredictable. The assumptions can be incomplete or inaccurate, and unexpected events or circumstances may occur. Furthermore, the enterprise is subject to risks and uncertainties that may lead to actual results that differ from these estimates. Special risks that North Media A/S is exposed to are mentioned in the management commentary on pages 30-33.

Assumptions about the future and about other uncertain estimates on the balance sheet date are disclosed in the notes if they involve a material risk of changes that may lead to significant adjustments of the carrying amount of assets or liabilities within the next financial year.

For North Media A/S the measurement of intangible assets, including goodwill, can be significantly affected by material changes in estimates and assumptions underlying the calculations of values. For a description of the impairment test of intangible assets, see Note 16.

Deferred tax assets are recognised to the extent that it is probable that they can be utilised in connection with future profits in the Company or elsewhere in the Group. Capitalisation of tax assets are thus based on estimates of earnings expectations.

The most significant estimates made in the presentation of the financial statements are:

- The useful life of plant and machinery, in that these assets are subject to technological development and the fact that reducing or prolonging the lifetime by 1 year will affect depreciation for the year.
- Goodwill, including the possible necessity of writing down goodwill from subsidiaries.
- The need for impairment of the intangible assets as part of an impairment test.

## 5 Segment information

DKKm

2011

	Print	Online	Unallocated costs/elim. *)	Total
Internal revenue	1.0	8.0	-9.0	0.0
Revenue	1,147.1	64.5	-	1,211.6
Gross profit	518.0	62.9	-1.2	579.7
EBITDA	238.7	-49.2	10.0	199.5
Amortisation and depreciation	22.8	1.4	8.8	33.0
EBIT before special items	215.9	-50.6	1.2	166.5
Special items	0.0	0.0	0.0	0.0
Share of profit in associates	-	-	-0.5	-0.5
Profit before tax, continuing operations	215.9	-50.6	-3.0	162.3
Profit on disposal of subsidiaries	-	-	-	182.0
Net profit, discontinued operations	-	-	-	-1.6
Net profit for the year	-	-	-	301.6
Minority interests	-	-	-	8.3
Shareholders' share	-	-	-	293.3
Non-current assets	102.4	37.0	299.8	439.2
Current assets, excl cash and cash equivalents	99.4	11.4	7.5	118.3
Segment assets	201.8	48.4	307.3	557.5
Cash, cash equivalents and securities	-	-	-	279.4
Goodwill	19.6	19.5	0.0	39.1
Intangible assets with an indefinite life	3.0	11.9	0.0	14.9
Non-current liabilities	0.4	0.0	170.9	171.3
Current liabilities	130.3	16.8	26.7	173.8
Segment liabilities	130.7	16.8	197.6	345.1
Investments in associates	-	-	-	8.6
Investments	13.4	0.9	1.6	15.9
Cash flow from operating activities	231.6	-55.9	-19.8	155.9
Cash flow from investing activities	-0.8	-12.6	35.9	22.5
Cash flow from financing activities	0.0	0.0	-204.4	-204.4
Average number of employees	480	90	32	602
Profit margin (EBIT)	19%	-78%	-	14%
EBITDA margin	21%	-76%	-	16%
Return on assets	107%	-	-	30%
Gross margin (%)	45%	98%	-	48%

## Geographic information

North Media A/S mainly operates in the Danish market, and more than 97% of the consolidated revenue is invoiced in DKK. No significant foreign assets or liabilities are recognised in the balance sheet. Non-current assets outside Denmark represent less than DKK 1 million.

\*Intra-group revenue is eliminated in Other costs. Other items relate to unallocated costs as well as assets and liabilities.

## 5 Segment information (continued)

DKKm

2010

	Print	Online	Unallocated costs/elim. *)	Total
Internal revenue	1.4	7.3	-8.7	0.0
Revenue	1,069.5	69.2	-	1,138.7
Gross profit	471.9	66.3	-2.5	535.7
EBITDA	199.7	-43.4	0.1	156.4
Amortisation and depreciation	29.5	6.3	10.4	46.2
EBIT before special items	170.2	-49.7	-10.3	110.2
Special items	-8.4	-19.6	0.0	-28.0
Share of profit in associates	-	-	16.5	16.5
Profit before tax, continuing operations	161.8	-69.3	10.5	103.0
Profit on disposal of subsidiaries	-	-	-	-0.3
Net profit, discontinued operations	-	-	-	-1.6
Net profit for the year	-	-	-	85.8
Minority interests	-	-	-	6.8
Shareholders' share	-	-	-	79.0
Non-current assets	112.7	37.7	302.3	452.7
Current assets, excl cash and cash equivalents	88.1	8.0	14.4	110.5
Segment assets	200.8	45.7	316.7	563.2
Cash, cash equivalents and securities	-	-	148.2	148.2
Goodwill	19.6	19.5	0.0	39.1
Intangible assets with an indefinite life	3.0	11.9	0.0	14.9
Non-current liabilities	0.5	0.0	85.8	86.3
Current liabilities	126.1	20.1	31.5	177.7
Segment liabilities	126.6	20.1	117.3	264.0
Investments in associates	-	-	2.6	2.6
Investments	7.6	0.6	1.3	9.5
Cash flow from operating activities	204.3	-63.5	6.9	147.7
Cash flow from investing activities	-0.5	-6.6	-35.9	-43.0
Cash flow from financing activities	0.0	0.0	-158.7	-158.7
Average number of employees	479	113	35	627
Profit margin (EBIT)	16%	-72%	-	10%
EBITDA margin	19%	-63%	-	14%
Return on assets	85%	-	-	20%
Gross margin (%)	44%	96%	-	47%

## Geographic information

North Media A/S mainly operates in the Danish market, and more than 97% of the consolidated revenue is invoiced in DKK. No significant foreign assets or liabilities are recognised in the balance sheet. Non-current assets outside Denmark represent less than DKK 1 million.

\*Intra-group revenue is eliminated in Other costs. Other items relate to Unallocated costs as well as assets and liabilities.

	2011 DKKkm	2010 DKKkm
<b>6 Profit on disposals of associates/subsidiaries and results of discontinued operations</b>		
<b>Profit on disposals of subsidiaries</b>	<b>182.0</b>	<b>-0.3</b>
Profit on disposals of associates/subsidiaries	182.0	0.0
Disposals of associates/subsidiaries	18.8	0.0
Translation adjustments	0.6	0.0
<b>Cash flow from investing activities, discontinued operations</b>	<b>201.4</b>	<b>-0.3</b>
Specification:		
Cash recieved, DKKkm	212.9	-0.3
Losses on forward exchange contract previously recognised in equity	-9.5	0.0
Cost of sales of associates	-2.0	0.0
<b>Cash flow</b>	<b>201.4</b>	<b>0.0</b>
Profit on the sale of company represents the profit on sale of the remaining 33% of the GISAB shares. The profit is recognised in Discontinued activities corresponding to the presentation of the profit from the sale of the first 67% of the shares.		
<b>Net loss, closing down printing activities:</b>		
Closing down costs, printing facility	-2.2	-2.1
<b>Net costs, closing down printing facility</b>	<b>-2.2</b>	<b>-2.1</b>
Tax, discontinued operations	0.6	0.5
<b>Loss, discontinued operations</b>	<b>-1.6</b>	<b>-1.6</b>

## 7 Employees and staff costs

Average number of employees

2011 DKK m	2010 DKK m
602	627

In addition a large number of part-time employees are working in distribution.

### Analysis of total salaries and remuneration for the year

Wages and salaries, incl holiday pay	416.1	421.8
Defined contribution plans	19.1	17.8
Other social security costs	3.5	4.5
Remuneration of the Parent Company's Board of Directors	1.2	0.9
Share-based payment	0.1	0.8
Other staff costs	28.5	24.4
<b>Total staff costs</b>	<b>468.5</b>	<b>470.2</b>

### The total staff costs are included under the following items in the income statement:

Direct staff costs	205.3	203.0
Staff costs	263.2	267.2
<b>Total staff costs</b>	<b>468.5</b>	<b>470.2</b>

### Remuneration of the Board of Directors, Executive Board and managerial staff

DKK m	Board of Directors of Parent Company	The Parent's Executive Board	Other managerial staff	Total
<b>2011</b>				
Wages and salaries	1.2	8.6	15.2	25.0
Pension (defined contribution plans)	0.0	0.4	0.7	1.1
Share-based payment	0.0	0.1	0.0	0.1
<b>Remuneration of Board of Dir., Exec. Board and man. staff</b>	<b>1.2</b>	<b>9.1</b>	<b>15.9</b>	<b>26.2</b>
<b>Number of members</b>	<b>4</b>	<b>3</b>	<b>7</b>	<b>14</b>
<b>2010</b>				
Wages and salaries	0.9	12.7	12.4	26.0
Pension (defined contribution plans)	0.0	0.5	0.5	1.0
Share-based payment	0.0	0.4	0.2	0.6
Severance pay	0.0	10.1	0.0	10.1
<b>Remuneration of Board of Dir., Exec. Board and man. staff</b>	<b>0.9</b>	<b>23.7</b>	<b>13.1</b>	<b>37.7</b>
<b>Number of members</b>	<b>4</b>	<b>3</b>	<b>6</b>	<b>13</b>

The Board of Directors of the Parent Company in 2011 consisted of 4 members, which is unchanged compared to 2010. The Executive Board has had 3 members throughout the period. In 2011, Lars Nymann Andersen forms a part of the Parent Company's Executive Board, whereas Mads Dahl Andersen is included under other managerial staff. In the note above, Mads Dahl Andersen forms part of the Parent Company's Executive Board for 2010, whereas Lars Nymann Andersen is included under other managerial staff.



## 8 Share-based payment

In 2006-2008, North Media A/S granted share options to the Company's Executive Board and selected managerial employees. The total fair value of the options granted came to DKK 3.9 million. Since 2008 no share options were granted.

In the financial year, 138,000 share options, corresponding to 0.7% of the share capital, have been exercised.

The options can only be settled in shares. The vesting period is approximately three years for all grants.

The estimated fair values at the date of granting were calculated using the Black Scholes model for the valuation of European call options.

During the year an amount of DKK 0.1 million (2010: DKK 0.8 million) was expensed under staff costs relating to the share option schemes.

The movements in outstanding share options are specified as follows:

	Number of options	
	2011 number	2010 number
Outstanding share options, 1 January	304,000	484,000
Granted in the financial year	0	0
Lost due to termination of employment	-60,000	-80,000
Exercised in the financial year	-138,000	0
Expired in the financial year	-106,000	-100,000
<b>Outstanding share options, 31 December</b>	<b>0</b>	<b>304,000</b>
<b>Number of share options which can be exercised at the balance sheet date</b>	<b>0</b>	<b>106,000</b>

No outstanding share options remain at the balance sheet date.

