2009 ANNUAL REPORT

NO LIMITS >>

Netop Solutions A/S

NETOP SOLUTIONS A/S AT A GLANCE

Netop Solutions A/S

Netop develops and sells software solutions enabling swift, stable and secure transfer of video, screen images, sound and data over the Internet. The company has three core business areas: Administration, Education and Communication.

Netop's unique and cost-effective Administration solutions make work easier for IT professionals through Remote Control and IT Asset Management. Netop's market-leading Education solutions for classroom management and corporate e-learning help students and teachers achieve optimum results through virtual teaching. Netop's Communication solutions allow customers, business partners and colleagues to meet easily and safely in virtual space through chat, video or voice over the Internet.

At 31 December 2009, Netop had 142 employees and subsidiaries in the USA, the UK, Romania and Switzerland. The company sells its solutions to public and private sector customers in more than 80 countries. Netop Solutions A/S is listed on NASDAQ OMX Copenhagen. Netop generated revenue of DKK 85.3m in 2009. For more information, go to www.netop.com.

NETOP
Education

Netop School
Netop Vision
Netop Pointer
Netop Learning Center

NETOP
Communication

Netop Live Guide
Netop Live Banner

NETOP
Administration

Netop Remote Control
Netop OnDemand
Netop Mobile and Embedded
Netop ProtectOn Pro
Netop PrintLimit Pro

Kent Madsen, CTO

Kurt Groth Bager, CEO

Claus Finderup Grove, CFO

CONTENT

Translation: The English version is not audited. In the event of any inconsistency between this document and the Danish language version, the Danish language version shall be the governing version.

TO OUR SHAREHOLDERS

Ib Kunøe
Chairman

The effects of the global economic crisis hit us full strength in 2009. After we had performed in line with our expectations in the first quarter, the economic crisis took a severe toll on our core markets in the USA and northern Europe. The drop in IT investments in both the business and the public sectors was worse than expected. In the USA, the financial support expected for the educational sector did not materialise, which had a negative impact on the Education market.

The anticipated growth in our revenue, and in our earnings, failed to materialise, forcing the Board to focus even more on the company's cash and working capital position.

The acquisition of Genevalogic in 2008 strengthened both our Education business and Netop Solutions' overall product portfolio by a substantial margin and we consider this to be a strategically correct and important move for Netop Solutions. The timing was certainly not perfect given the financial crisis that followed, but going forward, we have very strong expectations for the Education market, and we expect market conditions to improve during 2010 as the crisis wears off.

We also see the distributor agreement signed with Medianet Innovations in 2008 as strategically correct for Netop Solutions, both then and now. This became a point of entry to a strategically important business area that is a good match for the Netop Solutions product portfolio, and this is a market that is expected to grow substantially over the next few years. We did not succeed in penetrating the market at the speed we had originally intended, so in the second half of 2009, we decided to terminate the agreement with Medianet. Going forward, we intend to market only the product Live Guide, which is based on our proprietary software in the Communication business area and ties in very well with our strategy to focus more on online services and Software-as-a-Service products. Accordingly, we continue to regard this as a strategic business area that offers a substantial potential.

Among the steps we took to address the challenges our company is facing, we adapted our cost base in 2009, reducing our budgeted costs for 2010 by 50% relative to 2008. The changes implemented during 2009 have resulted in a realignment of Netop Solutions' Danish organisation. We also consolidated the company's development activities in our R&D centre in Romania, thereby building a very flexible and scalable development organisation that positions us better relative to the competition.

Looking ahead, it is essential that we create a stable and sustainable platform for Netop Solutions. One of the means of achieving that will be to devote even more attention to our core business. So far, we have made adjustments both to our organisation and our product portfolio, so that we can concentrate even more on the product areas that are making money for our business and that will help Netop Solutions turn a profit in 2010. Our hopes for a profit are anchored in our dedication to our core business competencies and in our intention, as per our business strategy, to refocus parts of the business during 2010 towards more online sales, which we believe offer a substantial potential. This will give us access to a larger market, our sales processes will become more efficient and we can concentrate our sales resources on Enterprise Customers (our largest customers within the various regions) and major business partners.

I would like to extend a sincere thank you to all employees of Netop Solutions for their great efforts during 2009. Finally, I wish to thank our shareholders, business partners and customers for their support and collaboration during a challenging year.

Ib Kunøe
Chairman

HIGHLIGHTS

- The year 2009 was a difficult and challenging period for Netop Solutions, as the company felt the effects of the global economic crisis and management adjusted operations during the year to reflect the changed market conditions.

- Netop Solutions A/S generated revenue of DKK 85.3m in 2009, down 7% from DKK 91.4m in 2008. Revenue was lower than anticipated at the beginning of 2009, and the revenue decline was attributable to the general slowdown experienced in all of the company's markets in 2009.

- EBITDA was a loss of DKK 34.5m in 2009, which was 2% lower than the EBITDA loss of DKK 33.9m in 2008.

- EBIT was a loss of DKK 67.4m in 2009 against a a loss of DKK 45.1m in 2008.

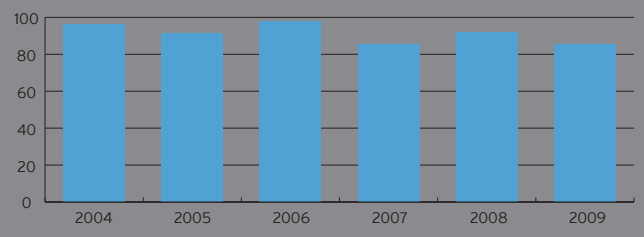
- Netop Solutions continued the efforts to optimise costs and enhance cash flows in 2009. The company's total operating costs were DKK 119m, against DKK 125m in 2008. The actual cost reduction was greater than the figure indicates, as costs relating to Medianet and GenevaLogic were only included for six months of 2008 but for 12 months of 2009.

- Netop Solutions consolidated its development resources during the first half of 2009, merging and relocating a total of seven locations to two, one in Romania and one in the Philippines. Through the consolidation, the company has achieved much greater flexibility and scalability in its development processes, as well as significant cost savings.

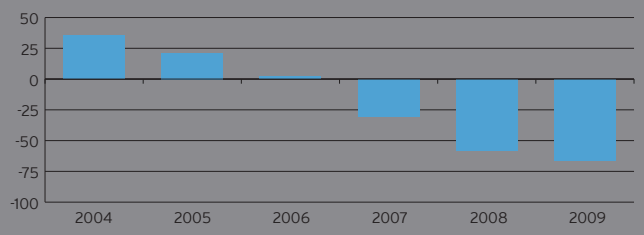
- In the second half of the year, the company worked on developing a new, improved product strategy to focus much more on profitable products and on products that can be sold online or as a service on the Internet.

- The partnership agreement between Netop Solutions and Medianet was terminated with effect from the end of 2009, and the companies withdrew from all agreements existing between them. Netop Solutions launched its proprietary communication solution, Netop Live Guide, which facilitates personal communication via Internet sites with chat, audio and video. Going forward, Live Guide will make up the core of the Communication business area.

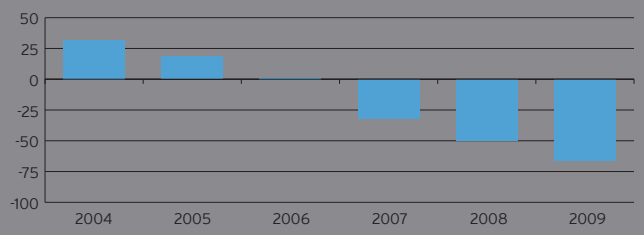
Net revenue, DKKm



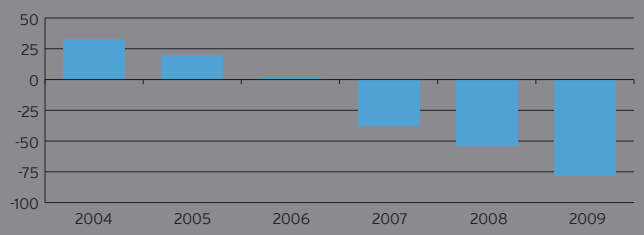
Profit before tax, DKKm



Operating profit, DKKm



Operating margin (EBIT-margin), %




Netop

Financial highlights and ratios for the Netop group

DKK '000	2009	2008	2007	2006	2005
HIGHLIGHTS					
Income statement					
Revenue	85,287	91,485	85,303	97,861	91,288
Gross profit	84,602	90,985	84,835	97,022	90,688
(EBITDA)	(34,524)	(33,896)	(20,587)	7,086	21,553
Operating profit/(loss) (EBIT)	(67,399)	(45,084)	(32,006)	1,101	18,288
Profit/(loss) of financial items	(474)	(8,032)	1,147	1,015	2,936
Profit/(loss) before tax	(67,873)	(53,116)	(30,859)	2,116	21,224
Profit/(loss) for the year	(82,539)	(48,746)	(31,734)	670	14,645
Balance sheet					
Non-current assets	75,902	108,653	68,650	78,772	51,902
Current assets	22,220	73,752	114,441	147,962	171,885
Balance sheet total	98,121	182,405	183,091	226,734	223,787
Assets excl. cash	93,274	134,259	98,977	113,560	70,026
Share capital	21,046	21,046	19,252	19,252	19,252
Equity	63,870	145,923	167,742	208,972	208,030
Non-current liabilities	6,017	15,259	0	2,163	3,497
Current liabilities	34,251	36,482	15,349	15,599	12,260
Cash flow statement					
Cash flow from operating activities	(29,348)	(36,248)	(16,968)	(6,057)	(17,476)
Cash flow from investing activities	(5,499)	8,854	(2,569)	(34,382)	(8,838)
of which investments in property, plant an equipment	(528)	(1,004)	(1,040)	(3,406)	(2,676)
Cash flows from financing activities	(440)	(4,141)	(9,523)	(148)	(18,914)
Change in cash at bank and in hand	(43,425)	(35,968)	(29,060)	(40,587)	(10,276)
RATIOS					
Financial ratios [1)]					
EBITDA margin (%)	(40)	(37)	(24)	7	24
EBIT margin (%)	(79)	(49)	(38)	1	20
Solvency ratio (%)	65	80	92	92	93
Return on equity (%)	(79)	(31)	(17)	0	7
Share ratios [1)]					
Earnings per share	(20.2)	(12.3)	(8.4)	0.2	3.9
Diluted earnings per share, EPS-D (DKK)	(20.2)	(12.3)	(8.4)	0.2	3.8
Net asset value per share (DKK)	15.2	34.7	43.8	54.3	54.0
Price earnings ratio	0.5	1.0	1.7	2.2	2.2
P / E-value	(0.4)	(2.8)	(8.7)	587.5	30.8
Cash flow from operating activities per share	(7.0)	(8.6)	(4.4)	(1.6)	(4.5)
Dividend per share	0.0	0.0	0.0	2.5	0.0
Payout ratio (%)	0.0	0.0	0.0	2.5	0.0
Share price 31 December	7.8	35.0	73.0	117.5	120.0
Average number of shares (1,000 of DKK 5 each)	4,209	4,209	3,850	3,850	3,850
each)	4,209	4,030	3,850	3,850	3,850
Ratios relating to staff					
Average no. of employees	150	138	84	72	55

Resultat og udvandet resultat pr. aktie er beregnet i overensstemmelse med IAS 33 (note 13). Øvrige nøgletal er beregnet efter Finansanalytikerforeningens "Anbefalinger & Nøgletal 2005". Der henvises til nøgletalsdefinitioner i anvendt regnskabspraksis note 1.

MANAGEMENT'S REVIEW

2009 was a challenging and difficult year marked by the global economic crisis. A number of our business partners and customers suffered a negative impact, as many businesses, schools, organisations and public authorities scaled down their IT investments. Against this background, we failed to achieve our original profit target for 2009 and as a result Management found it necessary during the year to align the organisation and our cost base to the prevailing financial situation.

Revenue and profit were in line with expectations after the first three months of the year, but in the following quarters, Netop Solutions encountered a reduced propensity to invest among the company's current and potential customers as well as generally deteriorating market conditions. Some of our key geographical markets, including the USA, the UK and to some extent Germany, were among the countries that were hit particularly hard by the crisis. However, Management believes that the company did not lose market share during 2009, but that market conditions have generally rendered the sale of new licenses considerably more difficult than previously anticipated.

A number of initiatives were implemented for the purpose of enhancing our competitive strength. In late 2008 and early 2009, we implemented a revised sales strategy of making direct sales to our largest corporate customers and this approach has since yielded good results. Also, we have remained focused on the very important distributor and business partner channel that Netop Solutions has built up over the last many years. Through this sales channel, our business partners and distributors address the SMB (small and medium-sized businesses) and Corporate markets and Netop Solutions provides customer support through its sales and technical know-how.

It is a key aspect of our future sales strategy that more and more of our sales will consist of web-based Software as a Service (SaaS). This will extend our sales contacts, especially to the SMB and Corporate segments. Management expects that, as products are primed for SaaS, the company will generate a growing part of its revenue from these product segments from 2011 onwards. Most of the groundwork involving products and procedures was completed in 2009, and in the fourth quarter of the year Netop Solutions launched the product Netop MyVision, which is exclusively available on the Internet.

The relocation of Netop Solutions' R&D departments to Romania was completed in 2009. The move has lifted our product development capacity by a substantial margin, while also reducing our costs considerably. Finally, consolidating our product lines and optimising our processes and work flows reduced our costs by almost 50%.

Based on the most recent changes made in terms of the organisation, business and products, which we expect to have fully implemented during the first and second quarters of 2010, combined with a focused business plan and a go-to-market strategy, Netop Solutions expects to generate revenue in line with the 2009 figure, a small EBITDA profit and positive cash flows for 2010.

Considering the loss and the substantial cash outflow of 2009, the Board of Directors and the Management Board monitor the company's cash position very closely. In that connection, it should be noted that Netop Solutions has no interest-bearing debt, which is considered to be a very positive point for the company. Capital resources, however, are at a level that could jeopardise the company's plans, and therefore, Netop Solutions' largest shareholder, Consolidated Holdings Group, has stated that it will assist in the procurement, if additional capital to the company, should this become necessary in 2010.

HIGHLIGHTS AND NEW INITIATIVES IN 2009

Consolidating development and support resources

During the first and second quarters of 2009, Netop Solutions consolidated the company's R&D resources, merging and relocating the former seven locations into a single unit in Romania. Also, selected development activities in the Philippines were outsourced to an overseas development centre (ODC). Finally, the development resources that were previously outsourced to an ODC in Russia were sourced in to our development centre in Romania in 2009. The in- and outsourcing of the company's development activities progressed as planned, and Netop Solutions has now gained greater flexibility and scalability in its development processes, reduced product time-to-market and cut the company's costs considerably.

In addition, the Netop Solution support function has been centralised and adapted to the longer opening hours and geographical changes, and a new web-based approach to handling global telephone queues and integrated telephone support has improved our customer service and reduced related costs substantially.

Integration of GenevaLogic continues

In 2008, Netop Solutions acquired GenevaLogic and that company's distribution channel, product portfolio and organisation. The process of integrating GenevaLogic and its CRM and financial systems was completed in the first half of 2009. During 2009, Netop Solutions promoted the acquired products under the GenevaLogic brand, while also working to integrate the Education products into a single product suite. We expect to launch the new integrated product at the end of 2010.

Enhanced product strategy

During the second half of 2009, Netop Solutions worked on a new, improved product strategy involving a smaller number of products and weeding out minor, unprofitable products. As a result, from the onset of 2010, Netop Solutions pursues a more profitable product strategy and is maintaining a stronger focus on selected quality products.

Adjusting the organisation and cost base

In order to put Netop Solutions in a position to generate a profit in 2010 under what will presumably continue to be difficult market conditions, the Board of Directors and the Management Board resolved in 2009 to make further adjustments to the company's cost structure and organisation. The resulting changes and cut-backs involved both the product portfolio and geographical locations.

These initiatives have enabled Netop Solutions to cut its cost base by an additional 25% relative to expectations and led the company to reduce its overall headcount by about 20% and close the office in China. The effects of these changes are not expected to feed through until the second half of 2010.

Partnership with Medianet Innovations terminated

The partnership agreement between Netop Solutions and Medianet Innovations was terminated with effect from the end of 2009, and the companies withdrew from all agreements existing between them. At the same time, Netop Solutions launched its proprietary communication solution, Netop Live Guide, which facilitates personal communication via the Internet sites with chat, audio and video. Netop Live Guide will come to be the core of the Communication business area, and it remains a strategic focus area for Netop Solutions. Netop Live Guide is believed to have a considerable sales potential, as more and more sales and business is being conducted on the Internet and as "click to chat" and "click to speak" services on corporate websites are becoming increasingly popular with the growing volumes of online visitors. When the agreement was terminated, Medianet Innovations took over the six employees based at the Danish office as well as the company's office facilities in Slagelse, Denmark.

SALES AND MARKETING

We made a dedicated effort in 2009 to place and position Netop Solution products and solutions in the best possible way and to ensure that all products and solutions were adapted to the various markets of the company's geographical areas and segments. The intention was to ensure that we will be better positioned than the competition once the global recession begins to fade and investment in IT returns to normal levels.

We moved closer to our end customers during 2009, making geographical changes to the organisation and getting a better knowledge of our markets, our customers and their needs. This truly lifted our work of preparing the company's business plan, which, in 2010, is even more aligned to our customers' needs than it has been in previous years. Key accounts have had access to a local business partner in their respective countries and they have increased their awareness of Netop Solutions including our sales and support functions.

Going forward, we will mainly cover the SMB and Corporate markets through our business partner channels and when they serve our Corporate customers our business partners will be able to draw on the expertise of Netop Solutions' presales and channel sales staff, who will also be available to attend customer meetings. The current strategy at Enterprise level will continue. It involves that we identify and serve the largest customers in selected geographical areas and segments through our in-house sales organisation, with due consideration for our valuable business partners and distributors and with a view to providing coordinated services to all customers.

One of the purposes of our forward-looking business strategy is to steer the Netop Solutions business towards more online sales in 2010. Netop Solutions products and the overall brand are believed to have a very big potential in this respect. Accordingly, in addition to traditional sales through business partners, Netop Solutions' services and solutions will also be sold through our online shop at www.netop.com, and Management expects that within the next two years, Netop Solutions will be generating a larger part of its revenue through online sales. In 2009, Netop MyVision became the first product to be sold via the company's web site. Other products will follow during 2010, one of them being Netop Live Guide, which is expected to be available in the second quarter of the year.

ADMINISTRATION

> “ With many features for communication and collaboration Netop Remote Control is the ideal tool for Support and Helpdesk environments.
>
> PC MAGAZINE (GERMANY)

ADMINISTRATION

Activities

Netop Solutions marketed the following three products in the Administration business area in 2009: Netop Remote Control, Netop OnDemand and Netop ProtectOn Pro.

Netop Solutions' Remote Control is an advanced solution creating big value for our customers. Consequently, we try to differentiate our products from the other remote control products in the market by becoming better at communicating how Netop Solutions products can create value for our customers.

A number of Netop Solutions' existing customers are large local or global businesses which consider Netop Remote Control to an important tool for their business and mission. Many of these customers benefit from Netop Solutions' remote control modules, including Netop Security Server, Netop Name Server and Netop Gateway, all providing a powerful, fast and secure connection. The modules also include advanced support tools used to access all types of devices in a company's network and behind their firewalls. The flexibility provided by Netop Solutions in the support for multiple platforms and communication protocols makes our solutions even more attractive and unique.

We are committed to retaining these competitive advantages and aim to position Netop Solutions Remote Control as the preferred solution among large corporations with multiple locations, providing a high level of service (24/7 support) as well as possible cost savings. That is why we have organised our software development activities to achieve swift and efficient implementation of new and improved functionality that meets the Enterprise segment's needs for reliable software that supports our customers' mission and business.

Netop OnDemand adds further value to companies by facilitating remote support to unknown devices. This can be used by customers and employees not connected to a company's network and needing to install a temporary host to enable the Support or the IT department to take over a device located outside the company's network.

Launched in May 2009, Netop ProtectOn Pro enables users to protect data and achieve system security on network devices. This tool helps to block out the use of CD-drives, USB keys or wifi equipment and restrict access to certain Internet sites. Also, it can fully or partly block specific users from accessing folders or hard disk content.

NETOP
Administration

- Netop Remote Control
- Netop OnDemand
- Netop Mobile and Embedded
- Netop ProtectOn Pro
- Netop PrintLimit Pro

Markets and competition

According to IDC, the market for traditional remote control products is stagnant and estimated at USD 225 million. Netop Solutions holds less than a 5% share of this market. Netop Remote Control is still considered to be the best and most comprehensive remote control tool on the market, and Netop Solutions continues to win industry magazine technology and "best choice" awards.

Their individual needs for maintaining in-house IT security policies and for providing more competitive service level agreements (SLAs) by way of faster trouble-shooting and problem solving drive companies to continue to look for efficient and reliable remote control tools. Also, there is a growing need for optimising costs, centralising IT, restructuring, outsourcing and global expansion, with remote control being a key parameter for success in many cases.

The mobile labour force has grown substantially in recent years. According to Forrester Consulting, businesses in North America and Europe expect that 73% of their employees will to some extent be mobile by 2012. These expectations suggest future growth in clientless, Internet-based remote support.

(Sources: Forrester: Supporting mobile and remote workers, 2009, IDC: Worldwide clientless remote support software, 2008)

Upcoming challenges

As the provider of the best remote control solution in the market, Netop Solutions faces two challenges: One is to increase the awareness of the Netop Remote Control solution in the Enterprise segment. The other is to make Netop OnDemand accessible, also online.

We successfully launched and sold Netop Remote Control to a number of major companies in 2009, including in the United States. It is essential for the success of our company in 2010 that we continue to pursue our sales strategy and allocate the resources and skills needed to sell technical products to major corporations, and to implement the necessary sales programmes.

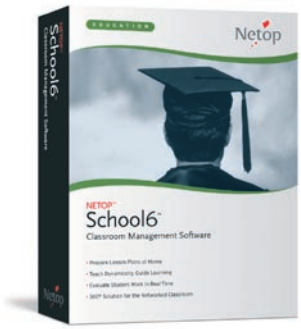
It is also important that Netop Solutions continues to provide quality products on time and in tune with specific customer needs. This is where we can create value and differentiate our company from the competition. We aim for our marketing efforts to increase the awareness of Netop Remote Control, although the major challenge to be addressed lies in the sales channel and in our response time to specific requests and demands for functionality.

IT Infrastructure
Millions of problems solved remotely, Millions saved in time and money.

Mobility
Take any device, Take it anywhere,
Take full control.

Control & Compliance
Take stock of your it assets, Reduce cost, Improve productivity, Stay license compliant.

EDUCATION



> "From a teacher's point of view, this software is very easy to use. It is so intuitive that everyone catches on quickly. Netop School thinks like a teacher.
>
> STEVE WEST, ASHEVILLE MIDDLE SCHOOL

EDUCATION

Activities

Netop Solutions provides three solutions for K-12 classroom teaching in public schools: Netop School, Netop Vision and Netop MyVision.

Netop Solutions' range of classroom management solutions combine to address three different segments: for limited needs (Netop MyVision), for standard classroom management and for advanced users of classroom management solutions. The global economic crisis had a severe impact on US schools in the second quarter of 2009. Schools generally buy teaching materials from May to September, and the global economic slump had a negative impact on new license sales. On the other hand, we sold more upgrade programmes to existing customers.

Launched in October 2009, Netop MyVision is the first Netop Solutions product to be sold online. Buying an annual subscription for Netop MyVision on www.netop.com gives the user access to an entry-level classroom management tool enabling the teacher to monitor student computers, block Internet access or lock the student computer keyboard, mouse and screen, as well as share on-screen demonstrations on student computers. Netop MyVision is available for both PCs and Mac, making it the first Netop Solutions classroom management product for Mac. MyVision is intended as an affordable alternative to existing classroom management suites. The idea behind Netop MyVision is to introduce a new method of payment to schools with limited budgets and needing limited functionality that either have not implemented classroom management software or merely need a simple tool. Combined with extended platform support, this is expected to attract new customer segments. Our vision is to create a modular tool against flexible payment that can be used by customers with different needs and which can be upgraded according to requirements.

Markets and competition

According to a global survey on the use of software for teaching purposes conducted at the turn of the year 2008/2009, 1.3 billion students, 55 million teachers and 4.3 million teaching institutions use software for teaching purposes worldwide. The North American market is worth about USD 3.8 billion, EMEA about USD 3.6 billion and APAC about USD 2.6 billion, and global growth is estimated at around 6–8% annually. The education sector is believed to be the second-largest market in the USA, next to the health sector.

1:1 computing, that is one computer per student, unlike traditional computer labs teaching, is still a relatively new concept. About 27% of US school districts have introduced 1:1 computing in their schools. Computer-based teaching typically takes place in computer labs using school equipment. During the last five years, there has been a growing trend towards

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installing interactive whiteboards in classrooms. Interactive whiteboards and substantially greater bandwidth at schools will make computer-based teaching even more common.

The global market for classroom management software is estimated at around USD 100 million, and we estimate that Netop Solutions has about a 10% market share. This market is expected to continue to grow as interactive whiteboards become standard equipment in schools and as 1:1 computing becomes more and more widespread.

Upcoming challenges

Netop Solutions aims to provide unrivalled classroom management products that enable teachers to provide the required computer-based teaching and support student learning. We must also monitor developments within new platforms and devices, such as laptops, mobile devices and interactive whiteboards, as they gain popularity in classrooms. Finally, we must ensure that our products interact with such devices and that their pre-installed software does not replace Netop Solutions products. In order to generate growth, we intend to develop market-leading classroom management software offering full functionality to today's teachers already using IT in their everyday teaching. At the same time, we will be focused on Internet-based classroom management that can be provided as Software-as-a-Service with the emphasis on both control and interaction between computers and other devices not necessarily hooked up to the same network.

We also want to dedicate the development of Netop MyVision towards fulfilling several of the unmet needs currently found in the market. That would differentiate our product from the competition. Accordingly, time to market is a very essential factor that will enable us to target our sales to the European markets, institutions of higher education in the USA as well as businesses. Differentiation will give Netop Solutions the opportunity to expand in the global market.

Classroom Management Solutions
With more than 20 years of international, educational software expertise.

Deliver Training and Education Anywhere
Virtual learning environments, It administration for educational Institutions.

Corporate Training
Best in class e-learning system, train your employees effectively with Netop education solutions.

COMMUNICATION

"Netop Live has increased our service efficiency by min. 100%, as we can manage an average of 5-6 chats in the time that it takes to conduct one telephone conversation.

STEPHAN ROSENKILDE, E-COMMERCE, SAS

COMMUNICATION

Activities

Unified Communications (UC) and web chat/call are new markets for Netop Solutions. In 2009, we invested substantial resources in building a name on the UC market and in order to attract the first very important customers. Our main products during 2009 were Netop Live Guide (web-based call centre) and Netop Live Communicator (in-house collaboration and conference system). Going forward, Netop Live Guide will make up the core of Netop Solutions' Communication solutions.

Our biggest success within Communication to date has been to build relations through our direct sales to a number of Danish service providers in the travel industry, insurance industry, citizen service centres and like areas, mainly through Netop Live Guide. Netop Live Guide is a complete web-based call center solution. It is relatively easy for most users to calculate how much a company can save by using Netop Live Guide instead of or in conjunction with its existing solution. In addition to attracting new customers, Netop Solutions is also currently negotiating with various business partners that see a benefit from being able to provide Netop Live Guide as part of their own product assortment.

We have also used Netop Live Guide ourselves to provide web-based support for existing as well as potential customers, in turn making our sales process and technical support more efficient.

The advantage is that all our salespeople and supporters have learnt to use Netop Live Guide, making the product easier for them to sell, and we proactively use Netop Live Guide to communicate with visitors on www.netop.com and to guide them with respect to products, prices and possible solutions.

Markets and competition

"Click to chat" and "click to speak" services on corporate web sites are becoming more and more popular as the number of online visitors grows. For several years, businesses have been able to track online visitors and analyse their behaviour on the net by using advanced software. The time has now come to take the next step, which is to invite visitors to a live chat or audio conversation while they are 'in your shop'. It is easy to measure the immediate benefits of inviting prospective customers to communicate with your business through live web chat or audio, for example in terms of customer satisfaction or through a shorter buying cycle; both of which businesses are willing to pay for.

Focus areas in 2010

Considering the very positive developments in the Communication market and based on our experience from remote solutions and teaching, developing the business in this field and positioning our company as a serious provider of competitive solutions and products is a natural next step for Netop Solutions. In 2010, we will work to increase the awareness of Netop Solutions' web communication solutions globally. We will continue to develop attractive and reliable IT solutions

NETOP
Communication

- Netop Live Guide
- Netop Live Banner

that can be accessed online, and we will provide hosted solutions developed by either Netop Solutions or one of our business partners.

Netop Solutions will continue to invest in marketing programmes and in building sales channels targeting the customer segment we aim to sell our products to and in making our products available to potential buyers. We will continue to develop solutions that satisfy customer requirements for reliability, user friendliness and cost-saving functionality. Our Communication solutions will be available online from www.netop.com later in 2010.

We will also focus on optimising our hosting services in terms of uptime, geographical accessibility and service provision adapted to customer needs. Netop Solutions' hosting service will be based on cloud computing.

MANAGEMENT

Following employee elections for board representation, Charlotte Brøbeck and Ole Haag both resigned from the board at the Annual General Meeting held on 28 April 2009 and were replaced by the new employee representatives Max Møller and Hanne Jespersen Hansen.

BOARD DECISIONS AND PROPOSED RESOLUTIONS FOR CONSIDERATION BY THE ANNUAL GENERAL MEETING

Allocation of loss

The Board of Directors assesses at regular intervals and at least once a year the size and composition of Netop Solutions' capital base, including, in particular, expectations for financial results and cash flows as well as any relevant uncertainty and risk factors. The dividend for the year is then determined on the basis of this assessment.

Based on the performance in 2009, the Board of Directors recommends that no dividend be distributed in 2010. Also, the Board recommends that the parent company's loss for the year of minus DKK 137,271,000 be carried forward to 2010.

Other resolutions

The Board of Directors intends to submit the following proposals:
- that it be authorised to acquire own shares up to a holding of 10% of the company's share capital.

OUTLOOK

Our primary goal for 2010 is to generate profitable operations and positive cash flows while remaining focused on building the platform from which Netop Solutions will generate growth going forward. Management expects that we will continue to feel the effects of the economic crisis well into 2010, but that the market has stabilised at the current level. We do not expect to see any improvements in our market segments until in the second half of 2010, but we anticipate a lot of businesses with substantial pent-up demand and that could have a positive effect on the market.

We adapted our operations and our organisation to the market situation during 2009, and with the new development organisation set up in Romania, an adapted sales and marketing strategy of bringing Netop Solutions much closer to the market and giving greater priority to selling services online in order to create a much greater interface to the market, Management is confident that the objective of profitable operations is within reach.

Netop Solutions' cash resources came under pressure during 2009 and the Board of Directors and the Management Board are monitoring the situation very closely. We believe that based on the company's conservative budgets for 2010 coupled with the cost-cutting initiatives implemented in the fourth quarter of 2009, Netop Solutions will generate a cash inflow from operations in 2010. However, our capital resources are at a level that could come to jeopardise the company's plans and on that background Netop Solutions' largest shareholder, Consolidated Holdings A/S, has stated that it will assist in the procurement, if additional capital to the company, should this become necessary in 2010.

Given the difficult market conditions that will continue to prevail into 2010, Netop Solutions is expected to generate revenue of DKK 80–90 million in 2010. Through a cost-conscious approach throughout 2009 and with the most recent cost cuts implemented in the fourth quarter of 2009 taking full effect early in the second quarter of 2010, Netop Solutions' cost base will be about 35% lower in 2010 than it was in 2009. Against this background, Netop Solutions expects to restore profitable operations and to generate EBITDA in the region of DKK 0–5 million in the 2010 financial year.

FORWARD-LOOKING STATEMENTS

The above forward-looking statements, including in particular the forecasts of future revenue and financial results, reflect management's current expectations for future events and are subject to risk. A number of factors, some of which will be beyond Netop Solutions' control, may cause actual developments and results to differ materially from the expectations expressed by the company. Such factors include general economic developments, developments in the financial markets, technology innovation, changes and amendments to legislation and regulations governing Netop Solutions' markets, changes in the demand for Netop Solutions' products, competition, and the integration of company acquisitions.

See "Risk factors" on page 20 of this annual report.

KNOW-HOW AND COMPETENCIES

At Netop Solutions, we develop concepts and software solutions that we regularly conceptualise and customise in order to ensure that they satisfy the needs of our customers and markets. In order to do that successfully, it goes without saying that we rely on having skilled employees. Skills, know-how and high professional standards are the building blocks of any business. In a knowledge-based business like Netop Solutions, they are the key to getting new ideas, innovation, products and results.

Development

2009 was an eventful year for our development organisation. Lean processes have taken root and after constantly implementing process enhancements throughout 2009, we have built the foundation for a learning organisation. We have achieved regular product deliveries and implemented product management tools enabling the entire organisation to monitor what is being developed, learn about development priorities and get the current status on customer issues.

We have set up dedicated QA resources in all product teams and have established a Quality Control Center in cooperation with Fortess in Russia and the Technical University of Bucharest. Also during 2009, we consolidated our development resources, so we only have development teams in the Philippines and in Romania, the latter now being the largest Netop Solutions office outside Denmark.