For further information, see Note 23.

	2011 DKKm	2010 DKKm
<b>9 Fee to the auditors appointed by the Company in General Meeting</b>		
<b>Deloitte</b>		
Statutory audit services	1.8	2.0
Other assurance engagements	0.0	0.1
Tax services	0.1	0.3
Other services	0.7	0.7
<b>Total fee to the auditors</b>	<b>2.6</b>	<b>3.1</b>
<b>10 Share of profit of associates after tax</b>		
Share of profit before tax	-0.5	22.0
Share of tax	0.0	-5.5
<b>Total share of profit of associates after tax</b>	<b>-0.5</b>	<b>16.5</b>
<b>11 Net financials</b>		
Exchange differences	0.0	0.2
Interest income etc	2.5	0.8
Dividend	0.2	0.3
Capital gains on bonds	4.3	0.0
Capital gains on shares	0.0	8.3
<b>Total financial income</b>	<b>7.0</b>	<b>9.6</b>
Capital losses on shares	3.9	0.0
Interest expenses etc	6.8	5.3
<b>Total financial expenses</b>	<b>10.7</b>	<b>5.3</b>

Interest income relates to lending and receivables, see Note 39. Financial expenses relate to financial liabilities measured at amortised cost, see Note 39.

## 12 Special items

	2011 DKKm	2010 DKKm
Impairment of software related to the Online business	0.0	12.2
Impairment of software related to the Print business	0.0	8.4
Impairment of goodwill	0.0	3.9
Impairment of other intangible assets	0.0	3.5
<b>Total special items</b>	<b>0.0</b>	<b>28.0</b>

Due to the continued negative developments for part of the business activities it was decided to write down all intangible assets relating to loss-making activities in connection with the presentation of the Interim Report at 30 June 2010. Total write-downs amount to DKK 28.0 million. DKK 9.3 million of total write-downs of DKK 28.0 million is attributable to the Print segment, whereas DKK 18.7 million is attributable to the Online segment.

## 13 Income tax

<b>In the period under review, income tax was paid in the amount of (continuing operations)</b>	<b>-20.7</b>	<b>-23.1</b>
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### Income tax in the income statement, continuing operations:

Current tax charges	36.2	17.8
Change in the deferred tax charge	4.9	-2.4
Adjustments relating to prior years	0.0	-0.1
<b>Total income tax, continuing operations</b>	<b>41.1</b>	<b>15.3</b>

### Analysis of tax for the year, continuing operations:

25% tax calculated on the profit before tax	40.6	25.8
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### Tax effect of:

Adjustments relating to prior years	0.0	-0.1
Other non-deductible expenses / non-taxable income	0.5	-1.1
Share of profit after tax of associates	0.0	-4.1
Not included tax assets from foreign subsidiaries	0.0	0.8
Utilisation of capital loss carryforwards from shares and interests deductions	0.0	-6.0
<b>Total income tax, continuing operations</b>	<b>41.1</b>	<b>15.3</b>

<b>Effective tax rate</b>	<b>25.3%</b>	<b>14.9%</b>
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North Media A/S is jointly taxed with Baunegård ApS as a result of the latter holding more than 50% of the shares. Baunegård ApS is the administration company which attends to payment of income tax, including tax pre-payment. Income tax payable is settled with the administration company.

# 14 Earnings per share

	2011 DKKm	2010 DKKm
Net profit for the year - total	301.6	85.8
Minority interests' share of the consolidated profit	-8.3	-6.8
<b>The North Media A/S Group's share of the net profit for the year</b>	<b>293.3</b>	<b>79.0</b>
Net profit for the year - continuing operations	121.2	87.7
Minority interests share of the consolidated profit - continuing operations	-8.3	-6.8
<b>The North Media A/S Group's share of the net profit for the year - continuing operations</b>	<b>112.9</b>	<b>80.9</b>
Average number of shares (in millions)	20.1	20.1
Average number of treasury shares	0.5	0.3
<b>Average number of shares in circulation</b>	<b>19.6</b>	<b>19.8</b>
Average dilution effect of outstanding share options	0.2	0.2
<b>Average number of diluted shares in circulation</b>	<b>19.8</b>	<b>20.0</b>
Earnings per share (EPS) of DKK 5 – total	15.0	4.0
Diluted earnings per share (EPS-D) of DKK 5 – total	14.8	4.0
Earnings per share (EPS) of DKK 5 – continuing operations	5.8	4.1
Diluted earnings per share (EPS-D) of DKK 5 – continuing operations	5.7	4.0

The calculation of diluted earnings per share does not include 0 share options (2010: 106,000), which on average have been out-of-the-money, but which may potentially can dilute earnings per share in future. The share options not included expired on 31 July 2011.

# 15 Dividend per share

The Board of Directors recommends that the Annual General Meeting to be held on 9 March 2012 pay dividend of DKK 3 per share in denominations DKK 5. This corresponds to total distribution of DKK 60.2 million.

## 16 Intangible assets

DKKm

	Good-will	Other intangible assets	Completed development projects, software	Development projects in progress	Total
<b>2011</b>					
Cost at 1 January	56.4	36.9	109.7	0.0	203.0
Additions for the year	0.0	0.0	0.7	1.7	2.4
Disposals for the year	0.0	0.0	1.5	0.0	1.5
<b>Cost at 31 December</b>	<b>56.4</b>	<b>36.9</b>	<b>108.9</b>	<b>1.7</b>	<b>203.9</b>
Amortisation and impairment losses at 1 January	17.3	17.4	106.5	0.0	141.2
Amortisation for the year	0.0	0.8	1.7	0.0	2.5
Disposals for the year	0.0	0.0	1.5	0.0	1.5
<b>Amortisation and impairment losses at 31 December</b>	<b>17.3</b>	<b>18.2</b>	<b>106.7</b>	<b>0.0</b>	<b>142.2</b>
<b>Carrying amount at 31 December</b>	<b>39.1</b>	<b>18.7</b>	<b>2.2</b>	<b>1.7</b>	<b>61.7</b>
<b>Amortised over (years)</b>	<b>-</b>	<b>5-10</b>	<b>3-5</b>	<b>-</b>	<b>-</b>

Other intangible assets include assets worth DKK 14.9 million which are considered to have indefinite lives, for which reason they are not amortised.

## 2010

Cost at 1 January	56.4	36.9	135.6	4.4	233.3
Additions for the year	0.0	0.0	5.0	0.0	5.0
Disposals for the year	0.0	0.0	30.9	4.4	35.3
<b>Cost at 31 December</b>	<b>56.4</b>	<b>36.9</b>	<b>109.7</b>	<b>0.0</b>	<b>203.0</b>
Amortisation and impairment losses at 1 January	13.4	12.7	104.0	0.0	130.1
Amortisation for the year	0.0	1.2	12.8	0.0	14.0
Impairment losses for the year	3.9	3.5	20.6	0.0	28.0
Amortisation of disposals	0.0	0.0	30.9	0.0	30.9
<b>Amortisation and impairment losses at 31 December</b>	<b>17.3</b>	<b>17.4</b>	<b>106.5</b>	<b>0.0</b>	<b>141.2</b>
<b>Carrying amount at 31 December</b>	<b>39.1</b>	<b>19.5</b>	<b>3.2</b>	<b>0.0</b>	<b>61.8</b>
<b>Amortised over (years)</b>	<b>-</b>	<b>5-10</b>	<b>3-5</b>	<b>-</b>	<b>-</b>

In 2010, goodwill, software and other intangible assets were written down for the Group's loss-making activities.



## 16 Intangible assets – continued

### Assets with an indefinite life

Assets with an indefinite life are not amortised, but are instead subject to an annual impairment test.

Goodwill is by definition an asset with an indefinite life.

Other intangible assets comprise distribution rights and trademarks acquired in connection with acquisitions. For some of these assets, the Group cannot foresee a limit to the period over which the assets may be expected to generate future economic benefits for the Group. In these cases, the lives of the assets are therefore deemed indefinite, for which reason they are not amortised. Other intangible assets the lives of which are deemed limited are subjected to amortisation.

### Impairment test

Goodwill and other intangible assets were tested for impairment in connection with the preparation of the financial statements. This has not resulted in impairment of goodwill (in 2010, goodwill was written down for impairment by DKK 3.9 million relating to MinReklame) as well as impairment of other intangible assets relating to both other intangible assets and software. Please refer to Note 12 for a specification of the write-downs made.

The impairment test was performed by comparing the carrying amount of each Cash Generating Unit (CGU) to the discounted values of future cash flows. The following discount rates were applied:

Discount rate	Print	Online
2011 after tax	7.6%	9.8%
2011 before tax	10.1%	13.1%
2010 after tax	8.2%	10.3%
2010 before tax	10.9%	13.7%

The discount rate is composed of two elements - debt and equity. As, however, it would be difficult to obtain debt finance for the Online business that segment has only one element - equity. The equity share has been calculated on the basis of a risk-free interest rate plus a market risk premium weighted by an expected equity share. Similarly, the debt share is based on the interest rate on loan capital weighted by an expected debt share.

The discount model is based on the 2012 budget, which is projected up to four years ahead based on conservative estimates, after which the terminal value is fixed as the value of an infinite series with EBIT growing by 2% every year (2010: 2%). Tax is set at 25% in the model (2010: 25%).

A stress test was performed of the remaining intangible assets by for instance reducing earnings by 50%. This will not create a need for write-downs. The remaining software is primarily related to development activities in the Distribution segment, which supports operations within production or distribution.

If the required discount rate is increased by 1%, there will be no need for further write-downs.

Of the Group's total goodwill of DKK 39.1 million, DKK 19.6 million is attributable to the Print segment while DKK 19.5 million is attributable to the Online segment.

# 17 Property, plant and equipment DKKm

2011	Land and buildings	Plant and machinery	Fixtures and fittings	Property, plant and equipment in course of construction	Total
Cost at 1 January	373.7	125.2	159.9	0.0	658.8
Additions for the year	0.0	3.7	9.9	0.1	13.7
Disposals for the year	0.3	1.0	6.9	0.1	8.3
<b>Cost at 31 December</b>	<b>373.4</b>	<b>127.9</b>	<b>162.9</b>	<b>0.0</b>	<b>664.2</b>
Depreciation and impairment losses at 1 January	65.3	65.7	145.3	0.0	276.3
Depreciation for the year	8.4	14.8	7.3	0.0	30.5
Disposals for the year	0.3	0.5	5.5	0.0	6.3
<b>Depreciation and impairment losses at 31 December</b>	<b>73.4</b>	<b>80.0</b>	<b>147.1</b>	<b>0.0</b>	<b>300.5</b>
<b>Carrying amount at 31 December</b>	<b>300.0</b>	<b>47.9</b>	<b>15.8</b>	<b>0.0</b>	<b>363.7</b>
<b>Depreciated over (years)</b>	<b>35-50</b>	<b>5-10</b>	<b>3-5</b>	<b>-</b>	<b>-</b>

## 2010

Cost at 1 January	372.7	123.3	185.6	0.0	681.6
Additions for the year	1.0	1.9	5.9	0.8	9.6
Disposals for the year	0.0	0.0	31.6	0.8	32.4
<b>Cost at 31 December</b>	<b>373.7</b>	<b>125.2</b>	<b>159.9</b>	<b>0.0</b>	<b>658.8</b>
Depreciation and impairment losses at 1 January	57.2	51.1	165.6	0.0	273.9
Depreciation for the year	8.1	14.6	8.6	0.0	31.3
Depreciation of disposals	0.0	0.0	28.9	0.0	28.9
<b>Depreciation and impairment losses at 31 December</b>	<b>65.3</b>	<b>65.7</b>	<b>145.3</b>	<b>0.0</b>	<b>276.3</b>
<b>Carrying amount at 31 December</b>	<b>308.4</b>	<b>59.5</b>	<b>14.6</b>	<b>0.0</b>	<b>382.5</b>
<b>Depreciated over (years)</b>	<b>35-50</b>	<b>5-10</b>	<b>3-5</b>	<b>-</b>	<b>-</b>

The Group's former printing house has been on the market since 2009. We have not yet found a buyer for the property, but keep up the sales efforts, for which reason the property remains classified as Assets held for sale. The carrying amount stands at DKK 32 million.

The property is up for sale with a real estate agency. The selling price exceeds the property's carrying amount. Due to the difficulties of selling the property, the carrying amount is subject to uncertainty.

## 18 Investments in Joint Ventures

Joint Venture companies are recognised on a pro rata consolidated basis in the income statement. The companies are classified as Joint Ventures based on an assessment of the existing owner's agreements.

Joint Ventures:	Registered office	Ownership	
		2011	2010
Dansk Distributions Center P/S	Taastrup	50%	50%
Dansk Distributions Center Komplementar ApS	Søborg	50%	50%
Tryksagsomdelingen Fyn P/S	Svendborg	57%	57%
Tryksagsomdelingen Fyn Komplementar ApS	Søborg	60%	60%

Reference is made to the group chart on page 88.

Summary of the Group's share of the profits etc of Joint Ventures:	2011	2010
	DKKm	DKKm
Revenue	106.4	99.8
Expenses	85.9	81.8
Other operating income	1.9	1.7
Net financials	0.1	0.1
<b>Profit before tax</b>	<b>22.5</b>	<b>19.8</b>
Non-current assets	0.7	1.1
Current assets	38.5	33.7
<b>Total assets</b>	<b>39.2</b>	<b>34.8</b>
Current liabilities	12.1	10.4
<b>Total liabilities</b>	<b>12.1</b>	<b>10.4</b>

## 19 Investments in associates

Net asset value at 1 January	2.6	8.0
Additions for the year	6.5	0.0
Share of profit before tax	-0.5	22.0
Share of tax	0.0	-5.5
Translation adjustment	0.0	1.4
Dividend	0.0	-4.5
Reclassified to "assets held for sale"	0.0	-18.8
<b>Net asset value at 31 December</b>	<b>8.6</b>	<b>2.6</b>

The equity investment in GISAB was divested in the beginning of 2011. In 2010, the equity investment was recognised at DKK 18.8 million net and reclassified as assets held for sale. Assets held for sale are specified as follows:

GISAB	0.0	18.8
Property, printing activity	32.0	32.0
<b>Total</b>	<b>32.0</b>	<b>50.8</b>

## 19 Investments in associates, continued

Associates	Registered office	Ownership	
		2011	2010
A/S Vestsjællandske Distriktsblade	Slagelse	50%	50%
Gratistidningar i Sverige AB (GISAB), sold 1 January 2011.	Stockholm	0%	33%

Reference is made to the group chart on page 88.

### Summary of the Group's share of profits etc of associates

	2011 DKKm	2010 DKKm
Revenue	12.3	101.2
Profit before tax	-0.5	22.0
Total assets	11.9	44.8
Total liabilities	3.3	23.4

## 20 Trade receivables

Trade receivables	98.9	86.7
Write-downs	-7.0	-2.9
<b>Net trade receivables</b>	<b>91.9</b>	<b>83.8</b>

### Write-downs included in the above receivables have developed as follows:

Write-downs at 1 January	2.9	4.8
Expensed for the year, net	5.9	1.1
Received from previous year	-1.0	-0.8
Used in the year:		
Recorded loss	-0.8	-2.2
<b>Write-downs at 31 December</b>	<b>7.0</b>	<b>2.9</b>

No security has been received for trade receivables.

In the financial year under review, a total amount of DKK 0.3 million was recognised as interest income relating to receivables written down (2010: DKK 0.2 million).

## 21 Securities

The Group's portfolio of securities measured at fair value includes mortgage credit bonds as well as Danish and foreign listed shares.

## 22 Deferred tax

Deferred tax at 1 January	-0.6	1.8
Deferred tax included in the net profit for the year	4.9	-0.7
Reclassified as tax payable	0.0	-1.7
<b>Deferred tax at 31 December, net</b>	<b>4.3</b>	<b>-0.6</b>

## 22 Deferred tax, continued

### Specification of deferred tax:

DKKm	2011			2010		
	Assets	Liabilities	Total	Assets	Liabilities	Total
Intangible assets	2.5	8.5	-6.0	5.0	8.4	-3.4
Property, plant and equipment	2.7	1.2	1.5	4.8	1.6	3.2
Current assets	1.1	0.5	0.6	0.4	0.4	0.0
Non-current liabilities	0.0	0.4	-0.4	0.0	0.0	0.0
Tax losses available for carry-forward	0.0	0.0	0.0	0.8	0.0	0.8
<b>Total</b>	<b>6.3</b>	<b>10.6</b>	<b>-4.3</b>	<b>11.0</b>	<b>10.4</b>	<b>0.6</b>
Set-off of deferred tax assets and deferred tax liabilities within the same legal tax entities and jurisdictions	6.3	6.3	0.0	11.0	11.0	0.0
<b>Deferred tax assets at 31 December</b>	<b>0.0</b>	<b>4.3</b>	<b>-4.3</b>	<b>0.0</b>	<b>-0.6</b>	<b>0.6</b>

## 23 Equity

	Number in thousands		Nominal value DKK'000	
	2011	2010	2011	2010
<b>Share capital</b>				
At 1 January	20,055	20,055	100,275	100,275
<b>At 31 December</b>	<b>20,055</b>	<b>20,055</b>	<b>100,275</b>	<b>100,275</b>

The share capital consists of 20,055,000 shares of DKK 5.00 nominal value each, fully paid in. No shares carry special rights.

Treasury shares	Number in thousands		Nominal value DKK'000		% of share capital	
	2011	2010	2011	2010	2011	2010
At 1 January	582	24	2,905	120	2.90%	0.12%
Additions for the year	0	558	0	2,785	0.00%	2.78%
Disposals for the year	-138	0	-690	0	-0.69%	0.00%
<b>At 31 December</b>	<b>444</b>	<b>582</b>	<b>2,215</b>	<b>2,905</b>	<b>2.21%</b>	<b>2.90%</b>

North Media A/S is authorised to acquire a maximum nominal amount of DKK 15,041,000 of share capital. This authorisation runs until 23 April 2015.

In the financial year 2011, North Media A/S did not acquire treasury shares. (2010: Acquired a total of 557,122 treasury shares at an average price of 39.42, equal to 22.0 million). In the financial year 2011, the Company sold 138,000 treasury shares in connection with a number of the employees exercising the share option scheme. (2010: No sale). The selling price was 27.92 and at the time of exercise, the average market price was 44.90.

The portfolio of treasury shares was acquired with a view to potentially being cancelled, and previously to partly or wholly hedge the outstanding share options relating to the Group's share incentive programme.



## The Executive Board's and other staff's share of issued options

	Time of earliest exercise	Number of options granted	Number of employees who have been granted op- tions	Number lapsed	Number exercised	Number of unexer- cised at 31.12.2011	Exercise price	Accumu- lated costs recognised, DKKkm	Fair value at grant date DKKkm
<b>Executive Board</b>									
Granted April 2006	2009	100,000	1	100,000	0	0	77.28	3.7	3.7
Granted June 2007	2010	100,000	3	100,000	0	0	77.90	2.1	2.1
Granted June 2008	2011	120,000	4	70,000	50,000	0	27.92	0.5	0.5
<b>Other managerial staff</b>									
Granted June 2007	2010	102,000	5	102,000	0	0	77.90	1.6	1.6
Granted June 2008	2011	130,000	6	90,000	40,000	0	27.92	1.0	1.0
<b>Other staff</b>									
Granted June 2007	2010	48,000	4	48,000	0	0	77.90	0.7	0.7
Granted June 2008	2011	104,000	8	56,000	48,000	0	27.92	0.5	0.5

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

Options granted in 2006 and 2007 have expired without having been exercised. Options granted in 2008 have all been exercised or have lapsed.

The options are settled in shares from North Media A/S' portfolio of treasury shares.

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

### Reserve for treasury shares, hedging reserve and reserve for foreign currency translation adjustments

The reserve for treasury shares includes the accumulated acquisition price of the Company's portfolio of treasury shares. The reserve is dissolved for the portion of the portfolio of shares that is cancelled or sold.

The hedging reserve include the accumulated net change in the fair value of hedging transactions which meet the criteria for hedging future cash flows, with the transaction hedged not having been carried out yet.

The reserve for foreign currency translation adjustments includes all exchange rate adjustments resulting from the translation of financial statements of entities using a functional currency other than DKK as well as exchange rate adjustments relating to assets and liabilities which represent part of the Group's net investments in such entities.

	2011 DKKm	2010 DKKm
<b>24 Debt to financial institutions etc</b>		
Mortgage debt	154.5	81.5
<b>Carrying amount</b>	<b>154.5</b>	<b>81.5</b>
Of which, floating rate	85.6	81.5
Of which, fixed rate	69.0	0.0
<b>Debt to financial institutions is included under the following items in the balance sheet:</b>		
Non-current liabilities	149.4	77.3
Current liabilities	5.1	4.2
<b>Carrying amount</b>	<b>154.5</b>	<b>81.5</b>
<b>Nominal value</b>	<b>154.5</b>	<b>81.5</b>

For details of interest-rate sensitivity, see Note 38.