Global coverage and network

Netop Solutions has established a global network of sales subsidiaries and distribution partners, enabling us to move quickly to deliver new solutions to new markets and/or existing solutions to new markets. Customer growth and innovation in one part of the world can quickly be shared on other continents for everybody's mutual benefit, inspiration and for experience-exchange purposes.

Customer solutions

The only way to develop innovative customer solutions that make a difference in the everyday lives of our customers anywhere in the world is to maintain close business relations with our customers and business partners. We endeavour to exchange experience not only across the globe, but also across our own business areas of Administration, Education and Communication.

Human resources

Our vision is "Netop wants to position itself as leading the revolution of remote solutions". In order to achieve that, it goes without saying that we rely on our skilled employees. Their skills and knowledge are crucial for us when developing value-creating solutions for our customers.

High professional standards and professionalism are the characteristics of Netop Solutions employees at different locations around the world. Combining this with an eagerness to learn and an ability for innovative thinking across business areas in order to develop optimum solutions for our customers, partners and Netop Solutions are essential if we are to remain competitive.

At the end of 2009, Netop Solutions had 142 full-time employees working in six different countries.

Working in a multi-cultural organisation places big demands on our employees' ability to work across cultural and linguistic barriers. Accordingly, cultural skills are an important everyday component in our work with colleagues and in our ongoing endeavour to fortify our relations with business partners and customers.

2009 was a year of organisational initiatives. Among the changes made during the year, we closed down our two offices in Germany. In spite of the various steps taken and the after effects of the cutbacks in late 2008, it has been a pleasure for management to note that our employees still possess an incredible commitment and fighting spirit to work with the management to turn Netop Solutions around and make it a profitable business going forward.

In terms of human resources, Netop Solutions plans to step up our employee retention and development efforts in 2010. However, the most important source of skills development remains our day-to-day project work, through which our employees perfect their ability to further develop their skills and create the best and most long-term solutions for our customers.

CSR

Netop Solutions has no current policy on corporate social responsibility (CSR). Instead, we have concentrated on selected activities within the areas of the environment, climate and human resources.

Environment and climate

Given the climate changes facing the world today, we take pleasure in being able to provide products and solutions that indirectly incorporate environmental and climate-related considerations. Our software supports lower carbon emissions, in that our solutions enable businesses and organisations to reduce their travel budgets and provide a climate-friendly alternative saving both time and money by meeting online. Taking an online meeting instead of a journey from, say Aalborg to Copenhagen, produces the following savings for the environment:

Train	12 kg CO_2/person
Air	66 kg CO_2/person
Car	88 kg CO_2/person

*Source: Danish Energy Authority

In addition, our remote solutions can help businesses reduce technical or support staff mileage while still providing support to users.

Naturally, we also use online meetings and remote support in-house at Netop Solutions, at all our locations and externally when communicating with customers or business partners. This approach contributes to reducing our travel activity.

At Netop Solutions, we are also very conscious of protecting the environment. For example, we collect bottles and paper for recycling.

Human resources

Our employees, their knowledge and skills are our most valuable resource, and we aim to support their everyday well-being and commitment by providing a sound and stimulating working environment.

Healthy people live longer and are less prone to illness. In order to support health-promoting activities that will support our employees' health and physical well-being, we make fitness facilities available to all members of our staff association free of charge. We also offer canteen services at several locations, bringing focus to a healthy and varied diet, which includes a fruit service. Also, our management has made a health insurance scheme available, enabling the staff to get psychological assistance for example if they need help to handle a situation of crisis or grief.

Having a good psychological and physical working environment is not the only important platform we provide for our employees. A large degree of flexibility and a sense of responsibility also contribute to giving each employee a good working environment and helping them to strike a balance between work and leisure. For this purpose, employees at Netop Solutions are given the opportunities for teleworking and have flexible working hours. Also, in order to promote good relations between employees and managers, each team leader conducts employee performance reviews once a year to support their professional and personal development.

SHAREHOLDER INFORMATION

Netop Solutions shares

Netop Solutions' shares are listed on NASDAQ OMX Copenhagen under securities identification code DK0010288125 and the symbol NETOP. Netop Solutions' shares are a component of the SmallCap index. Netop Solutions has one freely negotiable share class, which at 31 December 2009 consisted of a total of 4,209,108 shares.

At 31 December 2009, Netop Solutions shares were quoted at a price of DKK 7.80 compared with DKK 35.00 at 1 January 2009, a fall of 77.7%. As a result of the declining share price over the course of the financial year, Netop Solutions' market capitalisation dropped from DKK 147m at the beginning of the year to approximately DKK 32.8m at year-end 2009.

Danske Bank and Gudme Raaschou provided analyst coverage of Netop Solutions shares during the reporting period.

Ownership

At 31 December 2009, Netop Solutions had just over 1,100 registered shareholders, who represented approximately 94% of the share capital. The following shareholders have notified Netop Solutions that they hold more than 5% of the company's share capital:

Peter Grøndahl Nielsen,
Øverødvej 38, DK-2840 Holte (14.74%)

Consolidated Holdings A/S
Fredheimsvej 9, DK-2950 Vedbæk (13.72%)

PROFESSIONEL FORENING LD HF (LD Pensions),
Vendersgade 28, DK-1363 Copenhagen K (11.19%)

CHV IV A/S,
Fredheimsvej 9, DK-2950 Vedbæk (9.15%)

Ole Bjørn Setnes,
Øverødvej 72 B, DK-2840 Holte (7.39%)

Søren Peter Andersen,
Helsingevej 40, DK-2830 Virum (7.39%)

Netop Solutions held 138,669 treasury shares at 31 December 2009, equivalent to 3.42% of the share capital. Netop Solutions acquired treasury shares in 2009 in order to hedge possible future share option programmes and for the purpose of using them as a means of payment in connection with potential future acquisitions. Netop Solutions acquired 13,409 own shares in 2009 at a total value of tDKK 440.

Dividend

Dividends are adopted by the shareholders in general meeting. The Board of Directors proposes that no dividends be paid in respect of 2009.

Annual general meeting

The company's annual general meeting will be held at 2.00 pm on April 27, 2010 at the address of Netop Solutions, Bregnerødvej 127, DK-3460 Birkerød.

Investor Relations

Netop Solutions' ambition is to provide strong and reliable information. By pursuing open and active communications with investors, analysts, the press and other stakeholders, the company aims to provide the equity market with the optimum foundation from which to price Netop Solutions shares. The company communicates with investors through regular announcements, investor presentations and individual investor meetings. Netop Solutions' website, www.netop.com, the primary source of information for the company's stakeholders, regularly provides new and relevant information about Netop Solutions' performance, activities and strategy. The website also contains a separate section on the 2009 annual general meeting, from which it is possible to see or download the annual report or to register for the annual general meeting. Moreover, the articles of association and the notice convening the annual general meeting are available on the website. Shareholders, analysts, investors, securities companies and other interested parties should direct any questions about Netop Solutions to:

Netop Solutions A/S
Bregnerødvej 127
DK-3460 Birkerød
Contact: Claus Finderup Grove, CFO
Tel: +45 4590 2525
E-mail: investor@netop.com

Corporate governance

As a listed company, Netop Solutions is under an obligation to comply with the rules applying to companies listed on NASDAQ OMX Copenhagen as well as the code of corporate governance applying in Denmark.

Pursuant to clause 4.3 of the "Rules for issuers of Shares – NASDAQ OMX Copenhagen", listed companies must report on how they address the "Recommendations for corporate governance" based on the "comply or explain" principle. The main purpose of this requirement is to create transparency in corporate governance matters.

In accordance with the new rules, the information specific to Netop Solutions can be found at www.netop.com/investors, including Netop Solutions' position on each individual recommendation.

FINANCIAL CALENDAR 2010

27 April 2010	Quarterly report, Q1 2010
27 April 2010	Annual general meeting
17 August 2010	Quarterly report, Q2 2010
16 November 2010	Quarterly report, Q3 2010

ANNOUNCEMENTS IN 2009

19 January	Despite generating top-line growth, Netop Solutions A/S issues profit warning for FY 2008
10 March	Netop Solutions A/S releasing Annual Report 2008
7 April	Notice to convene the annual general meeting of Netop Solutions A/S
27 April	Annual general meeting – blank proxies issued to the Board of Directors of Netop Solutions
28 April	Profit announcement for the first quarter of 2009
30 April	Proceedings at the annual general meeting of Netop Solutions A/S held on 30 April 2009
6 May	Major shareholder announcement
18 August	Profit announcement for the second quarter and first half-year of 2009
7 October	Netop and Medianet terminate partnership
17 November	Netop Solutions A/S – Profit announcement for the third quarter of 2009
10 December	Netop Solutions adapts organisation, aiming for profitability in 2010
11 December	Financial calendar 2010

RISK FACTORS

Netop Solutions seeks to counter and reduce risks that the company can influence through its own actions. Netop Solutions' business involves a number of commercial and financial risks, including the impact of current economic trends. The global economic downturn impacted the overall risk factors affecting Netop Solutions throughout 2009, as we encountered substantially greater sales challenges than we had expected, especially during the last three quarters of the year. We expect the company to continue to feel the effects of the global downturn into 2010, further aggravating the current uncertainty.

Current developments in the global foreign exchange markets present a point of interest for the company, as a strong USD and a weak RON (Romanian Lei) have positive effects on the profits from our US operations and on the costs in our Romanian development company.

Netop Solutions' cash resources came under pressure during 2009, reaching a level at the end of the year at which the company may require an injection of additional capital in order to achieve its strategic goals.

At 31 December 2009, Netop Solutions had no interest-bearing debt and trade payables were at a relatively low level and have been reduced further in early 2010.

Risks deemed to possibly have an adverse effect on the company's future growth, operations, financial position and results are described in the sections below. The description is not exhaustive, nor are the risk factors described presented in any order or priority.

COMMERCIAL RISKS

Product development, technologies and compatibility

Netop Solutions' business platform is primarily based on the proprietary technology, the NetOp technology, used in most of the software applications of the two business areas Administration and Education. By acquiring GenevaLogic in 2008 and Medianet's development company in Romania, Netop Solutions has expanded its business areas and technological platforms. The transactions have given Netop Solutions added flexibility and scalability in development processes, reducing the risk of costly bottleneck situations as well as reducing the time to market. We completed the transfer of key elements of our development skills from Denmark and Switzerland to Romania in the first quarter of 2009. The relocation process was completed as planned and with no complications for the company's development process, nor did it cause inconvenience to our business partners or customers.

The company's future success, including its potential for future growth, depends on its ability to continue to improve existing products as well as to develop and launch new products adapted to cutting-edge technology.

The growing use of the Internet raises new demands and presents new opportunities in the business areas in which Netop Solutions operates. The demand for Internet-based solutions in Netop Solutions' business areas is increasing, whereas growth in the demand for conventional application-based solutions is slowing. Netop Solutions has developed an Internet-based version of NetOp Remote Control called Netop Remote Control OnDemand, and is developing Internet-based versions of several of the other products on an ongoing basis. Netop Solutions is rapidly building a position from which to provide part of its product portfolio as services or web-based solutions. Succeeding in this transition will be crucial for Netop Solutions' market position going forward.

In the fourth quarter of 2009, we launched MyVision, our first SaaS (Software as a Service) product in the Education segment. The launch demonstrates the Netop Solutions technology edge, as no one from the competition has introduced anything similar. The MyVision launch will give Netop Solutions valuable experience from web-based services that can be applied in the future roll-out of this strategy approach.

In the Education segment, the company is focused on integrating the products acquired from GenevaLogic into Netop Solutions' software product Netop School. This integration work will be ongoing in 2010. It is considered critical from an earnings point of view, but cost synergies from development activities will only be fully achieved when the integration has been completed.

The software market is dependent on developments in the market for operating systems and software platforms, in which Microsoft Corporation continues to set the standard, as these products generally determine how software is developed. However, other operating systems are increasingly being used, and several major players have announced their intentions of penetrating this market. This could mean that development companies like Netop Solutions will have to prepare to support multiple platforms. We would welcome such a situation, as this has been one of our strong points for several years.

Also, when new versions of operating systems are launched, software manufacturers, including Netop Solutions, have to adapt their products to possible new standards. The launch of new versions of existing operating systems and new types of operating systems could adversely affect Netop Solutions if such launches result in a need for comprehensive programming changes to existing products. With the new development unit consolidated at a single location, Netop Solutions will increasingly be able to reduce not only costs related to product upgrades, but also time to market, by a substantial margin.

Protection of technology

Netop Solutions' software products and underlying technology are proprietary and form the basis for the company's business, and Netop Solutions actively seeks to protect its rights primarily through trademark registration. However, these activities only offer limited protection against copying and unauthorized use which may lead to a reduction of the sales of Netop Solutions' products. During 2009, Netop Solutions worked on a new licensing system that is expected to result in a number of improvements in end-user application control, which would make it much more complicated to copy or use the company's software in an unauthorized manner. The project has been postponed due to the global economic crisis, but we expect to launch the new system at the end of 2010.

Competition

Netop Solutions operates in three markets – Administration, in which our main products are Remote Control-software and Asset Management for IT-related administrative tasks; Education, which is the market for software enabling and supporting computer-based classroom teaching and Communication, the market for unified communication, which includes web-based communication and conferencing solutions. These are markets characterized by fierce competition, rapid technological innovation and changes in customer needs and preferences.

Remote control software is sold by small company software specialists, who manufacture stand-alone software, by major software providers, who manufacture complete software suites and to various extents by manufacturers of operating systems. In recent years, remote control functionality, in particular, integrated as a general feature of software product suites or operating systems have been improved considerably, and a number of software suites feature software from our competitors. Despite the mounting competition from freeware providers and the fact that the overall market for remote control products is becoming stagnant, we continue to see good opportunities for generating positive earnings in this market over the next few years. Many companies continue to focus strongly on security and stability, which is precisely a key strength of Netop Remote Control, and the product enjoys a good market position. In addition, the transition to web-based access to PCs, laptops and other mobile units will represent a market in which Netop Solutions wants to be seen as a serious provider.

Netop Solutions has become a major player in the Education market, especially in the classroom management segment, following the acquisition of GenevaLogic. The Education market consists of a number of small players and is very competitive. However, Netop Solutions is strongly positioned, in terms of both technology and distribution, and the company will make a strong effort to expand this position in the future. In addition, Netop Solutions intends to monitor developments in this segment with respect to synchronous and asynchronous teaching solutions as well as web-based solutions.

Unified communications is a high-growth market attracting new players. In particular, providers of conferencing solutions hold a large part of the market. Netop Solutions' product Live Guide addresses a part of this market by offering Communication products as a service to users. The solution is hosted and serviced by Netop Solutions, giving the user the necessary flexibility. It is essential for Netop Solutions to establish a positive position in this growth market, and we are making every effort to achieve that. In order to retain this focus, we have concentrated our sales operations in the Scandinavian and US markets, appointing dedicated salespersons for these regions. When sales in these regions have reached satisfactory levels, we intend to expand our sales operations to the rest of Europe and the Asian markets.

Establishment of subsidiaries

In 2006, Netop Solutions established subsidiaries in the US, the UK and Germany and recruited local employees with extensive experience from the IT business and in-depth knowledge of the individual local markets. In connection with establishing the subsidiaries, Netop Solutions focused on organising the operations in the companies according to local conditions, legislation and regulations. On establishing the subsidiaries, Netop Solutions assumed increased commercial and financial risk. In connection with the acquisitions made during the summer of 2008 and the realignment of the organization in 2009, management closed down the company's offices in Frankfurt, Berlin and China, reduced the staff at the London and Langenthal (Switzerland) offices and expanded operations at the two US offices in Chicago and Portland, which have merged into a single subsidiary. This has helped to reduce costs, creating a more transparent organization.

Business partner agreements

In 2008, Netop Solutions signed an exclusive global distribution agreement with Medianet, gaining the right to distribute Medianet's unified communication products. As part of the agreement, Netop Solutions took over Medianet's customer base and its Romanian development company. The parties agreed to terminate the partnership effective at the end of 2009. Accordingly, Netop Solutions does not distribute Medianet's Live Communicator product, but instead retained its proprietary products Live Guide, which the company intends to continue to market. The reversal was completed without complications or legal proceedings.

Human resources

Having skilled and motivated employees is a prerequisite for Netop Solutions to uphold growth and satisfactory earnings. Netop Solutions' future success depends, among other things, on its ability to strengthen the product portfolio by developing new products and product upgrades. The transformation of ideas into viable products that customers demand requires that Netop Solutions is capable of attracting and retaining skilled and qualified employees and that the company successfully ensures an optimum flow of information from the end customer to the software developer. Previously, this flow of information has not run in an optimum way, because Netop Solutions has traditionally been a development-driven rather than a customer- or market-driven business. This process has been changed, as we have created a new product management organization forging a new relationship between sales and R&D. The new organization will ensure that only products demanded by the market on a short- or a long-term basis are being developed.