## 25 Fair value, interest-rate swap

Due after 5 years	17.6	9.0
<b>Non-current</b>	<b>17.6</b>	<b>9.0</b>
<b>Fair value, interest-rate swap</b>	<b>17.6</b>	<b>9.0</b>

The Group's CIBOR 6 loan carrying a floating interest rate is repaid as a 20-year annuity loan. In order to reduce interest-rate uncertainty, the interest rate is fixed throughout the term of the loan via an interest-rate swap. The interest-rate swap is also repaid as a 20-year annuity loan based on a fixed interest rate, including contributions of 5.38%. As a result of the loan conversion in 2011, the CIBOR 6 debt slightly exceeds the interest-rate swap.

The interest rate on the CIBOR 6 loans is recognised under financial expenses.

The interest-rate swap was measured at fair value at 31 December 2011. The value of the interest-rate swap (debt) is DKK 17.6 million (DKKm 9.0 in 2010), and revaluations are recognised through other comprehensive income.

The interest-rate sensitivity of the interest-rate swap is described in further detail in Note 38 under the section Interest-rate risks.

	2011 DKKm	2010 DKKm
<b>26 Income tax payable</b>		
Income tax payable at 1 January	-5.7	2.6
Current tax for the year, continuing operations	35.3	17.1
Current tax for the year, discontinued operations	0.6	-0.5
Adjustments related to prior years	0.0	-0.1
Transferred from deferred tax	0.0	-1.7
Income taxes paid for the year	-20.1	-23.1
<b>Income tax receivable/payable at 31 December</b>	<b>10.1</b>	<b>-5.7</b>
<b>Presented as follows:</b>		
Income tax receivable	0.0	5.7
Income tax payable	10.1	0.0
<b>Income tax receivable/payable at 31 December</b>	<b>10.1</b>	<b>-5.7</b>

	2011 DKKm	2010 DKKm
<b>27 Other payables</b>		
A-tax (PAYE) etc payable to public authorities	1.2	6.2
VAT liability	11.4	14.9
Other debt	72.5	75.1
<b>Total other payables</b>	<b>85.1</b>	<b>96.2</b>

## 28 Fair value, forward exchange contract

With a view to reducing the foreign currency risk involved in the sale of the shares in GISAB, a forward contract was concluded in 2010 for the sale of SEK 180 million at an average selling price of DKK/SEK 77.54. At 31 December 2010, the value of this forward contract was a negative DKK 9.6 million. The unrealised exchange loss was not recognised in the income statement for 2010, but was included in other comprehensive income under the item Value adjustment of hedging instruments. In 2011, the hedged amount was recognised as part of the selling price.

## 29 Adjustments for non-cash operating items

Share of profit in associates	0.5	-16.5
Tax for the year	41.1	15.3
Amortisation and depreciation of assets	33.0	45.1
Share based payments	0.1	0.8
Impairment losses	0.0	28.0
Loss on disposals for the year	0.0	1.1
Net financials	4.0	3.5
Value adjustments, securities	-0.5	-8.2
<b>Total adjustments</b>	<b>78.2</b>	<b>69.1</b>

## 30 Changes in working capital

Changes in receivables	-13.5	-13.0
Changes in current liabilities excl. short-term bank debt	-8.1	31.2
<b>Changes in working capital</b>	<b>-21.6</b>	<b>18.2</b>

## 31 Investments in intangible assets and property, plant and equipment

Investment in software	-2.4	-0.8
Investment in land and buildings	0.0	-1.0
Investment in plant and machinery	-3.6	-1.9
Investment in operating equipment, fixtures and fittings	-9.9	-5.8
<b>Total investments</b>	<b>15.9</b>	<b>-9.5</b>

	2011 DKK m	2010 DKK m
<b>32 Cash and cash equivalents</b>		
<b>Cash and cash equivalents at 31 December</b>		
Cash	71.8	99.4
<b>Cash and cash equivalents at 31 December</b>	<b>71.8</b>	<b>99.4</b>
<b>33 Operating leases and rent obligations</b>		
<b>Operating leases</b>		
Future minimum expenses related to operating leases:		
Due within 1 year	0.6	0.7
Due within 1 and 5 years	0.1	0.4
<b>Total</b>	<b>0.7</b>	<b>1.1</b>
The Group has entered into operating leases relating to operating assets. The lease term is typically a period of between 2 and 8 years with extension as may be arranged after the end of the term. No lease contains conditional lease payments.		
For operating leases the following amounts have been recognised in the income statement:	0.7	0.5
<b>Rent obligations</b>		
Future minimum lease payments related to rent obligations:		
Due within 1 year	1.5	2.0
Due within 1 and 5 years	0.0	0.1
<b>Total</b>	<b>1.5</b>	<b>2.1</b>
For rent obligations the following amounts have been recognised in the income statement:	3.2	4.2
<b>34 Contingent assets and liabilities, and guarantee obligations</b>		
<b>Contingent assets</b>		
Søndagsavisen a-s (now North Media A/S) was by the Danish Eastern High Court awarded a compensation of DKK 75 million as well as DKK 4 million covering legal costs. The case pertains to Forbruger-Kontakt's (now FK Distribution) claim for compensation for the loss sustained by Forbruger-Kontakt for Post Danmark A/S' abuse of its dominant position. Post Danmark A/S has appealed the High Court's judgment to the Supreme Court. The main hearing is set for 30th and 31st May 2013. Any awarded compensation will not be recognised until the case is settled, and no options of appeal remain. Legal costs are recognised in the income statement as incurred.		
North Media A/S has realised losses in a number of foreign subsidiaries. The tax base of these losses is not recognised in the balance sheet as it is not believed that the losses can be set off against future earnings in the near future.		
<b>35 Security for loan</b>		
Carrying amount of mortgaged properties provided as security for the Group's mortgage debt.	299.7	307.9

## 36 Related parties

As a majority shareholder in North Media A/S' parent company, Baunegård ApS, Richard Bunck is affected by the disclosure requirements for related parties. During the financial year, there were no transactions with Richard Bunck except for the payment of remuneration to the Board of Directors.

Baunegård ApS is wholly owned and controlled by Richard Bunck. This company is an administration company in the joint taxation with North Media A/S and guarantees the payment/receipt of Danish income tax on behalf of the North Media Group's Danish Companies.

The group company Ofir Services A/S has entered into co-operation on Internet sales of package holidays with the company Travelmarket controlled by Richard Bunck. Ofir Services A/S has in 2011 provided customers to Travelmarket for an agent fee of DKK 0.1 million (2010: DKKm 0.1).

Board Member Ulrik Holsted-Sandgreen is an attorney-at-law and partner of Bech-Bruun, the law firm providing professional advice to the Company. Therefore, Ulrik Holsted-Sandgreen is not to be considered independent. In 2011, Bech Bruun invoiced the Group for a total of DKK 1.6 million for advisory services (2010: DKK 3.7 million).

In the year under review no transactions were made with the Board of Directors, Executive Board, managerial staff, significant shareholders or other related parties, except for salaries and remuneration set out in Note 7 and redemption of share options as specified in Note 8.

North Media has transactions with associates and subsidiaries in the form of ordinary business activities such as buying and selling services. All related party transactions are conducted on an arm's length basis.

Transactions with subsidiaries are eliminated in the consolidated financial statements in accordance with the accounting policies.

	2011 DKKm	2010 DKKm
<b>Transactions with associates</b>		
A/S Vestsjællandske Distriktsblade, sale	6.4	3.4
<b>Total transactions</b>	<b>6.4</b>	<b>3.4</b>
A/S Vestsjællandske Distriktsblade	1.5	1.0
<b>Total receivables</b>	<b>1.5</b>	<b>1.0</b>

## 37 Subsequent events

No events other than those mentioned in the Annual Report have occurred up to the presentation of the Annual Report on 9 February 2012 which would influence the financial statement user's perception of the Annual Report.



## 38 Financial risks

The Group's handling of risks and risk management is described in detail in a separate section to the Annual Report. Supplementary information for understanding the Group's financial risks is given below.

### Optimisation of capital structure

The Board of Directors regularly reviews whether the Group's capital structure is in compliance with the interests of the Company and the shareholders. The overall target is to ensure a capital structure which supports long-term financial growth which at the same time maximises return for the Group's shareholders by maintaining a natural balance between equity and debt. It is group policy to be self-funded to the extent possible. The Group's properties, however, are funded by long-term loans. The Group's overall strategy is unchanged compared to last year.

The Group's capital structure consists of long-term mortgage debt, cash including securities and equity.

### Financial gearing

The Company's Board of Directors reviews the Group's capital structure twice annually when presenting the Interim Report and Annual Report. As part of this review, the Board of Directors reviews the Group's capital costs and the risks associated with each type of capital. The Group has a net interest-bearing cash position and, thus, a negative financial gearing.

### Liquidity risks

The Group's cash reserves consist of cash funds in a total amount of DKK 71.8 million. (2010: DKKm 99.4). In addition, the Group has securities of DKK 207.6 million. (2010: DKKm 48.8). The Group has currently no credit facilities.

The Group financial liabilities are due as follows:

#### DKKm

2011 Financial instruments	Carrying amount	Contractual cash flow**	Within 3 months	Within 1 year	1-5 years	After 5 years
Financial institutions incl. interest-rate swap*	172.1	252.6	0.0	12.5	48.5	191.6
Forward exchange contract	0.0	0.0	0.0	0.0	0.0	0.0
Trade payables	56.4	56.4	56.4	0.0	0.0	0.0
Other payables	85.1	85.1	50.6	34.5	0.0	0.0
<b>Liabilities at 31 December</b>	<b>313.6</b>	<b>394.1</b>	<b>107.0</b>	<b>47.0</b>	<b>48.5</b>	<b>191.6</b>

#### 2010

##### Financial instruments

Financial institutions incl. interest-rate swap*	90.5	125.0	0.0	7.4	29.7	87.9
Trade payables	9.6	9.6	0.0	9.6	0.0	0.0
Income taxes	47.7	47.7	47.7	0.0	0.0	0.0
Other payables	96.2	96.2	65.8	30.4	0.0	0.0
<b>Liabilities at 31 December</b>	<b>244.0</b>	<b>277.9</b>	<b>113.5</b>	<b>46.8</b>	<b>29.7</b>	<b>87.9</b>

\*) The contractual cash flow for the interest-rate swap has been included in figures for financial institutions.

\*\*\*) Including interests

## Interest-rate risks

It is group policy to hedge the interest-rate risk of the Group's loans when the Group believes that the interest payments can be secured at a satisfactory level compared to the related costs. Hedging is usually made through interest-rate swaps, where floating-rate loans are changed into a fixed interest rate. However, a minor share of the mortgage borrowing may be raised as floating-rate loans if this is found appealing.

In 2011, the Group's mortgage loans were converted in which connection supplementary borrowing was made. The Group's mortgage loans can be stated as follows:

	2011 DKKm	2010 DKKm
CIBOR 6 loan, term to maturity, 19.75 years	85.6	81.5
4% bond debt, term to maturity, 29.75 years	68.9	0.0
Market value of interest-rate swap	17.6	9.0
<b>Total mortgage debt incl interest-rate swap</b>	<b>172.1</b>	<b>90.5</b>

The main part of the CIBOR 6 loan is fixed through an interest-rate swap. A minor share of the loan totalling DKK 6.4 million is not fixed. The total value of mortgage loans and associated interest-rate swaps totals DKK 172.1 million (2010: DKK 90.5 million).

Fluctuations in the interest-rate level affects the Group's bond portfolio, bank deposits, mortgage debt and market value of interest-rate swaps. An increase in the interest-rate level of 1% per annum will have no significant effect on the market values of the CIBOR 6 mortgage loans because their interest rates are determined every six months. However, the market value of the interest-rate swap-debt will be increased by DKK 7.5 million on a decrease in the interest-rate level of 1% per annum. Correspondingly, an increase in the interest-rate level would reduce the market value of the interest-rate swap by DKK 6.8 million. The duration has been determined at 7.5. For 2010, the interest-rate sensitivity of the interest-rate swap was approx DKK 6.7 million in the event of an increase in the interest-rate level of 1% per year (and a decline in the interest-rate level would increase the interest-rate swap by DKK 6.7 million), equivalent to a duration of 7.7.

The bond debt is recognised at amortised cost, and fluctuations in the market value are therefore not recognised in the financial statements. A 1% increase per year in the interest-rate level would reduce the market value of the debt by DKK 4.4 million. Conversely, a 1% drop per year in the interest-rate level would only to a very limited extent affect the market value of the debt as the price currently is above 100.

An increase in the interest-rate level of 1% per year compared to the existing level for 2011 would have increased interest income from the Group's deposits by DKK 1.0 million. In 2010, an increase in the interest-rate level would have increased interest income by DKK 1.5 million. In 2011, a decline in the interest-rate level by 1% would have reduced the interest income by DKK 0.4 million (2010: DKK 0.4 million).

The calculation of the Group's interest-rate sensitivity is based on the following assumptions:

- The sensitivity rates specified for the fixed-rate debt have been calculated on the basis of recognised financial assets and liabilities at 31 December 2011. No adjustments of the mortgage debt were made in 2011 in respect of repayments, borrowings and the like.
- For the cash pool deposit and other deposits, the interest-rate sensitivity has been calculated based on the actual deposits on a daily basis. It is assumed that the interest rate cannot be negative.
- It is assumed that the CIBOR 6 loans are repaid in accordance with the ordinary repayment method used for a 20-year annuity loan, based on a fixed interest rate including contribution rate for a mortgage loan of 5.38%.
- All security aspects of floating-rate loans are found to be 100% effective.

The Group's cash and cash equivalents are placed at current account.

A portion of the Group's cash reserve is invested in securities, including bonds and Danish as well as foreign shares. Accordingly, the Group is extensively exposed to interest-rate risks.

The following contractual repricing or maturity dates can be stated for the Group's financial assets and financial liabilities, depending on which date is first and the amount of the interest-bearing assets and liabilities that carry fixed interest rates. Floating-rate loans are considered to have a repricing date within one year.

<b>2011 DKKm</b>	<b>Within 1 year</b>	<b>Between 2 - 5 yrs</b>	<b>After 5 yrs</b>	<b>Total</b>	<b>Of this, carrying fixed int.</b>	<b>Average duration</b>
Bonds	39.4	60.8	71.6	171.8	171.8	3
Bank deposit	71.8	0.0	0.0	71.8	0.0	1
Mortgage debt	-85.6	0.0	68.9	-154.5	-68.9	5
Interest-rate swap	75.8	-15.0	-60.8	0.0	-79.2	8
<b>At 31 December</b>	<b>101.4</b>	<b>45.8</b>	<b>-58.1</b>	<b>89.1</b>	<b>23.7</b>	<b>-</b>

<b>2010 DKKm</b>	<b>Within 1 year</b>	<b>Between 2 - 5 yrs</b>	<b>After 5 yrs</b>	<b>Total</b>	<b>Of this, carrying fixed int.</b>	<b>Average duration</b>
Bonds	0.0	0.0	0.0	0.0	0.0	-
Bank deposit	99.4	0.0	0.0	99.4	0.0	1
Mortgage debt	-81.5	0.0	0.0	-81.5	0.0	1
Interest-rate swap	79.2	-14.3	-64.9	0.0	-82.4	8
<b>At 31 December</b>	<b>97.1</b>	<b>-14.3</b>	<b>-64.9</b>	<b>17.9</b>	<b>-82.4</b>	<b>-</b>

## Share price risk

A portion of the Group's cash reserve is invested in securities, including Danish as well as foreign shares. A 10% change in the share price would influence performance and equity for the year by DKK 3.6 million (2010: DKK 4.9 million). A 10% change in the USD exchange rate compared to the exchange rate at 31 December 2011 would influence performance and equity for the year by DKK 2.1 million. (2010: DKK 1.1 million)

## Currency risks

More than 97% of the Group's activities are in Denmark. There are minor activities in England, Sweden and Germany.

The Group sold the remaining GISAB shares in early 2011. The selling price was approx SEK 250 million. A forward contract was made for the sale of SEK 180 million at an average selling rate of DKK/SEK 77.54 for partial hedging of the selling amount. The contract lapsed when the money was received.

There is no significant trading between business units in different countries, but North Media is exposed to currency risks in connection with cash flows relating to financial transactions and dividend flows. There is also a translation risk in connection with the consolidation and translation of the financial statements of foreign subsidiaries into Danish kroner and in connection with the Group's net investment in the companies.

The Group's total currency risks are subject to ongoing assessments, and it is the Group's policy to reduce the impact of exchange rate fluctuations on results and the Group's financial position. However, the foreign currency risk of the operating results is not hedged because of the limited foreign activity.

Special currency exposures, including in connection with acquisitions and sales of companies, are always assessed individually by the Board of Directors.

It is believed that hedging of the Group's foreign investments and related items and the exposure from the transla-

## Notes to the consolidated financial statements

tion of foreign financial statements into Danish kroner does not commensurate with the associated cost. Therefore, no hedging is performed.

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

DKK m	Exchange rate change	Profit before tax 2011	Equity 31/12 2011	Profit before tax 2010	Equity 31/12 2010
Exchange rate used		av. rate	closing rate	av. rate	closing rate
SEK	+/-10 %	+/-1.3	+/-1.3	+/-1.0	+/-0.4
GBP	+/-10 %	+/-0.2	+/-0.2	+/-0.2	+/-0.2

The Group had no other significant currency risks relating to receivables and payables denominated in foreign currency at 31 December 2011.

The determination of the Group's currency exposure is based on the following assumptions:

- The sensitivity rates specified for operating activities have been calculated based on continuing activities.
- It is assumed that sales, prices and interest-rate levels will remain unchanged.
- The sensitivity rates related to financial instruments have been calculated on the basis of the financial instruments recognised at 31 December.
- The calculated expected fluctuations are based on the average annual volatility rates for the underlying risks.

### Credit risks

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

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

In the past three years the Group's bad debts have been at the level of 1.0‰ to 5.0‰ of revenue.

The balance overdue on trade receivables is composed as follows:

DKK m		0-30 days	31-60 days	61-90 days	>90 days	Total
<b>2011</b>						
Overdue trade receivables, not impaired		17.5	0.8	0.3	0.0	18.6
Overdue trade receivables, impaired		0.0	0.3	0.3	8.3	8.9
						27.5
Write-down						-7.0
<b>Trade receivables, net value at 31 December 2011</b>						<b>20.5</b>
<b>2010</b>						
Overdue trade receivables, not impaired		11.6	0.9	0.3	0.0	12.8
Overdue trade receivables, impaired		0.0	0.3	0.3	3.0	3.6
						16.4
Write-down						-2.9
<b>Trade receivables, net value at 31 December 2010</b>						<b>13.5</b>

## 39 Carrying amount of financial assets and liabilities

	2011 DKKm		2010 DKKm	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Trade receivables	91.9	91.9	83.8	83.8
Receivables from associates	1.5	1.5	1.3	1.3
Income tax receivable	0.0	0.0	5.7	5.7
Other receivables	12.5	12.5	7.0	7.0
Securities	207.6	207.6	48.8	48.8
Cash	71.8	71.8	99.4	99.4
<b>Total financial assets measured at amortised cost</b>	<b>385.3</b>	<b>385.3</b>	<b>246.0</b>	<b>246.0</b>
Financial institutions	154.5	154.8	81.5	81.7
Trade payables	56.4	56.4	47.7	47.7
Income tax	10.1	10.1	0.0	0.0
Other payables	85.1	85.1	96.2	96.2
<b>Financial liabilities measured at amortised cost</b>	<b>306.1</b>	<b>306.4</b>	<b>225.4</b>	<b>225.6</b>
Interest-rate swap	17.6	17.6	9.0	9.0
Forward exchange contract	0.0	0.0	9.6	9.6
<b>Financial liabilities measured at fair value</b>	<b>17.6</b>	<b>17.6</b>	<b>18.6</b>	<b>18.6</b>

The fair value of the interest-rate swap has been calculated on the basis of the market price from the counterparty at 31 December 2011 (level 2).

The fair value of credit institutions has been calculated on the basis of the market price of the bonds underlying the loans at 31 December 2011 (level 1).

The fair value of securities has been calculated using the market price at 31 December 2011 for each instrument (level 1).

The fair value of the forward exchange contract has been calculated on the basis of the market price from the counterparty for the relevant currency on 31 December 2010 (level 2).

The fair value of other assets and liabilities was calculated in accordance with the accounting policies, (level 3) to which reference is made.





## **Richard Bunck**

Year of birth: 1940

Position: Major shareholder of North Media A/S

### **Position in North Media A/S:**

Chairman of the Board of Directors of North Media A/S since 2 April 2004. His term of office expires in 2012. He has the following executive functions in the following North Media A/S subsidiaries:

Chairman of the Board of Directors of:

- Forbruger-Kontakt A/S
- North Media Ejendomme ApS
- Væksthuset ApS

Directorships:

- Boligportal ApS (Vice-Chairman)
- Matchwork World Wide A/S (Vice-Chairman)
- Ofir A/S
- Ofir Services A/S (Vice-Chairman)
- Søndagsavisen A/S (Vice-Chairman)
- BeKey ApS

Not in compliance with the independence recommendations of by the Danish Committee on Corporate Governance as Richard Bunck is the Company's principal shareholder.