Customers and markets

The company sells its products through its subsidiaries in the USA, the UK, Switzerland and Romania and through business partners in more than 80 countries. In order to achieve our goal of profitable operations, Netop Solutions needs to successfully develop the necessary skills in the subsidiaries within its business segments, expand the business partner channels and increase the awareness of the company's products. Going forward, the objective is to generate an ever growing proportion of Netop Solution revenue from the sale and distribution of products and Software-as-a-Service products through web shops. In future, a part of the Netop Solutions product portfolio will address this rapidly growing market, and we plan to launch a number of products for this market in order to build the necessary experience. In the fourth quarter of 2009, we launched MyVision, the first product specifically directed at this market segment. It is still too early to estimate the future earnings potential, but it is expected to be substantial. Management believes that the transition will not have a negative, but rather a complementary effect on the existing distribution channel.

Netop Solutions invoices some 400 distributors, business partners and distributors in many parts of the world. In 2009, the 10 largest customers accounted for about 54% of revenue and no single customer accounted for more than 10% of revenue. Netop Solutions is therefore not believed to be dependent on any single customer.

Acquisitions

Company and technology acquisitions form an integral part of Netop Solutions' expansion strategy. Such acquisitions are associated with both risks and challenges – for instance in connection with the integration of the activities acquired, including integration of products and technologies, sales channels and employees.

Insurance

It is Netop Solutions' policy to insure against risks which could potentially threaten the company's financial position. In the license terms which customers must accept before they are technically able to install Netop Solution products, the company has to the maximum extent possible included clauses to limit liability. The purpose of these clauses is to limit the company's liability attributable to potential defects that may occur in the products sold.

Netop Solutions has taken out such insurance policies as are usual for companies of a similar nature. The company has also taken out insurance for property and operating equipment. Management believes that the company maintains adequate and appropriate insurance coverage. Netop Solutions' policy on insurance cover is reviewed annually in consultation with the Board of Directors.

FINANCIAL RISKS

Due to the international nature of Netop Solutions' operations, a number of financial risks have an impact on the company's results of operations. It is the company's policy to identify and hedge such risks according to the guidelines defined by the Board of Directors and the Management Board.

Foreign exchange risk

Netop Solutions is incorporated in Denmark and prepares its financial statements in Danish kroner. In 2009, the company invoiced approximately 25% of its sales in Danish kroner, 25% in euros, 45% in US dollars and the remaining 5% in British pound sterling. The company's foreign exchange exposure is thus primarily in euro and US dollars in terms of revenue and in US dollars and Romanian Lei (RON) in terms of costs. Management does not believe that the euro exposure involves particular risk. As regards US dollars, the company's exposure has been reduced following the establishment of a subsidiary in Chicago and the acquisition in Portland. Management monitors the situation and the company enters into hedging contracts for up to 50% of the USD-denominated cash flows from operations from time to time. No contracts were entered into in 2009, as Netop Solutions had a net surplus of US dollars. Going forward, a part of the future costs will be RON-denominated and management will consider whether hedging future payments

to Romania would be appropriate, either by way of currency options or forward contracts. No option or forward contracts were entered into in 2009. The average DKK/RON exchange rate in 2009 was 1.76, while the budgeted rate was 1.85.

Interest rate exposure

Netop Solutions is exposed to limited interest rate risk, which primarily involves the interest income on the company's cash holdings. The return on the cash holdings is calculated on the basis of the money market rate. In January 2010, Netop Solutions signed a factoring agreement regarding sales in the Nordic region, which adds a CIBOR-based rate of interest for a percentage of outstanding amounts. This involves a minute interest exposure.

Liquidity risk

Netop Solutions pursues a policy of consistently ensuring the existence of adequate financial resources. Cash reserves, which are deemed to be sufficient to implement Netop Solutions' current strategy, consist of prior-year cash flows and proceeds from the IPO in 2001. Cash resources amounted to DKK 48m at year-end 2008, but due to the global recession, revenue fell short of expectations causing the loss and the necessary drawings on our liquid reserves to be greater than anticipated. The large cash deficit Netop Solutions experienced in 2009 is expected to be reversed in 2010 through profitable operations and substantially lower costs. A factor of uncertainty relating to the company's cash position in 2010 involved a guarantee commitment made in connection with the acquisition of GenevaLogic in 2008. The acquisition agreement included an obligation worth up to DKK 10m, which is expected to crystallize in the fourth quarter of 2010. We project net cash inflows in all quarters of the year, and expect to base operations during the year on existing credit facilities. The work to strengthen the company's capital resources continues, and Netop Solutions' main shareholder, Consolidated Holdings Group, has stated that it is willing to assist in the procurement, if additional to the Company, should become necessary in 2010. The annual report is presented on a going-concern basis.

Credit risk

The company minimizes credit risk related to cash and cash equivalents, money market deposits as well as derivatives by exclusively cooperating with financial institutions with a high creditworthiness.

Debtor risk

The company's sales are primarily made on open account. Most of Netop Solutions' sales are to business partners with whom we have maintained a business relationship for several years. The company operates fixed terms of payment and has defined policies on how to follow up on non-payment. For sales to new customers, we often require a down payment for initial shipments. The practice pursued so far for the handling of debtors has proven to be very effective. Due to the global economic slump and the more difficult access to financing, the company has tightened its debtor follow-up procedures to involve a weekly review of all debtors. This approach has been successful, as the debtor portfolio was steadily reduced during the year and it has continued to fall in early 2010.

ENVIRONMENTAL ISSUES

Netop Solutions seeks to estimate and limit the environmental impact of its business operations. The company gives priority to making direct and indirect contributions to a sustainable environment. Encompassing the development and selling of software products, Netop Solutions' operations have a very limited direct environmental impact.

Netop Solutions' impact on the external environment thus mainly derives from heating and cooling of the company's premises as well as electricity and water consumption. It is important to us that environmentally-friendly solutions are applied in these areas. During the last two years, Netop Solutions has reduced its annual water consumption by 40% and its power consumption by 10%. In addition to reducing our costs, this has strongly reduced our environmental footprint.

The company is not involved in environmental claims, and Netop Solutions is not comprised by the rules on environmental approval or the act on presentation of "green accounts" (environmental report).

FINANCIAL REVIEW

INCOME STATEMENT

Revenue

Revenue totalled DKK 85.3m in 2009, down 7% from DKK 91.5m in 2008. The revenue decline was attributable to the general slowdown experienced in all of the company's markets in 2009.

Revenue for Q4 2009 was DKK 21.2m, a fall of 22% from DKK 27.1m in Q4 2008. The decline was mainly due to the difficult market conditions that prevailed during the final three quarters of 2009.

Revenue performance by business area

Revenue from the Administration segment was DKK 40.8m against DKK 54.5m last year. Administration thus accounted for 48% of total revenue, as compared with 60% in 2007. The lower contribution to revenue by the Administration segment, which has historically been Netop Solutions' largest business, was consistent with expectations, because the acquisition of GenevaLogic, which exclusively sells Education products, was only recognised with six months' revenue in 2008 due to the timing of the acquisition. Netop Solutions has experienced a general slowdown in all geographical markets, but the set-back was substantial in the European markets.

Revenue from the Education segment totalled DKK 36.2m in 2009, up 12% from DKK 32.2m in 2008. Accordingly, the Education segment accounted for 42% of Netop Solutions' total revenue in 2009 against 35% in 2008. The relative contribution to revenue was in line with expectations. The revenue increase was mainly due to the fact that GenevaLogic revenue was only included for six months in 2008, but it was also driven by the much greater attention given in our sales channel to Netop's original product, Netop School, which generated growth in an otherwise difficult market.

Communication revenue was DKK 3.4m in 2009, as compared with DKK 1.4 million in 2008. The 142% improvement was due to the fact that the 2008 figure included only six months' revenue from GenevaLogic, but was also driven by the growing sales in the European markets towards the end of 2009. However, overall revenue still fell short of expectations, as especially revenue from the USA was disappointing.

Revenue from Other products related to income generated by the Romanian development company.

Revenue by business area:

DKK million	2009	%	2008	%
Administration	40.8	48	54.5	59
Education	36.2	42	32.2	35
Communication	3.4	4	1.4	2
Other	4.9	6	3.4	4
Total	85.3	100	91.5	100

Revenue performance by market

Revenue from the Americas, covering North, Central and South America climbed 10% to DKK 34.9m, mainly driven by revenue from the acquisition of GenevaLogic, whose primary market is the USA. This revenue was recognised for the full year of 2009, but only for six months of 2008. Also, the US dollar appreciated by 7% against Danish kroner in 2009 relative to 2008.

In the UK, revenue fell by 25% to DKK 5.2m, partly due to a 13% depreciation of the pound sterling against Danish kroner relative to 2008.

In the Germany region, revenue was down by 24% to DKK 8.8m, mainly because of the transition from operating a Netop subsidiary in Germany to using a distributor.

Other countries covers Scandinavia, the Asia/Pacific region, the rest of Eastern and Western Europe, Africa and the Middle East, recorded a revenue decline of 12% to DKK 36.4m.

Revenue by geographical market:

Geographical regions	2009	%	2008	%
USA	34.9	41	31.8	35
United Kingdom	5.2	6	6.9	7
Germany	8.8	10	11.5	13
Other	36.4	43	41.3	45
Total	85.3	100	91.5	100

Costs

Total production costs (direct costs), other operating income, external costs, depreciation/amortisation, staff costs and other operating costs totalled DKK 152.7m in 2009, a 12% increase from DKK 136.6m in 2008. Costs on 2008 included a DKK 12.5 million gain from the divestment of a land and buildings. Net of this gain, costs rose by 2%. The entire cost increase was attributable to the acquisition of Genevalogic and the conclusion of the agreement with Medianet, which were included for six months of 2008 and for the full year of 2009.

Other operating income of DKK 0.3m reflects the DKK 12.5m sale of the product Netfilter in 2008, when Netop Solutions sold its domicile property.

External costs (54% of revenue) amounted to DKK 45.9m in 2009, down 25% from DKK 60.5m in 2008. The fall was due to general cost adjustments in all areas and the fact that staff-related costs such as travel activity and telecommunication costs have dropped with the reduction of the employee headcount. In addition, the termination of the Medianet agreement led to the costs of this discontinued activity being reclassified from external costs. The reclassification also applied to six months of the 2008 financial year, as the agreement took effect from 1 July 2008.

See note 31 to the financial statements for further details on the calculation of discontinued activities in 2009 and the resulting accounting consequences for 2008 and 2009.

Depreciation/amortisation and impairment losses (39% of revenue) totalled DKK 32.9m in 2009 against DKK 12.2m in 2008. The DKK 20.9m write-down of M-Net/NAC was the main reason for the increase. In addition, development projects that were not previously capitalised to the same extent were amortised by DKK 2.5m and acquired customer relations were amortised over 12 months in 2009 compared to over six months in 2008.

Staff costs (86% of revenue) fell to DKK 73.3m in 2009 from DKK 76.8m in 2008 even though the activities acquired from GenevaLogic and Medianet were only included for six months of 2008. The fall was due to the relocation of development resources from Denmark and Switzerland to Romania and to the additional staff reductions at all offices. In addition, the termination of the Medianet agreement resulted in costs of transferred employees being reclassified from external costs. See note 31 to the financial statements for further details on the calculation of discontinued activities in 2009 and the resulting accounting consequences for 2008 and 2009.

EBITDA

Netop Solutions generated an operating loss before interest, tax, depreciation and amortisation (EBITDA) of DKK 34.5m in 2009 against a DKK 33.9m loss in 2008.

EBITDA for Q4 was a DKK 0.6m profit against a loss of DKK 1.4m in Q4 2008.

EBIT

The company recorded an operating loss (EBIT) of DKK 67.4m in 2009 against a DKK 45.1m loss last year.

In Q4 2009, the company incurred an operating loss (EBIT) of DKK 22.8m against a loss of DKK 7.2m in Q4 2008.

Net financials

Net financial items amounted to an expense of DKK 0.5 million in 2009 as against an expense of DKK 8.0 million in 2008. The main factor of the net expense was the depreciation during the year of US dollars against Danish kroner.

Tax on loss for the year

A drop in Netop Solutions' tax asset reduced the accounting tax value by DKK 5.8m, compared with DKK 8.0m in 2008.

Profit/loss of discontinued operations

Due to the termination of the Medianet agreement, revenue from the product Live Communicator and the costs of employees transferred to Medianet and the distributor agreement is no longer recognised. The net cost of these activities amounted to DKK 8.9m in 2009 against DKK 3.6m for the corresponding activities in 2008. See note 31 to the financial statements for further details on the calculation of discontinued activities in 2009 and the resulting accounting consequences for 2008 and 2009.

Loss before and after tax

Netop Solutions incurred a loss from ordinary activities before tax of DKK 82.5m (2008: DKK 48.7m), equal to minus 87% (2007: minus 63%) of revenue.

This equals a negative EPS of DKK 20.2 (2008: negative EPS of 12.3).

BALANCE SHEET

Netop Solutions had total assets of DKK 99.4m at 31 December 2009 compared with DKK 182.4m at 31 December 2008. The fall of DKK 83.0m was mainly due to impairment as well as depreciation/amortisation charges on the Group's non-current assets of DKK 27.8m and the negative cash flows for the year of DKK 43.3m.

Intangible assets

The carrying amount of intangible assets was reduced substantially, by DKK 26.0m, relative to 2008. Part of the reason was the addition of development costs of approximately DKK 7m, but the main factor was the complete write-off of the M-Net product from a value of approximately DKK 20.9m. The rest of the amount was attributable to ordinary write-downs.

Other non-current assets

The carrying amount of other non-current assets was DKK 16.7m at 31 December 2009 compared with DKK 21.7m at 31 December 2008. The fall was mainly due to capitalised deferred tax being recognised at an expense of approximately DKK 6m compared with capitalised deferred tax of DKK 8.1m at 31 December 2008.

Current assets

Current assets totalled DKK 22.2m at 31 December 2009 compared with DKK 73.8m at 31 December 2008. The decline in current assets was primarily driven by a reduction of cash holdings resulting from the loss for the year and a reduction of trade receivables of DKK 5.0m.

Equity

Equity was DKK 63.9m at 31 December 2009, against DKK 145.9m at 31 December 2008. The large fall was due almost exclusively to the Group's loss for 2009, and the equity ratio is now at 65% compared with 80% at the end of 2008.

Non-current liabilities

Non-current liabilities fell by approximately DKK 9m relative to 31 December, 2008, because the guarantee commitment of DKK 10m that Netop Solutions provided in connection with the acquisition of GenevaLogic in 2008 will crystallise within the next 12 months and has therefore been reclassified to current liabilities.

Current liabilities

Current liabilities rose by DKK 7.0m from 31 December 2008 to 31 December 2009. The increase was due to the above-mentioned guarantee commitment of DKK 10m, while on the other hand trade creditors fell by DKK 3.5m.

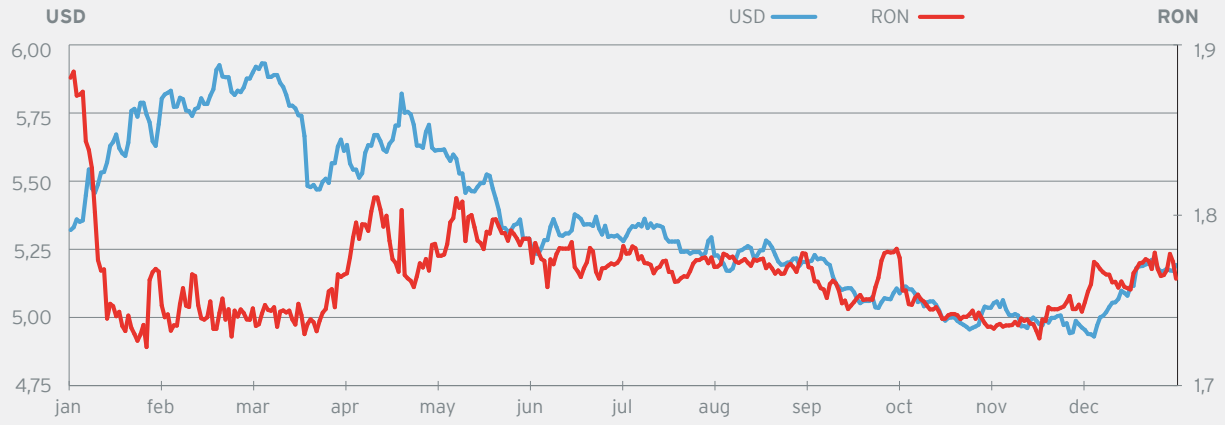
CASH FLOWS

The company recorded a cash outflow from operating activities of DKK 37.5m, which was less than the outflow of 2008 in spite of the greater loss incurred in 2009 and was mainly due to the smaller working capital tie-up.

Cash flows from investing activities was an outflow of DKK 5.5m, against an inflow of DKK 8.9m in 2008. The cash position was adversely affected by costs of both proprietary and acquired development activities of approximately DKK 7m incurred in 2009.