The Board of Directors of North Media A/S has asked Richard Bunck to temporarily assume the role of CEO of the subsidiary, Ofir A/S.

### **Competencies:**

Trained in shipping at the East Asiatic Company. At the age of 23, Richard Bunck went to the Thule Air Base in Greenland.

2010 The Group changes name to North Media A/S

1996 Søndagsavisen A/S is listed on the Copenhagen Stock Exchange

1978 The first copies of Søndagsavisen are printed

1972 The name of the Company changed to Forbruger-Kontakt

1965 Acquires half of the enterprise, Reklamedistributionen in Copenhagen

### **Other directorships/executive positions:**

Member of the Board of Directors/Executive Officer of:

- Baunegård ApS
- Bunck Invest 1 ApS
- Bunck Invest 2 ApS
- Invest 88 A/S
- Riøl Invest ApS
- RMJ Finansiel Group ApS



## **Peter Rasztar**

Year of birth: 1945

Position: Executive Officer

### **Position in North Media A/S:**

Vice-chairman of the Company's Board of Directors since 29 April 2005. His term of office expires in 2012. Has been appointed as chairman of the Audit Committee by the Board of Directors.

Meets the independence recommendations of the Danish Committee on Corporate Governance.

And he has the following executive functions in the following North Media A/S subsidiaries:

Vice-Chairman of the Board of Directors:

- Forbruger-Kontakt A/S

### **Competencies:**

#### **Education:**

1972 HD Diploma in Accounting and Finance Management

#### **Previous employment:**

2007-2008 CEO of Danpo/the Kronfågel Group, Denmark and Sweden

2001-2005 CEO and Group Managing Director of Swedish Meats ek. för., Sweden

1997-2001 CEO of TULIP International Ltd., UK

1991-1997 CEO of companies in the Danish slaughtering and refinement sector

1988-1991 CEO and Group Managing Director of ESS-FOOD UK Group, UK

### **Special competencies:**

Has the following special competencies that are specifically material to the Board work in North Media A/S: In-depth knowledge of strategic management of broad-based enterprises as well as accounting, economics and other financial areas.

### **Other directorships/executive positions:**

Member of the Board of Directors/Executive Officer of:

- Bosarp A/S, Bosarp – Sverige
- Carnad A/S



## **Steen Gede**

Year of birth: 1953

Position: Wholesale Dealer – Owner of Unicare Nordic A/S

### **Position in North Media A/S:**

Member of the Company's Board of Directors since 25 April 2003. His term of office expires in 2012. Has been appointed as member of the Audit Committee by the Board of Directors.

Meets the independence recommendations of the Danish Committee on Corporate Governance. And he has the following other executive functions in the following North Media A/S subsidiaries:

Member of the Board of Directors of:

- Forbruger-Kontakt A/S

### **Competencies:**

#### **Education:**

1978 MSc (strategic planning and accounting description methodology)

#### **Previous employment:**

2000-2005 CEO of Gatetrade.net

1999 CEO and GMD of FDB

1997-1998 Group Managing Director of Det Berlingske Officin

1990-1997 Group Managing Director of Dagrofa

### **Special competencies:**

Has the following special competencies that are specifically material to the Board work in North Media A/S: In-depth knowledge of strategic management of enterprises in the groceries trade and media business as well as accounting, economics and other financial areas.

### **Other directorships/executive positions:**

Chairman of the Board of Directors of:

- Benedicte Holding ApS including one subsidiary
- Brandhouse A/S including one subsidiary
- Forenede A/S including one subsidiary
- Panel Institute ApS
- Sgups Holding A/S including six subsidiaries, one of them Unicare Nordic A/S
- Unicare Nordic A/S (wholly-owned subsidiaries group of Sgups Holding), including four subsidiaries
- Unicare Solar Energy ApS

Member of the Board of Directors/Executive Officer of:

- Gumlink A/S
- Sanistål A/S
- Thiele A/S, including two subsidiaries
- HUJ A/S



## **Ulrik Holsted-Sandgreen**

Year of birth: 1970

Position: Attorney-at-Law and Partner of Bech-Bruun, a Danish law firm

### **Position in North Media A/S:**

Member of the Company's Board of Directors since 4 April 2008. His term of office expires in 2012.

Not in compliance with the independence recommendations of the Danish Committee on Corporate Governance as Ulrik Holsted-Sandgreen is Attorney-at-Law and Partner of Bech-Bruun, which renders professional advisory to Richard Bunck and the Group.

And he has the following other executive functions in the following North Media A/S subsidiaries:

Member of the Board of Directors of:

- Forbruger-Kontakt A/S

### **Competencies:**

#### **Education:**

2005 Entitled to appear before the Danish Supreme Court

1998 Licence to practice law

### **Special competencies:**

Has the following special competencies that are specifically material to the Board work in North Media A/S: In-depth knowledge of international and national legal relations, including company law and stock market law.

### **Other directorships/executive positions:**

#### **Honorary offices:**

Member of Foreningen Højesteretsskranken, a Danish association of Supreme Court attorneys and attorneys entitled to appear before the Danish Supreme Court.



## Lars Nymann Andersen

Year of birth: 1972

### Position in North Media A/S:

CEO of the North Media A/S Group since 1 January 2011 and joined the Executive Board as of 1 January 2011.

And he has the following other executive functions in the following North Media A/S subsidiaries:

Chairman of the Board of Directors of:

- Helsingør Dagblad A/S
- Søndagsavisen A/S
- Ofir A/S
- Ofir Services A/S (Søndagsavisen.dk)
- MatchWork World Wide A/S

Member of the Board of Directors:

- North Media Ejendomme ApS
- Bekey A/S
- Væksthuset ApS (Bostadsportal.se)
- BoligPortal ApS
- MinReklame ApS

### Competencies:

#### Education:

- |      |  |
|------|--|
| 2001 | Master of Laws from University of Copenhagen |
| 1999 | Master of Laws, LL.M, University of Essex    |

### Previous employment:

- |           |  |
|-----------|--|
| 2008-2011 | CEO, Helsingør Dagblad A/S             |
| 2006-2008 | Chief Legal Officer, Søndagsavisen A/S |
| 2001-2006 | Legal advisor, Søndagsavisen A/S       |
| 2001-2002 | Legal advisor, Ofir A/S                |



## Kåre Stausø Wigh

Year of birth: 1969

### Position in North Media A/S:

CFO of North Media A/S since 1 October 2005 and joined the Executive Board as of 1 September 2006. And he has the following other executive functions in the following North Media A/S subsidiaries:

Member of the Board of Directors of:

- Helsingør Dagblad A/S
- North Media Ejendomme ApS
- Søndagsavisen A/S
- Væksthuset ApS
- Ofir A/S
- Ofir Services A/S (Søndagsavisen.dk)
- MatchWork World Wide A/S

### Competencies:

#### Education:

- |      |   |
|------|---|
| 2011 | Executive MBA – CBS-SIMI, Copenhagen Business School (Copenhagen)               |
| 2005 | Advanced Development Program - Cranfield School of Management (London, England) |
| 2000 | Program for Executive Development – IMD (Lausanne, Schweiz)                     |
| 1994 | HD Diploma in Accounting and Finance Management - Copenhagen Business School    |
| 1991 | Trainee with the East Asiatic Company   |

### Previous employment:

- |           |  |
|-----------|--|
| 2001-2005 | Financial Controller, The East Asiatic Company Ltd. A/S (Singapore)      |
| 1997-2001 | Assistant to CEO, Plumrose Latinoamericana C.A. (Caracas, Venezuela)     |
| 1995-1997 | Administration Manager, Plumrose Latinoamericana C.A. (Cagua, Venezuela) |
| 1991-1995 | Manager Accounts, ØK/EAC Shipping A/S (Copenhagen)                       |
| 1989-1991 | Trainee with the East Asiatic Company (Copenhagen)                       |



Year of birth: 1963

**Position in North Media A/S:**

Media Director of Søndagsavisen A/S since 1 May 2008 and joined the Executive Board as of 1 August 2009.

And he has the following other executive functions in the following North Media A/S subsidiaries:

Chairman of the Board of Directors of:

- MinReklame ApS

Member of the Board of Directors of:

- Helsingør Dagblad A/S

**Competencies:**

**Education:**

- |      |   |
|------|---|
| 1991 | Master of Art (American University, Washington D.C., USA) |
| 1987 | Journalist (Danish School of Media and Journalism)        |

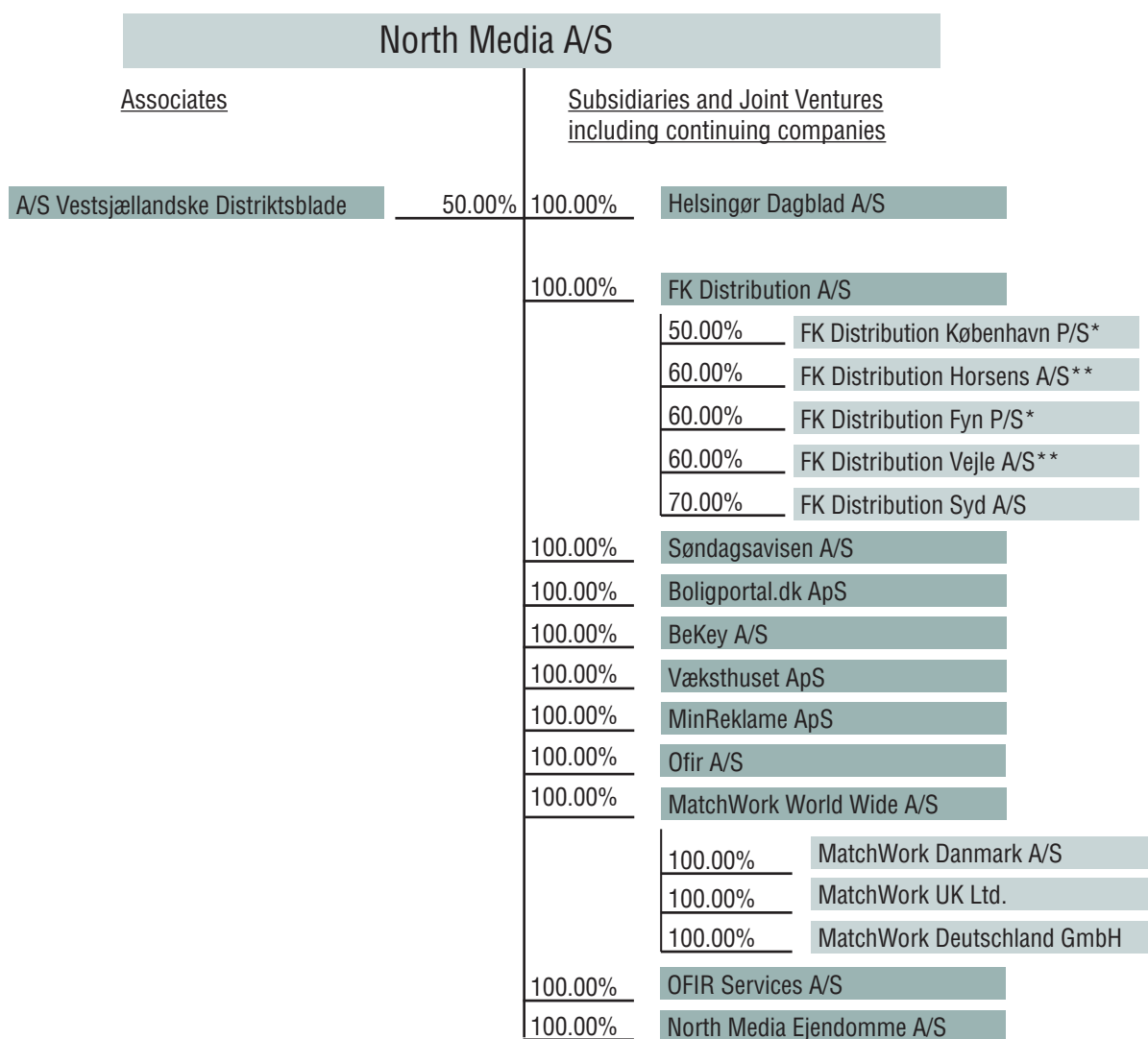
**Previous employment:**

- |           |  |
|-----------|--|
| 2003-2008 | Editor responsible under press law, CEO, B.T                                 |
| 2001-2003 | Head of Organisational Development, Programme Director staff, Danmarks Radio |
| 1998-2001 | Head of DR-Dokumentar (documentaries), Danmarks Radio                        |
| 1995-1997 | Chief sub-editor, Børsens Nyhedsmagasinet                                    |



## Group Structure

At 31 December 2011



\* Joint ventures (pro-rata consolidated)

\*\* Merged at 1 January 2012 with FK Distribution Vejle A/S as continuing company



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# **North Media A/S**

FINANCIAL STATEMENTS

PARENT COMPANY

2011

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Note		2011 DKK m	2010 DKK m
	<b>Revenue</b>	<b>52.4</b>	<b>57.8</b>
42	Staff costs	28.8	44.5
44	Other costs	35.0	33.8
43	Amortisation and depreciation	0.7	2.7
	<b>EBIT before special items</b>	<b>-12.1</b>	<b>-23.2</b>
	Share of profit/loss in subsidiaries	113.6	64.6
	Share of profit/loss in associates	-0.5	16.5
	Financial income	8.6	12.2
	Financial expenses	4.0	0.0
	Gain/loss from divestments	182.6	0.0
	<b>Profit before tax</b>	<b>288.0</b>	<b>70.1</b>
45	Tax for the year	-1.9	-6.0
	<b>Net profit for the year</b>	<b>289.9</b>	<b>76.1</b>

For distribution of profit, please see page 21 in the Annual Report.

## Parent balance sheet at 31 December

### Assets

Note		2011 DKK m	2010 DKK m
	Operating equipment, fixtures and fittings	2.0	1.9
47	<b>Property, plant and equipment</b>	<b>2.0</b>	<b>1.9</b>
48	Investments in subsidiaries	434.5	514.0
49	Investments in associates	8.6	21.4
50	Deferred tax asset	0.6	0.9
	Other receivables	4.5	4.5
	<b>Fixed asset investments</b>	<b>448.2</b>	<b>540.8</b>
	<b>Total non-current assets</b>	<b>450.2</b>	<b>542.7</b>
	Trade receivables	0.0	2.9
	Receivables from subsidiaries	107.9	156.5
	Income tax receivable	0.0	5.8
	Receivables from associates	0.9	0.8
	Other receivables	1.4	0.0
	Prepayments	3.9	3.3
	<b>Receivables</b>	<b>114.1</b>	<b>169.3</b>
	Securities	207.6	48.8
	Cash	59.6	86.0
	<b>Total current assets</b>	<b>381.3</b>	<b>304.1</b>
	<b>Total assets</b>	<b>831.5</b>	<b>846.8</b>

Equity and liabilities		2011	2010
Note		DKKm	DKKm
	Share capital	100.3	100.3
	Proposed dividend	60.2	0.0
	Retained earnings	316.5	356.8
	<b>Shareholders' equity</b>	<b>477.0</b>	<b>457.1</b>
	Fair value, forward exchange contract	0.0	9.6
	Trade payables	2.3	2.2
	Payables to subsidiaries	334.5	367.6
51	Income tax payables	10.0	0.0
52	Other payables	7.7	10.3
	<b>Total current liabilities</b>	<b>354.5</b>	<b>389.7</b>
	<b>Total liabilities</b>	<b>354.5</b>	<b>389.7</b>
	<b>Total equity and liabilities</b>	<b>831.5</b>	<b>846.8</b>
53	Operating leases and rent obligations		
54	Contingent assets and liabilities, and guarantee obligations		
55	Related parties		

## Parent statements of changes in equity

DKK m

2011

	Share capital	Retained earnings	Proposed dividend	Total
<b>Equity at 1 January 2011</b>	<b>100.3</b>	<b>356.8</b>	<b>0.0</b>	<b>457.1</b>
<b>Changes in equity in 2011</b>				
Translation adjustments, foreign subsidiaries and associates	0.0	-0.1	0.0	-0.1
Adjustments of investments in subsidiaries and associates	0.0	-8.6	0.0	-8.6
Adjustments, forward exchange contract	0.0	9.6	0.0	9.6
Tax recognised directly in equity	0.0	-0.3	0.0	-0.3
Net profit/loss for the year	0.0	229.7	60.2	289.9
Purchase of treasury shares	0.0	3.9	0.0	3.9
Dividend distributed and cash remuneration	0.0	-280.8	0.0	-280.8
Dividend, treasury shares	0.0	6.2	0.0	6.2
Share-based payment	0.0	0.1	0.0	0.1
<b>Total changes in equity in 2011</b>	<b>0.0</b>	<b>-40.3</b>	<b>60.2</b>	<b>19.9</b>
<b>Equity at 31 December 2011</b>	<b>100.3</b>	<b>316.5</b>	<b>60.2s</b>	<b>477.0</b>

2010

<b>Equity at 1 January 2010</b>	<b>100.3</b>	<b>437.6</b>	<b>0.0</b>	<b>573.9</b>
<b>Changes in equity in 2010</b>				
Translation adjustments, foreign subsidiaries and associates	0.0	1.7	0.0	1.7
Adjustments of investments in subsidiaries and associates	0.0	-2.3	0.0	-2.3
Adjustments, forward exchange contract	0.0	-9.6	0.0	-9.6
Tax recognised directly in equity	0.0	3.0	0.0	3.0
Net profit/loss for the year	0.0	76.1	0.0	76.1
Purchase of treasury shares	0.0	-22.0	0.0	-22.0
Dividend distributed and cash remuneration	0.0	-130.4	0.0	-130.4
Dividend, treasury shares	0.0	1.9	0.0	1.9
Share-based payment	0.0	0.8	0.0	0.8
<b>Total changes in equity in 2010</b>	<b>0.0</b>	<b>-80.8</b>	<b>0.0</b>	<b>-80.8</b>
<b>Equity at 31 December 2010</b>	<b>100.3</b>	<b>356.8</b>	<b>0.0</b>	<b>457.1</b>



## 40 Accounting policies in general

The Parent Company's financial statements have been prepared in accordance with the provisions of the Danish Financial Statements Act for reporting class D companies and the financial reporting requirements of NASDAQ OMX Copenhagen for listed companies.

The Annual Report is presented in Danish kroner.

## 41 Accounting policies

The Parent Company's recognition and measurement criteria are identical to the Group's accounting policies except in the following areas:

### INCOME STATEMENT

#### Profits or losses from investments in subsidiaries

The Parent Company's profit includes the proportionate share of the net profits/losses of the individual group companies after full elimination of intra-group gains or losses.

### BALANCE SHEET

#### Investments

Investments in group companies are measured according to the equity method. Investments are measured in the balance sheet at the proportionate share of net asset value plus goodwill regarding such group companies.

Goodwill is measured at cost less accumulated amortisation and impairment losses.

Amortisation is provided on a straight-line basis over the expected lives of the assets, which are not more than:

- Goodwill 10 years

Goodwill is amortised over the estimated economic life which is determined based on the Management's experience of the individual business areas. Goodwill is amortised on a straight-line basis over the amortisation period which is not more than 10 years and longest for strategically acquired companies with a strong market position and a long-term earnings profile. Amortisation of goodwill on consolidation is recognised in the income statement under investments in subsidiaries.

Goodwill is tested for impairment if there are any indications of impairment. The impairment test is carried out for the activity or the business area to which goodwill relates. Goodwill is written down to the higher of the value in use and net selling price for the activity or the business area to which goodwill relates (recoverable amount) if such amount is lower than the carrying amount.

Only goodwill acquired after 1 January 2002 has been capitalised.

Subsidiaries and associates with a negative net asset value are measured at nil, and any amount due from these companies is written down by the Parent Company's share of the negative net asset value to the extent that it is found to be uncollectible. Should the negative net asset value exceed the amount due, the remaining amount will be recognised under provisions to the extent that the Parent Company has a legal or constructive obligation to cover the liabilities of the company concerned.

Other investments acquired for permanent ownership are measured at cost. If the carrying amount is found to be permanently impaired, a write-down is made which will be reflected in the income statement.

#### Equity

Dividends expected to be paid for the year is presented as a separate item under equity.

#### 42 Employees and staff costs

Average number of employees

2011  
DKKk

2010  
DKKk

32

35

#### Analysis of total salaries and remuneration for the year

Wages and salaries, incl compensated absence

22.7

39.0

Defined contribution pensions

1.5

1.4

Other social security costs

0.1

0.0

Remuneration of the Parent Company's Board of Directors

1.2

0.9

Other staff costs

3.3

3.2

**Total staff costs**

**28.8**

**44.5**

#### Remuneration of the Board of Directors, Executive Board and managerial staff DKKk

##### 2011

Wages and salaries

1.2

8.6

0.0

9.8

Defined contribution pensions plans

0.0

0.4

0.0

0.4

Share-based payment

0.0

0.1

0.0

0.1

**Total remuneration**

**1.2**

**9.1**

**0.0**

**10.3**

**Number of members**

**4**

**3**

**0**

**7**

##### 2010

Wages and salaries

0.9

12.7

0.0

13.5

Defined contribution pensions plans

0.0

0.5

0.0

0.5

Share-based payment

0.0

0.4

0.0

0.4

Severance pay

0.0

10.1

0.0

10.1

**Total remuneration**

**0.9**

**23.7**

**0.0**

**24.5**

**Number of members**

**4**

**3**

**0**

**7**

Reference is made to Notes 8 and 23 to the consolidated financial statements concerning share-based payments.