The Group's cash resources at 31 December 2009 amounted to DKK 4.8m and constituted cash only, as was also the case at 31 December 2008 when cash resources amounted to DKK 48.1m.

USD & RON exchange rate 2009



STATEMENT BY THE BOARD OF DIRECTORS AND THE MANAGEMENT BOARD AND INDEPENDENT AUDITORS' REPORT

STATEMENT BY MANAGEMENT ON THE ANNUAL REPORT

We have today presented the annual report of Netop Solutions A/S for the financial year 1 January – 31 December 2009.

The annual report is prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of 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 2009 as well as of their financial performance and their cash flows for the financial year 1 January - 31 December 2009.

We also believe that the management commentary contains a fair review of the development and performance of the Group's and the Parent's business and of their financial position as a whole, together with a description of the principal risks and uncertainties that they face.

We recommend the annual report for adoption at the Annual General Meeting.

Birkeroed, 16 March 2010

MANAGEMENT

Kurt Groth Bager
CEO

Claus Finderup Grove
CFO

BOARD OF DIRECTORS

Ib Kunøe
Chairman

Henning Hansen

Jan Elbæk

Max Møller

Per Egon Rank

Peter Schübach

Søren Bach

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Netop Solutions A/S

We have audited the consolidated financial statements and parent financial statements of Netop Solutions A/S for the financial year 1 January - 31 December 2009, which comprise the income statement, comprehensive income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including the accounting policies, for the Group as well as the Parent and the management commentary. The consolidated financial statements and parent financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed companies. The management commentary has been prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the consolidated financial statements, parent financial statements and management commentary

Management is responsible for the preparation and fair presentation of consolidated financial statements and parent financial statements in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed companies and for the preparation of a management commentary that contains a fair review in accordance with the Danish Financial Statements Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and presentation of consolidated financial statements, parent financial statements and a management commentary that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility and basis of opinion

Our responsibility is to express an opinion on these consolidated financial statements and parent financial statements and this management commentary based on our audit. We conducted our audit in accordance with Danish and International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements, parent financial statements and management commentary are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements, parent financial statements and management commentary. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, parent financial statements and management commentary, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of consolidated financial statements and parent financial statements and to the fair review of a management commentary 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 evaluating the overall presentation of the consolidated financial statements, parent financial statements and management commentary.

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 and parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31 December 2009, and of their financial performance and their cash flows for the financial year 1 January - 31 December 2009 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed companies and the management commentary contains are a fair review in accordance with the Danish Financial Statements Act.

Emphasis of matter

Without qualifying our opinion, we refer to the information in the section on "Risk factors" in the management commentary under the section Liquidity risk, page 23 from which it follows that Management expects to have met the capital requirement for the going concern of the Company. Management based its assessment thereof on the assumption that expected positive developments in company activities and liquidity are realized. For this reason, Management has presented the annual report on a going concern basis. In our view, the Company's expectations for positive developments in activities and liquidity are subject to uncertainty, and therefore capital requirements which have not been met may arise.

Birkerød, 16-03-2010

Deloitte
Statsautoriseret Revisionsaktieselskab

Peter Skov Hansen
State Authorised
Public Accountant

Christian Sanderhage
State Authorised
Public Accountant

BOARD OF DIRECTORS AND MANAGEMENT

The Group consists of the following companies: Netop Solutions A/S (parent company), Netop Business Solutions A/S (wholly owned), and which wholly own the subsidiaries: Netop Tech Inc.(USA), Netop Tech Ltd. (UK)., Netop Tech GmbH (Germany), Netop Tech AG (Switzerland), Netop S.l.r. (Romania).

The members of the Board of Directors of Netop Solutions A/S are listed below. The Board of Directors of Netop Business Solutions A/S consists of Ib Kunøe (Chairman), Henning Hansen and Jan Elbæk. The Management Board consists of Kurt Groth Bager and Claus Finderup Grove.

BOARD OF DIRECTORS

Ib Kunøe, 66
Chairman of Netop Solutions A/S and Netop Business Solutions A/S since July 2005.

Chairman of the boards of directors of: Atea ASA, CDrator A/S, Columbus IT A/S, Consolidated Holdings A/S, Core Workers A/S, DAN-Palletiser A/S, DAN-Palletiser Holding A/S, Morsing PR ApS and Thrust IT A/S.

Member of the boards of directors of: Atrium Partners A/S and Primare Systems AB.

Special qualifications: General corporate management, including management of IT businesses, mergers and acquisitions.

Henning Hansen, 60
Board member of Netop Solutions A/S and Netop Business Solutions A/S since February 2001. Attorney-at-law. Partner with Philip law firm.

Chairman of the board of directors of: Fondshuset A/S

Member of the boards of directors of: Casino Ejendomsselskab A/S, Non Nobis Fonden, Enecto ApS, Chris-Wine A/S as well as the board of representatives of Realdania.

Special qualifications: General management, general and corporate law issues.

Jan Elbæk, 49
Executive VP, member of the executive board of Atea A/S.

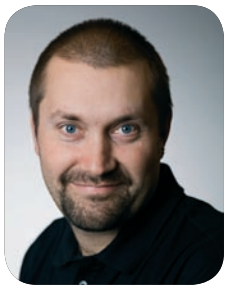
Member of the boards of directors of:
Westergaard CSM A/S, Intranote A/S.

Special qualifications:
International sales and management of IT businesses.

Peter Schüpbach, 47

Member of the boards of directors of: Kyte Inc., USA, FashionFriends AG, Switzerland, NewBorn Ventures AG, Switzerland, ABILITA AG, Switzerland, Quevita AG, Switzerland, Restorm AG, Switzerland, Plazes AG, Switzerland, SpeedLingua SA, Luxembourg, Edelight GmbH, Germany.

Special qualifications:
Development and management of IT businesses.



Max Møller, 35
Product Quality Manager
Board member of Netop Solutions A/S since April 2009.
Elected by the company's employees.

Per Rank, 56
Sales Manager
Board member of Netop Solutions A/S since April 2005.
Elected by the company's employees.

Newly elected

Søren Bach, 33
Facility Manager
Board member of Netop Solutions A/S since 22 February 2010.
Elected by the company's employees.

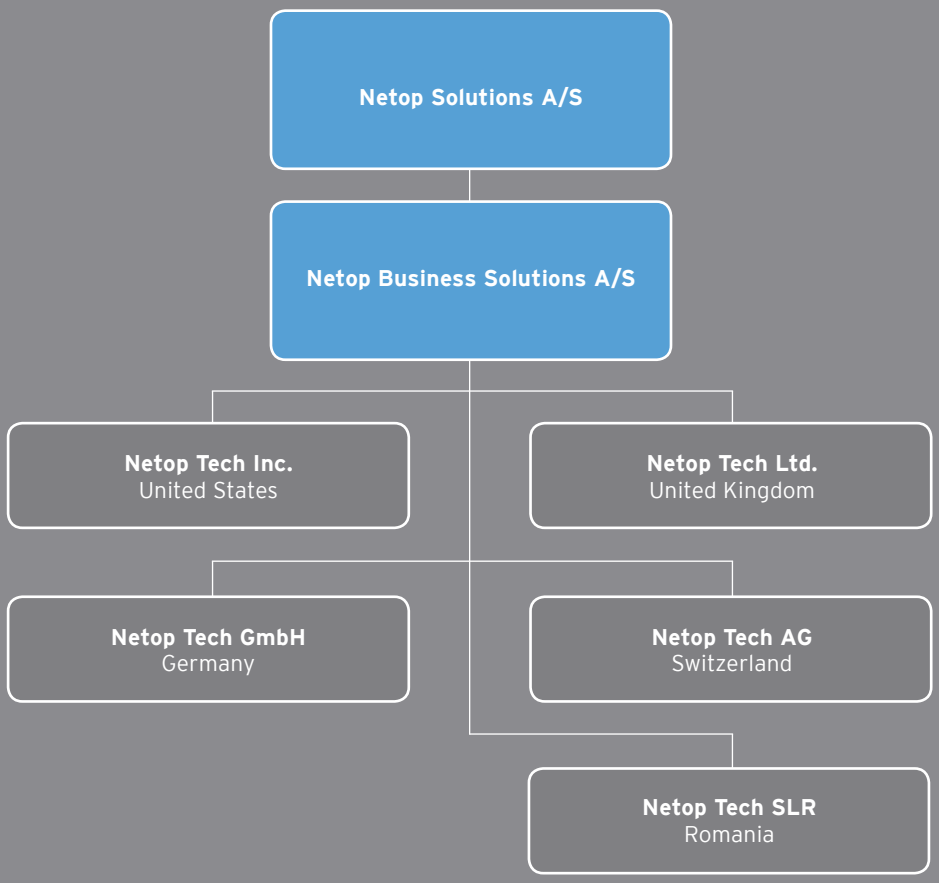
MANAGEMENT BOARD

Kurt Groth Bager, 45
Appointed Chief Executive Officer of Netop Solutions A/S with effect from 21 February 2008.

Claus Grove Finderup, 41
Chief Financial Officer since November 2007.

Kent F. Madsen, 45
Chief Technical Officer since 1 June 2008.

GROUP OVERVIEW



CONSOLIDATED ACCOUNTS

CONSOLIDATED INCOME STATEMENT 1 JANUARY – 31 DECEMBER

DKK '000		2009	2008
Revenue	3.4	85,287	91,485
Direct costs		(685)	(500)
Gross profit		**84,602**	**90,985**
Other operating income	6	322	12,502
External costs	9	(45,756)	(60,545)
Amortisation, depreciation and impairment losses	5	(32,875)	(11,188)
Staff costs	8	(73,500)	(76,838)
Other operating costs	7	(192)	-
Operating profit (EBIT)		**(67,399)**	**(45,084)**
Income form investments in associates	16	-	-
Financial income	10	471	3,935
Financial expenses	11	(946)	(11,967)
Profit before tax af continuing business		**(67,873)**	**(53,116)**
Corporation tax of continuing business	12	(5,776)	7,971
Profit for the year of continuing business		**(73,649)**	**(45,145)**
Profit for the year of discontinuing business	31	(8,891)	(3,601)
Profit for the year		**(82,539)**	**(48,746)**
Earning per share (EPS)			
Earning per share (EPS)	13	(20.24)	(12.34)
Earnings per share, diluted (EPS-D)	13	(20.24)	(12.34)
Earning per share of continuing business (EPS)	13	(18.06)	(11.43)
Earning per share of continuing business, diluted (EPS-D)	13	(18.06)	(11.43)
Distributed as follows:			
Shareholders in Netop Solutions A/S		(82,539)	(48,746)
Minority shareholders		-	-
		(82,539)	**(48,746)**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME 31 DECEMBER

DKK '000		2009	2008
Profit for the year		(82,539)	(48,746)
Other comprehensive income			
Exchange rate adjustments relating to foreign entities		794	6,033
Tax of other comprehensive income	12	-	-
Other comprehensive income after tax		794	6,033
Total comprehensive income		**(81,746)**	**(42,713)**
Distributed as follows:			
Shareholders in Netop Solutions A/S		(81,746)	(42,713)
Minority shareholders		-	-
		(81,746)	**(42,713)**

CONSOLIDATED BALANCE SHEET 31 DECEMBER

DKK '000		2009	2008
ASSETS			
Acquired licenses		7,702	17,644
Goodwill		31,022	43,978
Completed development projects		6,620	5,546
Development projects in progress		1,410	2,401
Customer relations		10,500	13,500
Software internal use		294	516
Intangible assets	14	**57,548**	**83,585**
Land and buildings		-	-
Other fixtures and fittings, tools and equipment		1,611	3,260
Leasehold improvements		68	156
Property, plant and equipment	15	**1,678**	**3,416**
Investments in associates	16	-	398
Deposits		13,132	13,172
Other receivables	19	1,540	-
Deferred tax	17	2,004	8,082
Other non-current assets		**16,675**	**21,652**
Total non-current assets		**75,902**	**108,653**
Trade receivables	18	14,569	19,597
Other receivables	19	2,803	6,009
Cash at bank and in hand	25	4,848	48,146
Total current assets		**22,220**	**73,752**
Total assets		**98,121**	**182,405**

CONSOLIDATED BALANCE SHEET 31 DECEMBER

DKK '000		2009	2008
EQUITY AND LIABILITIES			
Equity			
Share capital	20	21,046	21,046
Other reserves		8,348	7,422
Retained earnings		34,476	117,455
Total equity		**63,870**	**145,923**
Deferred tax	17	3,675	4,574
Provisions	21	1,311	10,000
Pension obligations	22	226	685
Other liabilities	24	805	-
Total non-current liabilities		**6,017**	**15,259**
Debt. acquisition of subsidiaries		-	7
Provisions	21	10,146	-
Trade payables		3,193	6,692
Corporation tax	23	45	3
Other liabilites	24	10,839	10,743
Deferred income		4,012	3,778
Total current liabilities		**28,234**	**21,223**
Total liabilities		**34,251**	**36,482**
Total equity and liabilities		**98,121**	**182,405**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 1 JANUARY - 31 DECEMBER

DKK '000	Share capital	Translation reserve	Retained earnings	Reserve for share based payments	Reserve total	Proposed dividends	Total
Equity at 1 January 2008	**19,252**	**(119)**	**148,463**	**146**	**148,490**	**-**	**167,742**
Capital increase	1,794		21,879		21,879		23,673
Acquisition of treasury shares			(4,141)		(4,141)		(4,141)
Share based payments				1,362	1,362		1,362
Total comprehensive income for the year		6,033	(48,746)		(42,713)		(42,713)
Changes in equity in 2008	**1,794**	**6,033**	**(31,008)**	**1,362**	**(23,613)**	**-**	**(21,819)**
Equity at 31 December 2008	**21,046**	**5,914**	**117,455**	**1,508**	**124,877**	**-**	**145,923**
Equity at 1 January 2009	**21,046**	**5,914**	**117,455**	**1,508**	**124,877**	**-**	**145,923**
Capital increase					-		-
Acquisition of treasury shares			(440)		(440)		(440)
Share based payments				133	133		133
Total comprehensive income for the year		794	(82,539)		(81,746)		(81,746)
Changes in equity in 2009	**-**	**794**	**(82,979)**	**133**	**(82,053)**	**-**	**(82,053)**
Equity at 31 December 2009	**21,046**	**6,708**	**34,476**	**1,641**	**42,824**	**-**	**63,870**

CONSOLIDATED CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER

DKK '000		2009	2008
Operating profit (EBIT)		(67,399)	(45,084)
Adjustments for non-cash transactions			
Share based payments		133	69
Adjustment pension obligations		(459)	(315)
Adjustment provisions		1,457	10,000
Amortisation, depreciation and impairment losses	5	32,875	11,188
Gains and losses on sold intangible assets and property, plant and equipment	6.7	(74)	(12,502)
Adjustment deferred income		234	3,602
		(33,234)	(33,042)
Change in net working capital			
Change in receivables		6,734	3,726
Change in trade payables and other liabilities		(3,063)	(15,977)
Cash generated from operations		(29,563)	(45,293)
Interest paid		471	3,936
Interest received		(159)	(725)
Cash generated from operations activities		(29,251)	(42,082)
Corporation tax paid		(97)	5,834
Cash flow from operating activities of continuing business		**(29,348)**	**(36,248)**
Cash flow from operating activities of discontinuing business	31	(8,139)	(4,433)
Cash flow from operating activities		**(37,486)**	**(40,681)**
Purchase of intangible assets	14	(7,007)	(3,227)
Disposal of intangible assets	14	1,625	1,189
Purchase of property, plant and equipment	15	(528)	(1,004)
Disposal of property, plant and equipment	15	48	41,500
Purchase/disposal of other non-current assets		40	(12,525)
Disposal investments in associates		398	-
Acquisition of subsidiaries	26	(75)	(17,079)
Cash flow from investing activities		**(5,499)**	**8,854**
Acquisition of treasury shares		(440)	(4,141)
Cash flow from financing activities		**(440)**	**(4,141)**
Change in cash at bank and in hand		**(43,425)**	**(35,968)**
Cash at bank and in hand at 1 January	25	48,146	84,114
Exchange rate adjustments of cash at bank and in hand		127	-
Cash at bank and in hand at 31 December	25	**4,848**	**48,146**

NOTES TO THE CONSOLIDATED ACCOUNTS

NOTES TO THE CONSOLIDATED ACCOUNTS

NOTE 1 GROUP ACCOUNTING POLICIES

Accounting policies for the Group
Netop Solutions A/S is a public limited liability company incorporated in Denmark. The annual report for the year ended 31 December 2009 includes both the consolidated financial statements of Netop Solutions A/S and its subsidiaries (the Group) and the separate financial statements of the parent company.

The consolidated financial statements are presented in accordance with the International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies, cf. the disclosure requirements imposed by NASDAQ OMX Copenhagen on financial statements of listed companies, the Danish Financial Statements Act and the Danish Statutory Order on Adoption of IFRS issued in pursuance of the Danish Financial Statements Act.