	2011 DKKm	2010 DKKm
<b>43 Depreciation</b>		
Intangible assets, depreciation	0.0	0.7
Property, plant and equipment, depreciation	0.9	0.8
Gain/loss by disposals for the year	-0.2	1.2
<b>Total depreciation</b>	<b>0.7</b>	<b>2.7</b>
<b>44 Fee to the auditors appointed by the Company in General Meeting</b>		
Statutory audit services	0.3	0.3
Other assurance engagements	0.0	0.2
Tax services	0.1	0.3
Other advisory services	0.4	0.4
<b>Total fee to auditors</b>	<b>0.8</b>	<b>1.2</b>
<b>45 Income tax</b>		
<b>In the period under review income tax was paid in the amount of</b>	<b>20.0</b>	<b>22.6</b>
<b>Income tax in the income statement</b>		
Current tax charge, incl financing charges	-2.2	-4.7
Changes in deferred tax charge	0.3	-1.2
Adjustment relating to prior years	0.0	-0.1
<b>Total income tax</b>	<b>-1.9</b>	<b>-6.0</b>
<b>Analysis of tax for the year:</b>		
25% tax calculated on the profit before tax	72.0	17.5
<b>Tax effect of:</b>		
Share of profit/loss in subsidiaries	-28.4	-17.7
Share of profit/loss in associates	0.1	-4.1
Share-based payment	0.0	0.2
Recovery of capital losses, carryforwards from shares	0.0	-2.1
Gain/loss, divestments of associates	-45.6	0.0
Reclassification of non deductible assets	0.0	0.3
Adjustments relating to prior years	0.0	-0.1
<b>Total income tax</b>	<b>-1.9</b>	<b>-6.0</b>

#### 46 Intangible assets

DKKm

	Other intangible assets	Comple- ed devel- opment projects, software	Devel- opment projects in progress	Total
<b>2011</b>				
Cost at 1 January	8.0	3.7	0.0	11.7
<b>Cost at 31 December</b>	<b>8.0</b>	<b>3.7</b>	<b>0.0</b>	<b>11.7</b>
Amortisation and impairment losses at 1 January	8.0	3.7	0.0	11.7
<b>Amortisation and impairment losses at 31 December</b>	<b>8.0</b>	<b>3.7</b>	<b>0.0</b>	<b>11.7</b>
<b>Carrying amount at 31 December</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Amortised over (years)</b>	<b>5-10</b>	<b>3-5</b>	<b>-</b>	<b>-</b>

#### 2010

Cost at 1 January	8.0	3.7	0.0	11.7
<b>Cost at 31 December</b>	<b>8.0</b>	<b>3.7</b>	<b>0.0</b>	<b>11.7</b>
Amortisation and impairment losses at 1 January	8.0	3.0	0.0	11.0
Amortisation for the year	0.0	0.7	0.0	0.7
<b>Amortisation and impairment losses at 31 December</b>	<b>8.0</b>	<b>3.7</b>	<b>0.0</b>	<b>11.7</b>
<b>Carrying amount at 31 December</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Amortised over (years)</b>	<b>5-10</b>	<b>3-5</b>	<b>-</b>	<b>-</b>

Reference is made to Note 16 to the consolidated financial statements for a description of assets with an indefinite life and the impairment test.

**47 Property, plant and equipment**  
**DKKm**

	Land and buildings	Plant and ma- chinery	Fixtures and fittings	Land and build- ings in progress	Total
<b>2011</b>					
Cost at 1 January	0.0	0.0	3.1	0.0	3.1
Additions for the year	0.0	0.0	1.6	0.0	1.6
Disposals for the year	0.0	0.0	0.6	0.0	0.6
<b>Cost at 31 December</b>	<b>0.0</b>	<b>0.0</b>	<b>4.1</b>	<b>0.0</b>	<b>4.1</b>
Depreciation and impairment losses at 1 January	0.0	0.0	1.2	0.0	1.2
Disposals for the year	0.0	0.0	0.9	0.0	0.9
<b>Depreciation and impairment losses at 31 December</b>	<b>0.0</b>	<b>0.0</b>	<b>2.1</b>	<b>0.0</b>	<b>2.1</b>
<b>Carrying amount at 31 December</b>	<b>0.0</b>	<b>0.0</b>	<b>2.0</b>	<b>0.0</b>	<b>2.0</b>
<b>Depreciated over (years)</b>	<b>35-50</b>	<b>5-10</b>	<b>3-5</b>	<b>-</b>	<b>-</b>
<b>2010</b>					
Cost at 1 January	0.0	0.0	5.7	0.0	5.7
Additions for the year	0.0	0.0	1.9	0.0	1.9
Disposals for the year	0.0	0.0	4.5	0.0	4.5
<b>Cost at 31 December</b>	<b>0.0</b>	<b>0.0</b>	<b>3.1</b>	<b>0.0</b>	<b>3.1</b>
Depreciation and impairment losses at 1 January	0.0	0.0	2.6	0.0	2.6
Depreciation for the year	0.0	0.0	0.8	0.0	0.8
Depreciation of disposals	0.0	0.0	2.2	0.0	2.2
<b>Depreciation and impairment losses at 31 December</b>	<b>0.0</b>	<b>0.0</b>	<b>1.2</b>	<b>0.0</b>	<b>1.2</b>
<b>Carrying amount at 31 December</b>	<b>0.0</b>	<b>0.0</b>	<b>1.9</b>	<b>0.0</b>	<b>1.9</b>
<b>Depreciated over (years)</b>	<b>35-50</b>	<b>5-10</b>	<b>3-5</b>	<b>-</b>	<b>-</b>

#### 48 Investments in subsidiaries

	2011 DKKm	2010 DKKm
Cost at 1 January	781.5	633.9
Additions for the year	28.6	147.6
<b>Cost at 31 December</b>	<b>810.1</b>	<b>781.5</b>
Net revaluation according to the equity method at 1 January	-258.4	-298.6
Translation adjustments	-0.1	0.2
Share of profit/loss for the year	116.1	73.8
Amortisation goodwill	-2.6	-9.2
Dividend received	-225.0	-21.5
Other adjustments	-6.4	-3.1
<b>Net revaluation according to the equity method at 31 December</b>	<b>-376.4</b>	<b>-258.4</b>
<b>Carrying amount at 31 December</b>	<b>434.5</b>	<b>514.0</b>

In the carrying amount goodwill is DKKm 14.4. (2010: DKKm 17.2)

Reference is made to the group chart on page 88.

#### 49 Investments in associates

Cost at 1 January	117.6	117.6
Additions for the year	6.5	0.0
Disposals for the year	-114.9	0.0
<b>Cost at 31 December</b>	<b>117.6</b>	<b>117.6</b>
Net revaluation according to the equity method at 1 January	-11.9	-25.4
Translation adjustments	0.0	1.7
Share of profit/loss for the year	-0.5	16.5
Dividend	0.0	-4.7
Disposals for the year	11.8	0.0
<b>Net revaluation according to the equity method at 31 December</b>	<b>0.6</b>	<b>-11.9</b>
<b>Carrying amount at 31 December</b>	<b>8.6</b>	<b>21.4</b>



#### 49 Investments in associates, continued

Associates	Registered office	Ownership	
		2011	2010
A/S Vestsjællandske Distriktsblade	Slagelse	50%	50%
Gratistidningar i Sverige AB (GISAB), sold at 1 January 2011	Stockholm	0%	33%

	2011 DKKk	2010 DKKk
Deferred tax at 1 January	-0.9	0.3
Deferred tax for the year included in the net profit/loss for the year	0.3	-1.2
<b>Deferred tax at 31 December</b>	<b>-0.6</b>	<b>-0.9</b>

#### Specification of deferred tax

DKKk	2011			2010		
	Assets	Liabili- ties	Total	Assets	Liabili- ties	Total
Intangible assets	0.0	0.0	0.0	0.1	0.0	-0.1
Property, plant and equipment	0.9	0.0	-0.9	1.1	0.0	-1.1
Receivables	0.0	0.3	0.3	0.0	0.3	0.3
<b>Total</b>	<b>0.9</b>	<b>0.3</b>	<b>0.6</b>	<b>1.2</b>	<b>0.3</b>	<b>0.9</b>

	2011 DKKk	2010 DKKk
<b>51 Income tax payable</b>		
Income tax payable at 1 January	-5.8	2.6
Current tax for the year recognised in profit/loss	-2.2	-4.7
Current tax recognised directly in equity	2.4	-2.4
Tax payable under the joint taxation scheme	35.6	21.3
Income tax received/paid for the year	-20.0	-22.6
<b>Income tax receivable/payable at 31 December</b>	<b>10.0</b>	<b>-5.8</b>

#### 52 Other payables

	2011 DKKk	2010 DKKk
A-tax (PAYE) etc payable to public authorities	0.0	0.1
VAT liability	-0.3	0.1
Holiday pay obligation	4.7	7.7
Other debt	3.3	2.4
<b>Other payables</b>	<b>7.7</b>	<b>10.3</b>

### 53 Rent obligations

#### Rent obligations

Future minimum expenses related to rent obligations:

	2011 DKKm	2010 DKKm
Due within 1 year	8.2	7.8
Due within 1 and 5 years	35.5	33.5
Due after 5 years	29.6	47.8
<b>Total</b>	<b>73.2</b>	<b>89.1</b>

For the rent obligations the following amounts have been recognised in the income statement:

<b>8.0</b>	<b>7.8</b>
------------	------------

### 54 Contingent assets and liabilities, and guarantee obligations

North Media A/s has submitted a letter of comfort to its subsidiary, Onlineselskabet af 25.7.1988 A/S. The total liabilities in Onlineselskabet af 25.7.1988 A/S amount to DKK 0.0 million.

Reference is made to Note 34 to the consolidated financial statements concerning other guarantee obligations and contingent liabilities.

	2011 DKKm	2010 DKKm
<b>55 Related parties</b>		
<b>Transactions with associates</b>		
A/S Vestsjællandske Distriktsblade, revenue	0.0	0.2
<b>Total transactions</b>	<b>0.0</b>	<b>0.2</b>
<b>A/S Vestsjællandske Distriktsblade</b>	<b>0.9</b>	<b>0.8</b>
<b>Total receivables from associates</b>	<b>0.9</b>	<b>0.8</b>

Reference is made to Note 36 to the consolidated financial statements for a description of related party transactions.



*The reception at domicil in Gladsaxe*

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Associated companies			
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