The annual report also complies with the International Financial Reporting Standards issued by the IASB.

Basis of preparation
Theannual report has been prepared under the historical cost convention, with the exception of derivative financial instruments used for hedging purposes.

Non-current assets and disposal groups held for sale are measured at the lower of the carrying amount before the reclassification and the fair value less costs to sell.

The accounting policies set out below have been consistently applied in the financial year and to the comparative figures.

The annual report is presented in DKK rounded to the nearest thousand kroner.

Changes in accounting policies
Apart from as set out below, the accounting policies are unchanged from the policies applied in the Annual Report 2008.

- The 2009 income statement is classified by type of expenditure, unlike the income statements of 2008 and prior years in which costs relating to ordinary operations were classified by function. The change has the sole effect of changing the presentation of costs related to ordinary operations and has no effect on the operating profit or the profit for the year. The change was made because the Group manages its costs by type more than by the function they are incurred for, making the change a logical step that is consistent with the Group's other reporting.

Implementation of new accounting standards
Netop Solutions A/S implemented the following new or amended standards and interpretations as adopted by the EU, which have taken effect as from accounting periods commencing on 1 January 2009.

- IAS 1 (revised 2007), Presentation of financial statements

Implementation only entails a change in the presentation of the statement of changes to equity and, in turn, the implementation of the statement of comprehensive income. The statement of comprehensive income reflects all of the Group's income and costs in accordance with the income statement. Accordingly, the statement of changes in equity exclusively shows transactions with Netop shareholders.

- IAS 23 (revised 2007), Borrowing costs

The new standard requires that borrowing costs incurred for loans raised for the construction or development of intangible assets or property, plant and equipment are attributed to those assets. As Netop did not have such loans in 2009, the company is not affected by the change.

- IFRS 8, Operating segments.

This standard only affects the Group's segment information and requires that segment reporting is based on operating segments. This eliminates a previous requirement for business and geographical segment reporting. Implementation has led to changes in the note disclosures provided in note 3. The comparative figures for 2008 have been restated accordingly.

The new standards and interpretations did not affect earnings per share or the diluted earnings per share.

IASB has issued the following new financial reporting standards and interpretations that have not yet come into force. The standards and interpretations are not mandatory in the preparation of Netop's annual report for 2009:

IFRS 3 Business combinations

NOTES TO THE CONSOLIDATED ACCOUNTS

NOTE 1 GROUP ACCOUNTING POLICIES

Revised (IAS 24)

IAS 27 “Consolidated and separate financial statements”

Amendment of IAS 39 “Financial instruments: Recognition and measurement”

IFRIC 12, Service concession arrangements

Amendment to IFRIC 14, “The limit on a defined benefit asset, minimum funding requirements and their interaction”

IFRIC 19 ”Extinguishing financial liabilities with equity instruments”

Amendment of IAS 1, First-time adoption of IFRS

Amendment of IFRS 2: “Share-based payment”

IFRS 9 “Measurement and classification of financial assets”

Amendment to IAS 32 “Financial Instruments: Presentation”

Improvements to IFRSs (May 2008)

Improvements to IFRSs (April 2009)

The above-listed amendments and new standards and interpretations IAS 24, amendments to IFRS 1 and 2, IFRS 9, ”Improvements to IFRSs (April 2009)”, IFRIC 19 and amendments to IFRIC 14 have not yet adopted by the EU.

The Netop Group expects to implement the new financial reporting standards in connection with its financial reporting in respect of 2010 and 2011, when they become mandatory.

The amendments and interpretations are not expected to affect the amounts of the Netop Group’s profit/loss, assets or liabilities and equity when taking effect.

Consolidation
The consolidated financial statements consolidate the financial statements of the parent company, Netop Solutions A/S, and subsidiaries in which Netop Solutions A/S directly or indirectly holds more than 50% of the voting rights or in any other way exercises a controlling interest. Companies in which the Group holds between 20% and 50% of the voting rights and exercises a significant influence but not control are considered associates. An assessment of whether Netop Solutions A/S exercises control or a significant influence takes potential voting rights into consideration. See the Group overview on page 32. The consolidated financial statements are prepared by adding the audited financial statements of the parent company and the individual subsidiaries, all of which are prepared in accordance with the Group’s accounting policies. In the consolidation, intra-group income and expenses, shareholdings, balances, dividends and realised and unrealised intra-group gains and losses are eliminated.

Investments in subsidiaries are eliminated by the proportionate share of the subsidiaries’ fair value of identifiable net assets and recognised contingent liabilities at the date of acquisition.

Business combinations
Newly acquired or newly established companies are recognised in the consolidated financial statements from the date of acquisition. Companies divested or wound up are included in the consolidated income statement until the date of disposal. Comparative figures are not restated to reflect acquisitions. Discontinued operations are presented as a separate item. See below.

The purchase method is applied on acquisitions if the parent company gains control of the company acquired. Identifiable assets, liabilities and contingent liabilities in companies acquired are measured at the fair value at the date of acquisition. Identifiable intangible assets are recognised if they can be separated or arise from a contractual right and the fair value can be reliably measured. Deferred tax on revaluations made is recognised.

NOTES TO THE CONSOLIDATED ACCOUNTS

NOTE 1 GROUP ACCOUNTING POLICIES

For business combinations effected on or after 1 January 2004, any excess of the cost of acquisition over the fair value of the acquired identifiable assets, liabilities and contingent liabilities is recognised as goodwill under intangible assets. Goodwill is not amortised, but is tested for impairment annually. The first impairment test is performed before the end of the year of acquisition. On acquisition, goodwill is transferred to the cash-generating units which will subsequently form the basis for future impairment tests. Any goodwill arising and any fair value adjustments made on the acquisition of a foreign entity whose functional currency is not the same as the Group's presentation currency are treated as assets and liabilities of the foreign entity and translated to the foreign entity's functional currency at the exchange rate at the transaction date. Any excess of the fair value over the cost of acquisition (negative goodwill) is recognised in the income statement at the acquisition date.

For business combinations made before 1 January 2004, the classification under the previous accounting policy is maintained. Goodwill is recognised based on the cost recognised under the previous accounting policy (Danish Financial Statements Act and Danish accounting standards) less amortisation and impairment up to 31 December 2003. Goodwill is not amortised after 1 January 2004.

The cost of a company is the fair value of the agreed consideration paid plus costs directly attributable to the acquisition. If parts of the consideration are conditional on future events, such parts of the consideration are recognised in cost to the extent the events are likely and the consideration can be reliably measured.

If the measurement of acquired identifiable assets, liabilities and contingent liabilities is subject to uncertainty at the time of acquisition, initial recognition will be made on the basis of a preliminary calculation of fair values. If it later turns out that the identifiable assets, liabilities and contingent liabilities had a different fair value at the time of acquisition than that originally assumed, goodwill will be adjusted until 12 months after the acquisition. The effect of the adjustments will be recognised in the opening equity, and comparative figures will be restated accordingly.

Henceforth, goodwill will be adjusted only to reflect changes in estimates of contingent consideration, apart from material errors. However, where the acquired company's deferred tax assets not recognised at the date of acquisition are subsequently realised, the tax benefit is recognised in the income statement and the carrying amount of goodwill will concurrently be written down to such amount as would have been recognised had the deferred tax asset been recognised as an identifiable asset at the date of acquisition. Any gains or losses on the disposal of subsidiaries and associates are stated as the difference between the sales sum or the proceeds from the winding-up and the carrying amount of net assets, including goodwill, at the date of disposal net of expenses for selling or winding-up.

Foreign currency translation
Functional currency
A functional currency is determined for each of the group's companies. The functional currency is the currency used in the primary financial environment in which the individual enterprise operates. Transactions in currencies other than the functional currency are transactions in foreign currencies.

Translation of transactions and amounts
The presentation currency of the consolidated financial statements is Danish kroner (DKK), which is the functional and presentation currency of the parent company. On initial recognition, transactions denominated in foreign currency are translated at the exchange rate ruling on the transaction date. Exchange differences arising between the exchange rate at the transaction date and the date of payment are recognised in the income statement as financial income or expenses. Receivables, payables and other monetary items denominated in foreign currency are translated at the exchange rates ruling at the balance sheet date. The difference between the exchange rate ruling on the balance sheet date and the exchange rate at the date when the receivable or payable arose or was recorded in the most recent annual financial statements is recognised in the income statement under financial income or expenses.

Translation of subsidiaries
On consolidation of companies with functional currencies other than DKK, the income statements are translated at the exchange rate ruling at the transaction date and the balance sheets at the exchange rate ruling at the balance sheet date. The average exchange rate for each individual month is used as the rate at the transaction date, provided this does not give a much different view. Exchange differences arising on the translation of the opening equity of such companies at the exchange rates ruling at the balance sheet date and on the translation of the income statement from the exchange rates ruling at the transaction date to the exchange rates ruling at the balance sheet date are taken directly to equity in a separate reserve for currency translation.

INCOME STATEMENT
Revenue
Sales of software are recognised at the time when software licenses are configured for the end user or when delivery and transfer of risk to the distributor have taken place, and when the income can be measured reliably and is expected to be received.

NOTES TO THE CONSOLIDATED ACCOUNTS

NOTE 1 GROUP ACCOUNTING POLICIES

Income from license agreements according to which the purchaser is entitled to implement some of the group's products for a group of end users is recognised at the invoice date. Income from subscription agreements is recognised according to the straight-line amortisation method over the term of the subscription period.

Other income is recognised in the income statement when delivery of services has taken place.

Revenue is recognised excluding VAT, taxes and discounts related to sales.

Direct costs
Direct costs comprise costs directly attributable to consumables and royalty costs for the use of software to which the Netop Group does not hold the rights to the software.

Other operating income and expenses
This item contains income and expenses not related to revenue or to any other income statement items. Most often, this comprises items of a secondary nature relative to the companies' activities, including gains and losses on regular sales and replacement of intangible assets and property, plant and equipment. Gains and losses on the disposal of intangible assets and property, plant and equipment are computed as the difference between the selling price and the carrying amount at the date of disposal.

External costs
External costs include costs incurred during the year for office premises, losses on trade receivables, marketing expenses, consultants' fees, including external audit fees and legal assistance, communication costs, minor acquisitions, hardware and software leasing expenses as well as general administrative expenses.

Depreciation, amortisation and impairment
Depreciation, amortisation and impairment covers ordinary straight-line amortisation of intangible assets and depreciation of property, plant and equipment during the financial year as well as write-downs made on the basis of impairment tests and general assessments by management.
Staff costs
Staff costs include all staff costs incurred during the year, including all wages and salaries to staff in Denmark and abroad, pension costs, social security costs and other staff-related costs.

Results of investments in associates in the consolidated financial statements
The proportionate share of the profit or loss of associates after tax and minorities and elimination of the proportionate share of intra-group gains or losses is recognised in the consolidated income statement.

Financial income and expenses
Financial income and expenses include interest receivable and payable, capital gains and losses on securities, payables and transactions in foreign currency, amortisation of financial assets and liabilities, as well as additions and reimbursements under the on-account tax scheme, etc. Financial income and expenses are recognised in the amounts relating to the financial year.

Tax on profit/loss for the year
Netop Solutions A/S is taxed jointly with all Danish group companies.

The current income tax liability is allocated among the companies of the tax pool in proportion to their taxable income (full allocation subject to reimbursement in respect of tax losses). The jointly taxed companies pay tax under the Danish on-account tax scheme.

Tax for the year, consisting of the year's current tax and movements in deferred tax, is recognised in the income statement as regards the amount that can be attributed to the profit/loss for the year and posted directly in equity as regards the amount that can be attributed to movements taken directly to equity. Tax recognised in the income statement is classified under tax on profit from ordinary activities or tax on profit from extraordinary activities.

BALANCE SHEET
Intangible assets
Goodwill
On initial recognition, goodwill is recognised in the balance sheet at cost as described under "Business combinations". Subsequently, goodwill is measured at cost less accumulated impairment. Goodwill is not amortised. The carrying amount of goodwill is allocated to the Group's cash-generating units at the date of acquisition.

The determination of cash-generating units is based on the management structure and the in-house financial management.

NOTES TO THE CONSOLIDATED ACCOUNTS

NOTE 1 GROUP ACCOUNTING POLICIES

The carrying amount of goodwill is tested at least once a year for impairment together with the other non-current assets of the cash-generating unit to which the goodwill has been allocated, and is written down to the recoverable amount through the income statement if this is lower than the carrying amount.

The recoverable amount is generally calculated as the present value of the future net cash flows expected to be derived from the business or activity (cash-generating unit) to which the goodwill relates. Goodwill impairment write-downs are recognised under depreciation, amortisation and impairment in the income statement.

Development projects and acquired licenses
Development costs comprise salaries, depreciation and amortisation and other costs directly or indirectly attributable to the company's development activities.

Development projects which are clearly defined and identifiable, where the level of technical utilisation, sufficient resources and a potential future market or business opportunity for the company can be demonstrated and where the intention is to manufacture, market or utilise the project are recognised as intangible assets if the cost can be reliably measured and there is sufficient certainty that the future earnings can cover production and selling costs, administrative expenses and the specific product development costs. Other development costs are recognised in the income statement when incurred.

Recognised development costs are measured at the lower of cost less accumulated depreciation/amortisation and write-downs and the recoverable amount. On completion of a development project, the development costs are amortised on a straight-line basis over the estimated useful life. The usual amortisation period is from one to five years. The basis of amortisation is reduced by any impairment write-downs. .

Acquired licenses are measured at cost less accumulated amortisation. Licenses are amortised over the term of the agreement, up to a maximum of five years.

Intangible assets are written down to the lower of the recoverable amount and the carrying amount. Each year, the individual assets or groups of assets are tested for impairment.

Gains and losses on the disposal of development projects, patents and licenses are stated as the difference between the selling price less selling expenses and the carrying amount at the date of sale. Gains and losses are recognised in the income statement under Other operating income and expenses.

Software is measured at cost less accumulated depreciation and impairment. Software is amortised on a straight-line basis, generally over five years. The basis of amortisation is reduced by any impairment write-downs. Intangible assets with indefinable useful lives are not amortised, but tested annually for impairment.

Property, plant and equipment
Land and buildings, leasehold improvements and other facilities, plant and machinery are measured at cost less accumulated depreciation. Cost encompasses the acquisition price and costs directly associated with the purchase until the time when the asset is ready to be brought into use. The depreciation base is cost less the estimated residual value at the end of the expected useful life. Assets are depreciated on a straight-line basis over their estimated useful lives based on the following assessment of the expected use lives of the assets:

Buildings:	20 – 50 years
Other plant, fixtures and fittings, tools and equipment	3 – 5 years
Leasehold improvements	5 years

Depreciation is recognised in the income statement under depreciation, amortisation and impairment.

Property, plant and equipment are written down to the lower of the recoverable amount and the carrying amount.

Impairment of long-term assets
Goodwill and intangible assets with indefinable useful lives are tested annually for impairment, the first time before the end of the year of acquisition. Similarly, development projects in progress are tested for impairment annually. Deferred tax assets relating to tax-loss carryforwards are reviewed annually and recognised only to the extent that it is probable that they will be utilised.

The carrying amounts of other non-current assets are tested annually to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of the asset is calculated. The recoverable amount is the higher of the fair value of the asset less costs to sell and the value in use. The value in use is determined as the present value of expected future cash flows of the asset or the cash-generating unit, which the asset is a part of.

NOTE 1 GROUP ACCOUNTING POLICIES

An impairment loss is recognised when the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount of the asset or the cash-generating unit. Impairment losses are recognised in the income statement under the items Other operating income or Other operating expenses.

Impairment write-downs of goodwill are not reversed. Impairment losses on other assets are reversed to the extent changes have occurred to the assumptions and estimates on which the impairment loss was based. Write-downs are only reversed to the extent the new carrying amount of an asset does not exceed the carrying amount the asset would have had net of depreciation, had the asset not been written down.

Gains and losses on disposal of property, plant and equipment are computed as the difference between the selling price less costs to sell and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement under other the item Other operating income and expenses.

Investments in associates in the consolidated financial statements
Investments in associates are measured using the equity method. Investments in associates are measured in the balance sheet at the proportionate share of the companies' net asset value calculated in accordance with the Group's accounting policies with deduction or addition of the proportionate share of unrealised intra-group gains and losses and with addition of the carrying amount of goodwill.

Associates with negative equity value are measured at zero value. If the Group has a legal or constructive obligation to cover the associate's negative balance, such obligation is recognised under liabilities. Receivables from associates are written down to the extent they are deemed to be irrecoverable.

Investments in subsidiaries and associates in the parent company's financial statements
Investments in subsidiaries and associates are measured at cost. Where the recoverable amount is lower than cost, the investments are written down to this lower value. The cost is reduced to the extent that dividend distributed exceeds the accumulated earnings after the takeover date.

Receivables
Receivables are measured at amortised cost. Receivables are written down for anticipated losses.

Prepayments
Prepayments recognised under Other receivables comprise costs incurred relating to the following financial year and are measured at cost.

EQUITY
Dividend
Proposed dividends are recognised as a liability at the time of approval by the shareholders in general meeting (the date of declaration). Dividends expected to be paid in respect of the financial year are stated as a separate line item under equity.

Interim dividend is recognised as a liability at the date of resolution.

Treasury shares
The purchase and sale of treasury shares and dividends thereon are taken directly to retained earnings under equity. Gains and losses on the sale of treasury shares are thus not recognised in the income statement.

Exchange adjustment reserve
The exchange adjustment reserve in the consolidated financial statements comprises foreign exchange differences arising on the translation of the financial statements of foreign enterprises from their functional currencies to the parent company's presentation currency.

On full or partial realisation of a net investment, foreign exchange adjustments are recognised in the income statement.

Incentive plans
Netop Business Solutions A/S's incentive plans comprise share option programmes and warrant programmes.

Share option programmes
The value of services received as consideration for options granted is measured at the fair value of the options at the date of grant using the Black & Scholes formula, with due consideration for the individual employee's own payment once the incentives are exercised at a later point in time.

For equity-settled share options, the fair value is measured at the grant date and recognised in the income statement under staff costs over the vesting period. The balancing item is recognised directly in equity.

On initial recognition of share options, the number of options expected to vest is estimated. See the condition of service described in note 27.

NOTE 1 GROUP ACCOUNTING POLICIES

Subsequently, changes in the estimated number of vested options are adjusted to the effect that the total amount recognised is based on the actual number of vested options. At the time of exercise – i.e. when an option is exercised by way of subscription of new contributed capital – payments and any share premiums are recognised directly in equity.

Warrant programmes
Netop Solutions has established equity-settled share-based payment plans (warrant programs). The employee services received in exchange for the grant of the warrants or shares are recognised as an expense and allocated over the vesting period. The amount is determined as the fair value of the equity instruments granted. The total amount recognised over the vesting period corresponds to the fair value of the warrants or shares that actually vest.

In addition, a warrant program has been established as part of the purchase price in a company acquisition. This program is recognised as a direct equity-based scheme and is not subject to ongoing adjustment, because the acquisition date represents the vesting period.

At each balance sheet date, Netop reassesses its estimates of the number of warrants expected to be exercised and recognises the effect in the income statement through a corresponding adjustment of equity.

Income tax and deferred tax
Current tax liabilities and current tax receivables are recognised in the balance sheet as calculated tax on the taxable income for the year, adjusted for tax on prior years' taxable income and for tax paid under the on-account tax scheme. Deferred tax is measured in accordance with the balance sheet liability method on all temporary differences between the carrying amount and tax base of assets and liabilities.

However, no deferred tax is recognised on temporary differences regarding non-deductible goodwill, office property or other items for which temporary differences – with the exception of acquisitions – have arisen at the acquisition date without either profit/loss for the year or taxable income being affected. When the tax value can be calculated according to alternative taxation rules, deferred tax is measured on the basis of the planned usage of the tax asset or settlement of the tax liability, as the case may be.

Deferred tax assets, including the tax value of tax losses carried forward, are recognised under other non-current assets at the value at which they are expected to be used, either by setting off tax on future earnings or by setting off deferred tax liabilities within the same legal tax entity and jurisdiction.

Deferred tax adjustments are made regarding eliminations of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and rates in the respective countries that will apply under the legislation in force on the balance sheet date when the deferred tax asset is expected to crystallise as current tax. Changes in deferred tax resulting from changes in tax rates are recognised in the income statement.

Provisions
Provisions are recognised when, as a consequence of an event that has occurred before or on the balance sheet date, the Group has a legal or constructive obligation, and it is likely that economic benefits must be given up to meet the obligation.

In the measurement of provisions, the costs necessary to settle the liability are discounted if such discounting would have a material effect on the measurement of the liability.

The changes in present values for the financial year are recognised in financial expense.

Provisions are measured as Management's best estimate of the amount which is expected to be required to settle the liability.

Pension obligations
In most of its countries of operation, the Group operates defined contribution plans. Obligations imposed on the Group in relation to such plans and under which the Group regularly pays fixed contributions into an independent pension fund, are recognised in the income statement in the period to which they relate, and outstanding payments are recognised in the balance sheet under other payables.

In one country, the Group still has defined benefit plans. Costs related to this plan are calculated annually on the basis of actuarial estimates.
Costs reflect the present value of future benefits payable under the pension plan. The calculation of the present value builds upon assumptions such as the future developments of factors such as wages and salaries, interest rates, inflation and mortality rates. The present value is calculated solely for those benefits that have been earned by the employees in return for past service rendered to the Group. The actuarial calculation of the net present value less the fair value of any assets related to the plan is included in the balance sheet as pension obligations.

NOTE 1 GROUP ACCOUNTING POLICIES

The actuarial gains and losses are recognised as an income or an expense if the accumulated unrealised gains and losses exceed the higher numerical value of 10% of the defined benefit compared with prior reporting and the value of the underlying asset plan at the reporting date.

A defined benefit plan that constitutes a net asset is recognised only to the extent future economic benefits will flow to the Group through reimbursements from the pension plan or a reduction of future benefits.

Financial liabilities
Other creditors, which comprise trade creditors and affiliated and associated companies and other creditors, are measured at amortised cost.

Prepayments
Accruals and deferred income comprises payments received relating to income in subsequent financial years, measured at cost.

Assets held for sale
Assets held for sale comprise non-current assets and disposal groups held for sale. A disposal group is a group of assets to be disposed of, by sale or otherwise, together as a group in a single transaction. Liabilities regarding assets held for sale are liabilities directly associated with those assets that will be transferred in the transaction. Assets are classified as “held for sale” if their carrying amount will be recovered principally through a sale transaction within 12 months in accordance with a formal plan rather than through continuing use.

Assets or disposal groups held for sale are measured at the lower of the carrying amount at the date when the assets were classified as held for sale and fair value less costs to sell. Assets are not depreciated or amortised as from the date they are classified as “held for sale”.

Impairment losses occurring in connection with the initial classification as “assets held for sale”, and gains or losses in relation to subsequent measurement at the lower of the carrying amount and fair value less costs to sell are recognised in the income statement under the items to which they relate. Gains and losses are disclosed in the notes to the financial statements.

Assets and related liabilities are recognised separately in the balance sheet, and the main items are specified in the notes to the financial statements. Comparative figures in the balance sheet are not restated.

Presentation of discontinued operations
Discontinued operations form a substantial part of a business if its activities and cash flows can be clearly distinguished, operationally or for financial reporting purposes, from the rest of the entity. In addition, the entity must have either been divested or classified as held for sale and such sale pursuant to a formal plan is expected to take place within 12 months.

Profit on discontinued operations after tax and value adjustments of related assets and liabilities after tax and gains/losses from a sale are reported under a separate line item with comparable figures in the income statement. Revenue, costs, revaluations and tax for discontinued operations are disclosed in the notes to the financial statements. Assets and related liabilities for discontinued operations are recognised separately in the balance sheet and the comparative figures are not restated, cf. the section ‘assets held for sale’, and the main items are disclosed in the notes to the financial statements.

Cash flows from operating, investing and financing activities of discontinued operations are disclosed in a note to the financial statements.

CASH FLOW STATEMENT
The cash flow statement shows the cash flows for the year, broken down by operating, investing and financing activities, and the year's changes in cash and cash equivalents as well as the Group’s cash and cash equivalents at the beginning and end of the year.

The cash effect of acquisitions and divestments is shown separately under cash flows from investing activities. In the cash flow statement, cash flows relating to acquired undertakings are recognised from the date of acquisition, while cash flows relating to divested undertakings are recognised up until the date of divestment.

Cash flows in currencies other than the functional currency are translated at average exchange rates unless these differ materially from the exchange rate ruling at the transaction day.

Cash flow from operating activities
Cash flows from operating activities are calculated using the indirect method as the profit for the year before tax adjusted for non-cash operating items, changes in working capital, interest received and interest paid, dividends received and income taxes paid.

Cash flows from investing activities
Cash flows from investing activities comprise payments made in connection with the acquisition and disposal of companies and activities and of intangibles, property, plant and equipment and investments. The cash effect of acquisitions and disposals of entities is disclosed separately.

NOTES TO THE CONSOLIDATED ACCOUNTS

NOTE 1 GROUP ACCOUNTING POLICIES

Cash flows from financing activities
Cash flows from financing activities comprise changes in the size or composition of the group's share capital and associated costs and the raising of loans, repayment of interest-bearing debt and dividend payments to shareholders.

Cash and cash equivalents
Cash includes cash at bank and in hand as well as short-term securities with a maturity of less than three months that can readily be converted into cash and that involve insignificant risk of value fluctuations.

SEGMENT INFORMATION
The Group develops and sells standard software. Segment reporting reflects the three main product lines used in the internal management reporting for performance follow-up and resource allocation. This information is disclosed in note 3 to the financial statements.

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

Other key ratios are calculated in accordance with "Recommendations and Ratios 2005" issued by the Danish Society of Financial Analysts.

The ratios provided in the financial highlights are calculated in the following manner:

EBITDA margin	EBITDA / revenue * 100
EBIT margin	Operating profit / revenue * 100
Equity ratio	Equity at year end / total assets at year end * 100
Equity ratio	Equity at year end / total equity and liabilities at year end * 100
Return on equity	Profit/(Loss) for the year / average equity * 100
Earnings per share (EPS)	Profit/(Loss) for the year / average number of shares
Diluted earnings per share (EPS-D)	Profit/(Loss) for the year / average number of diluted shares
Net asset value per share	Equity at year-end / number of shares at year-end
Price/net asset value (P/BV)	Market price/net asset value
P/E	Share price / earnings per share (EPS)
Cash flows from operating activities per share	Cash flows from operating activities / average number of shares
EBITDA	Operating profit/loss before depreciation and amortisation
EBIT	Operating profit/loss

NOTE 2 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

Uncertainty relating to estimates
The calculation of the carrying amounts of certain assets and liabilities relies on judgments, estimates and assumptions about future events.

The estimates and assumptions applied are based on historical experience and other factors that Management considers reasonable under the circumstances, but which are inherently uncertain and unpredictable. Such assumptions may be incomplete or inaccurate, and unexpected events or circumstances may occur. In addition, the company is subject to risks and uncertainties that may cause actual outcomes to deviate from these estimates. Risk factors specific to the Netop Solutions Group are described in "Risk factors" on page 29 and in note 27.

It may be necessary to change previous estimates as a result of changes to the assumptions on which the estimates were based or due to new information or subsequent events.

Due to developments in the global economy and the crisis that has devastated the financial markets, some assumptions about the future have changed relative to prior years. This applies to, for instance, credit risks, sales volumes and other areas.

Estimates material to the financial reporting are made in the calculation of, *inter alia*, impairment losses, provisions as well as contingent liabilities and assets.

Goodwill impairment test
In the annual goodwill impairment test or in case of any indication of impairment, an assessment is made as to whether the parts of the business (cash-generating units) to which the goodwill relates will be able to generate sufficient cash flows in future to support the value of goodwill and other net assets in the relevant part of the business.

As a result of the nature of the company's business, expected cash flows must be estimated over a period of a number of years, which inherently produces some degree of uncertainty. This uncertainty is reflected in the discount rate applied.

The impairment test and the associated particularly sensitive factors are described in note 2 to the consolidated financial statements.

Impairment testing of development projects
Ongoing development projects are tested annually for impairment. All ongoing development projects are progressing to plan, and we have no information from customers or the competition that would indicate that the new products will not be sold in the expected volumes.

Based on the above, management has estimated the recoverable amounts of the development projects by way of expected future net cash flows including costs of completion.

In addition, management has not found evidence of impairment in the completed development projects amortised on a straight-line basis over a useful life of from one to three years. Accordingly, completed development projects have not been tested for impairment.

Receivables
Receivables are measured at cost less impairment losses due to failure to pay. Management estimates losses in connection with an assessment of the likelihood that receivables at the balance sheet date will be received. Such assessment also considers the international economic situation, as it may strongly influence the risk of losses of doubtful debts. See note 18.

Deferred tax
Deferred tax assets are recognised for all unutilised tax losses if management considers it likely that they can be utilised within a foreseeable future by offsetting against future positive taxable income. Management performs such assessment annually using budgets and business plans as a decision-making basis for estimating the size of the deferred tax assets.

Note 17 provide further information about assumptions applied and the amounts of deferred tax assets.

NOTE 3 SEGMENT INFORMATION

DKK '000

2009	Administration	Education	Communication	Total
Segment income statement				
External revenue	40,826	36,163	3,423	80,412
Financial items (net)	-	-	-	-
Depreciation and amortisation	(3,771)	(5,794)	(531)	(10,096)
Income form investments in associates	-	-	-	-
Reportable segment's result before tax	(18,368)	(1,990)	(89)	(20,447)
Other segment items				
Segmentaktiver	4,222	51,191	1,593	57,005
Additions to property, plant and equipment and intangible assets	2,175	3,482	343	6,000
Impairment losses (recognised in the income statement)	20,068	865	-	20,933
Investments in associates	-	-	-	-
Segment liabilities	-	10,000	-	10,000

2008	Administration	Education	Communication	Total
Segment income statement				
External revenue	54,516	32,172	2,034	88,722
Financial items (net)	-	-	-	-
Depreciation and amortisation	(2,930)	(3,167)	(258)	(6,355)
Distributed as follows:	-	-	-	-
Reportable segment's result before tax	15,486	7,701	429	23,616
Other segment items				
Segmentaktiver	27,248	52,498	1,750	81,495
Additions to property, plant and equipment and intangible assets	777	-	2,050	2,827
Impairment losses (recognised in the income statement)	2,000	-	-	2,000
Investments in associates	398	-	-	398
Segment liabilities	-	10,000	-	10,000

NOTE 3 SEGMENT INFORMATION

DKK '000	2009	2008

As mentioned under 'Accounting policies', Netop implemented IFRS 8 in 2009. The implementation does not affect the recognition of amounts within the segments, but it does change the composition of reporting segments. In the 2008 annual report, the primary segments were broken down by geography and the secondary segments by product groups. In 2009, Netop's primary reporting segments are its three core product areas of Administration, Education and Communication.

It is relatively easy to identify these segments, even though all of the Group's legal entities have operations within all three segments. The segments have different customers and end users, and the products are very different from segment to segment and are based on different technologies.

The three core product groups account for nearly all of our consolidated revenue. There is also a fourth revenue category, 'Other', but given its very limited and varied extent, it is not considered a separate reporting segment.
Income and costs contained in the segment results are, when they can be reliably measured, directly or indirectly distributed to each segment. Indirect costs are broken down by each segment's share of total revenue.

Both current and non-current assets of a segment are distributed when they are used directly in the operations of a segment.

Products and services

Administration	40,826	54,516
Education	36,163	32,172
Communication	3,423	1,442
Others	4,875	3,355
	85,287	**91,485**

Geographic information

External revenue is distributed on individual countries when the Group generates more than 5% of consolidated revenue in that country. Other revenue is shown under 'Other countries'. Revenue is broken down geographically on the basis of customers' geographical location. Non-current assets are broken down on the basis of physical location. If less than 10% of total non-current assets are located in a single country, they are shown under 'Other countries'.

	2009		2008	
	Revenue	Non-current assets	Revenue	Non-current assets
USA	34,865	3,409	31,785	1,870
Denmark	15,803	71,695	17,428	105,042
Germany	8,774	-	11,507	521
Great Britain	5,207	62	6,905	569
Romania	4,875	501	3,355	173
Other countries	17,318	234	21,097	478
Discontinued business (primary Denmark)	(1,555)	-	(592)	-
	85,287	**75,902**	**91,485**	**108,653**

Important customers

No single end-customer accounted for more than 10% of consolidated revenue in 2009. This was also the case in 2008.

NOTE 3 SEGMENT INFORMATION

DKK '000	2009	2008
Reconciliation of reportable segment's revenue, results, assets, liabilities and other important items		
Revenue		
Reportable segments' revenue	80,412	88,722
All other segments' revenue	8,188	3,355
Elimination of internal revenue between segments	(1,758)	-
Revenue for discontinuing business	(1,555)	(592)
Consolidated revenue	**85,287**	**91,485**
Resultat		
Reportable segment's result before tax	(20,447)	23,616
All other segments' revenue	4,875	3,355
Result of discontinuing business	8,891	4,801
Non-allocated group costs, central functions	(61,192)	(84,888)
Profit before tax af continuing business	**(67,873)**	**(53,116)**
Assets		
Reportable segments' assets	57,005	81,495
All other segments' assets	-	-
Other non-allocated assets	41,116	100,910
Consolidated total assets	**98,121**	**182,405**
Liabilities		
Reportable segments' liabilites	10,000	10,000
All other segments' liabilities	-	-
Other non-allocated liabilites	24,251	26,482
Consolidated total liabilites	**34,251**	**36,482**
Other important items - financial items, (net)		
Total for reportable segments	-	-
Reconciliation items	(474)	(8,032)
Other important items - consolidated financial items, (net)	**(474)**	**(8,032)**
Andre væsentlige poster - depreciation and amortisation		
Total for reportable segments	10,096	6,355
Reconciliation items	2,571	3,201
Other important items - consolidated depreciation and amortisation	**12,666**	**9,556**

Reconciling items under ‘Other material items’ mainly consist of non-allocated items for head office functions and items relating to the other operating segments that are not reporting segments.

NOTE 4 REVENUE

DKK '000	2009	2008
Sale of software	56,232	76,659
Sale of service	29,055	15,418
	85,287	**92,077**

NOTE 5 AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES

DKK '000	2009	2008
Amortisation, depreciation and impairment losses of non-current assets are specified as follows:		
Amortisation, intangible assets	10,727	7,072
Impairment losses, intangible assets	20,933	2,000
Depreciation, property, plant and equipment	1,940	2,484
Impairment losses, property, plant and equipment	27	-
	33,627	**11,556**

Amortisation, depreciation and impairment losses of non-current assets are specified as follows in the income statement:

Amortisation, depreciation and impairment losses	32,875	11,188
Profit for the year of discontinuing business	752	368
	33,627	**11,556**

NOTE 6 OTHER OPERATING INCOME

DKK '000	2009	2008
Gains on sold intangible assets and property, plant and equipment	267	12,502
Others	56	-
	322	**12,502**

NOTE 7 OTHER OPERATING COSTS

DKK '000	2009	2008
Losses on sold intangible assets and property, plant and equipment	192	-
	192	**-**

NOTE 8 STAFF COSTS

DKK '000	2009	2008
Staff costs are specified as follows:		
Wages and salaries, etc.	62,149	69,651
Defined contribution plans	2,176	1,428
Defined benefit plans	(265)	184
Other social security expenses	5,178	820
Share-based payment	133	69
Other staff costs	4,128	4,686
	73,500	**76,838**
Average number of employees	**150**	**138**
Attributable to:		
Board of Directors		
Board remuneration	533	825
	533	**825**
Executive Management		
Wages and salaries, etc.	4,797	4,333
Pension schemes	498	271
Share-based payment	133	69
	5,428	**4,673**
Other executives		
Wages and salaries, etc.	-	-
Pension schemes	-	-
Share-based payment	-	-
	-	**-**

The Management Board had three members in 2009, as in 2008 where two members were employed in February and June.

Performance-based bonus schemes have been set up for members of the Management Board. Members of the Management Board also participate in multi-year share option schemes and incentive plans.

The service contracts for members of the Management Board contain terms, including notice of termination, which are customary for members of the management boards inlisted companies.

Members of the Board of Directors of Netop Solutions A/S received total remuneration of DKK 449 thousand in 2009 (2008: DKK 825 thousand) for services rendered to the company and other companies of the Netop Group. Members of the Board of Directors receive a fixed remuneration that is not driven by the Group's financial results or other performance. The remuneration of the Board of Directors was reduced substantially in 2009 relative to 2008, because the general wage reductions the Group implemented in 2009 also applied to the Board of Directors. Board members do not participate in share option schemes, incentive plans, pension plans or other Group schemes. No arrangements have been made in respect of severance payments to Board members, nor have any such payments been made.

NOTE 9 FEES TO AUDITORS APPOINTED BY THE ANNUAL GENERAL MEETING

DKK '000	2009	2008
Total fee to Deloitte are specified as follows:		
Audit	586	800
Other assurance statements	12	105
Tax assistance	45	58
Other services	8	310
	651	**1,273**
Total fee to other auditors (not appointed byt the annual general meeting) are specified as follows:		
Audit	256	294
Other assurance statements	-	-
Tax assistance	254	123
Other services	25	20
	535	**437**
Total fee	**1,186**	**1,710**

NOTE 10 FINANCIAL INCOME

DKK '000	2009	2008
Interest income, banks etc.	282	3,935
Interest income securities	189	-
	471	**3,935**

NOTE 11 FINANCIAL EXPENSES

DKK '000	2009	2008
Interest expenses, banks etc.	103	1,234
Interest expenses securities	56	-
Exchange rate adjustments	709	5,524
Fair value adjustment of securities	77	-
Value adjustment in respect of guaranteed share price	-	5,209
	946	**11,967**

NOTE 12 CORPORATION TAX

DKK '000	2009	2008
Corporation tax is specified as follows:		
Current tax on profit for the year of continuing business	5,776	(7,971)
Tax on changes in equity	-	-
Tax of discontinuing business	-	(1,200)
	5,776	**(9,171)**
Corporation tax of continuing business is specified as follows:		
Current tax on profit for the year	142	22
Deferred tax on profit for the year	5,863	(7,922)
Adjustments relating to previous years (net)	(229)	(71)
	5,776	**(7,971)**
Analysis of tax on profit from ordinary activities of continuing business:		
25% tax of profit from ordinary activities of continuing business before tax	(16,968)	(13,279)
Non-capitalised deferred tax	23,655	6,027
Change in corporation tax rate	-	-
Computation of effective tax rate:		
Non-taxable income	(545)	(28)
Non-tax deductible expenses	(136)	(620)
Adjustment relating to previous years	(229)	(71)
	5,776	**(7,971)**
Effective tax rate	-8.5%	15.0%

Tax of comprehensive income

	2009			2008		
	Before tax	Taxable income/-expenses	After tax	Before tax	Taxable income/-expenses	After tax
Exchange rate adjustments relating to foreign entities	794	-	794	6,033	-	6,033
	794	-	794	6,033	-	6,033

NOTE 13 EARNING PER SHARE (EPS)

DKK '000	2009	2008
Profit for the year	(82,539)	(48,746)
Minority's share of consolidated profit for the year	-	-
Netop group's share of profit for the year	**(82,539)**	**(48,746)**
Weighted average number of ordinary shares (1,000)	4,209	4,030
Weighted average number of treasury shares (1,000)	(132)	(81)
Weighted average number of ordinary shares outstanding	**4,077**	**3,949**
Dilutive effect of outstanding options	-	-
Average number of shares outstanding including dilutive effect of options (1,000)	**4,077**	**3,949**
Earnings per share (EPS) of DKK 5	(20.24)	(12.34)
Earnings per share (EPS-D) of DKK 5, diluted	(20.24)	(12.34)

Calculations for 2009 of earnings per share for continuing business and discontinuing business are based on same figures as earnings per share:

Profit for the year of discontinuing business	(8,891)	(3,601)
Profit for the year of continuing business	(73,649)	(45,145)
Netop group's share of profit for the year	**(82,539)**	**(48,746)**

A total of 9,000 share options (2008: 32,100) that are out-of-the-money were not included in the calculation of diluted earnings per share, but they may potentially dilute earnings per share in the future.

In February 2010, Netop Solutions granted an additional 98,135 share options to a member of the Management Board, which may also potentially dilute future earnings per share.

NOTE 14 INTANGIBLE ASSETS

DKK '000	Acquired licenses	Goodwill	Completed develop-ment projects	Develop-ment projects in progress	Customer relations	Software internal use	Total
2009							
Cost at 1 January	28,161	45,978	7,163	2,401	15,000	1,012	99,715
Exchange rate adjustments	(20)	-	-	-	-	(15)	(35)
Additions	-	-	4,922	2,049	-	36	7,007
Disposals	(4,075)	-	-	-	-	-	(4,075)
Transfer	1,441	-	3,040	(3,040)	-	-	1,441
Cost at 31 December	**25,507**	**45,978**	**15,125**	**1,410**	**15,000**	**1,033**	**104,053**
Amortisation and impairment losses at 1 January	10,517	2,000	1,617	-	1,500	496	16,130
Exchange rate adjustments	2	-	-	-	-	(11)	(9)
Amortisation for the year	5,003	-	2,471	-	3,000	253	10,727
Impairment losses for the year	3,559	12,956	4,418	-	-	-	20,933
Reversal of amortisation of disposals in the year	(2,717)	-	-	-	-	-	(2,717)
Transfer	1,441	-	-	-	-	-	1,441
Amortisation and impairment losses at 31 December	**17,805**	**14,956**	**8,505**	**-**	**4,500**	**739**	**46,505**
Carrying amount at 31 December	**7,702**	**31,022**	**6,620**	**1,410**	**10,500**	**294**	**57,548**
Internally generated assets included above	-	-	3,935	1,410	-	-	5,345
Amortisation period	4-5 yrs		1-5 yrs		5 yrs	3-5 yrs	

DKK '000	Acquired licenses	Goodwill	Completed develop-ment projects	Develop-ment projects in progress	Customer relations	Software internal use	Total
2008							
Cost at 1 January	22,278	20,667	1,142	7,264	-	-	51,351
Correction cost/amortisation and impairment	(1,286)	(5,711)	-	-			(6,997)
Additions (acquisition of subsidiary)	10,193	31,022	-	-	15,000	430	56,645
Additions	2,000	-	-	776		278	3,054
Disposals	-	-	-	-		(5,131)	(5,131)
Transfer	(5,024)	-	6,021	(5,639)		5,435	793
Cost at 31 December	**28,161**	**45,978**	**7,163**	**2,401**	**15,000**	**1,012**	**99,715**
Amortisation and impairment losses at 1 January	10,286	5,711	990	-	-	-	16,987
Correction cost/amortisation and impairment	(1,286)	(5,711)	-	-	-	-	(6,997)
Amortisation for the year	4,380	-	246	-	1,500	946	7,072
Impairment losses for the year	-	2,000	-	-	-	-	2,000
Reversal of amortisation of disposals in the year	-	-	-	-	-	(3,754)	(3,754)
Transfer	(2,863)		381	-	-	3,304	822
Amortisation and impairment losses at 31 December	**10,517**	**2,000**	**1,617**	**-**	**1,500**	**496**	**16,130**
Carrying amount at 31 December	**17,644**	**43,978**	**5,546**	**2,401**	**13,500**	**516**	**83,585**
Internally generated assets included above	-	-	-	-	-	-	-
Amortisation period	4-5 yrs		1-5 yrs		5 yrs	3-5 yrs	

NOTE 14 INTANGIBLE ASSETS

Acquired licenses
Acquired licenses comprise costs incurred for acquiring licenses and licensing rights. The licenses form part of production and development of new products as well as of products already on the market.

The value of recognised licenses and rights has been compared with the recoverable amount (value in use). Recoverable amounts are based on the value in use as determined through the application of projected net cash flows on the basis of management's budgets and business plans for 2010-14.

The recoverable amounts of the rights relating to M-Net products and the related platform acquired in 2006 indicate that these rights no longer represent any accounting value. Accordingly, Netop has written down these assets by a total of DKK 3,559 thousand.

No other capitalised licenses show indications of impairment and therefore no other impairment losses have been recognised.

Goodwill
As at 31 December 2009, management performed an impairment test of the carrying amount of goodwill.

For the purposes of the impairment test, the carrying amount of goodwill at 31 December 2009 was determined as relating to the cash-generating unit Education in the amounts of DKK 31,022 thousand and DKK 12,956 thousand in respect of goodwill relating to M-Net, for total goodwill of DKK 43,978 thousand before any effects of an impairment test.

The impairment test performed on the above-mentioned cash-generating units is conducted by comparing the recoverable amount (value in use) with the carrying amounts of the cash-generating unit. Recoverable amounts are based on the value in use as determined through the application of projected net cash flows on the basis of management's budgets and business plans for 2010-14.

For all cash-generating units, the most important parameters are revenue, operating expenses, applied working capital, expected investment in property, plant and equipment as well as growth assumptions.

To determine indication of impairment, a discounting rate of 11.60% (2008: 11.32%) was applied for the calculation of the recoverable amount. The rate is applied on a after-tax basis and reflects the risk-free rate of interest for the entire company plus a company-specific risk premium. The risk-free interest rate was 4% (2008: 4%), the company-specific premium was 7.25% (2008: 7.25%) and the beta value was 1.49 (2008: 1.35). Finally, we have applied a growth rate of 2.5% during the terminal period, corresponding to a market assessment for a similar company. The discouting rate before tax is calculated to 13.6%.

Management believes that changes to the discount rate and other basic assumptions applied will not result in any further write-downs in the Education segment in respect of the 2009 financial year, and the carrying amount of the related goodwill of DKK 31,022 thousand is therefore unchanged. On the other hand, the goodwill relating to the M-Net products has been written down by DKK 12,956 thousand and the carrying amount is now nil. As stated under 'Acquired licences', these products are no longer believed to have any accounting value for the company.

Completed development projects
Development costs in respect of completed products that have been brought to market are recognised in the financial statements. These products are tested annually for impairment, but unless there are indications of impairment, development costs in respect of completed projects are amortised on a straight-line basis over periods of from one to five years. The amortisation period is determined by the economic lives of the individual product versions.

The recognised development costs of DKK 6,620 thousand relate to internally developed assets from capitalised payroll costs of DKK 3,935 thousand and to development costs incurred for external consultants of DKK 2,685 thousand.

NOTE 14 INTANGIBLE ASSETS

Development projects in progress
The category of development projects in progress comprises development and testing of new software expected to be launched in 2010. Recognised in the 2009 figure were payroll costs, assets accumulated in-house and costs of external suppliers. Some of these projects were completed in 2009 and were thus reclassified as 'Completed development projects', which is subject to amortisation.

As a result, the total capitalised amount at 31 December 2009 was DKK 1,410 thousand, which related to projects expected to be finalised and brought to market in 2010. The full sum of DKK 1,410 thousand relates to internally generated assets through staff cost.

Customer relations
Customer relations were recognised at DKK 15,000 thousand related to the acquisition of GenevaLogic Holding AG in 2008. Because they were unrecognised assets in the takeover balance sheet, customer relations had to be identified and recognised at their fair value at the takeover date in order to be calculated and measured at a value according to the income approach.

Management tested customer relations for impairment at 31 December 2009 as part of the same impairment test applied to the cash-generating unit Education. See 'Goodwill' above.

The customer relations are expected to add value to the Group for a minimum of five years and are amortised on a straight-line basis over five years.

The overall impairment test for the cash-generating unit Education indicated that the recoverable amount is higher than the capitalised carrying amounts. Accordingly, management believes that the valuation of customer relations is fair and that there is no need for a write-down.

Software for internal use
Software applications acquired for internal use are generally administrative applications and are thus not part of the Group's production and products ready for sale. Software for internal use is amortised on a straight-line basis over three to five years, but is subject to an annual impairment test to determine if the value in use is greater than the carrying amount.

NOTE 15 PROPERTY, PLANT AND EQUIPMENT

DKK '000	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improve-ments	Total
2009				
Cost at 1 January	-	12,498	283	12,781
Exchange rate adjustments	-	8	41	49
Additions	-	447	81	528
Disposals	-	(1,017)	(324)	(1,340)
Transfer	-	(132)	-	(132)
Cost at 1 January	**-**	**11,804**	**81**	**11,885**
Amortisation and impairment losses at 1 January	-	9,238	127	9,365
Exchange rate adjustments	-	17	30	47
Amortisation for the year	-	1,876	64	1,940
Impairment losses for the year	-	27	-	27
Reversal of amortisation of disposals in the year	-	(833)	(207)	(1,040)
Transfer	-	(132)	-	(132)
Amortisation and impairment losses at 31 December	**-**	**10,193**	**14**	**10,207**
Carrying amount at 31 December	**-**	**1,611**	**68**	**1,678**
Amortisation period		3-5 yrs	5 yrs	

DKK '000	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improve-ments	Total
2008				
Cost at 1 January	36,194	12,416	355	48,965
Additions (acquisition of subsidiary)	-	1,279	12	1,291
Additions	-	1,007	-	1,007
Disposals	(36,194)	(1,412)	(84)	(37,690)
Transfer	-	(792)	-	(792)
Cost at 1 January	**-**	**12,498**	**283**	**12,781**
Amortisation and impairment losses at 1 January	6,374	9,424	76	15,874
Amortisation for the year	824	1,600	60	2,484
Impairment losses for the year	-	-	-	-
Reversal of amortisation of disposals in the year	(7,198)	(964)	(9)	(8,171)
Transfer	-	(822)	-	(822)
Amortisation and impairment losses at 31 December	**-**	**9,238**	**127**	**9,365**
Carrying amount at 31 December	**-**	**3,260**	**156**	**3,416**
Amortisation period		3-5 yrs	5 yrs	

NOTE 16 INVESTMENTS IN ASSOCIATES

DKK '000	2009	2008
Cost at 1 January	1,580	1,580
Additions	519	-
Disposals, disposals of companies	(2,099)	-
Cost at 31 December	**-**	**1,580**
Value adjustments at 1 January	(1,182)	(1,182)
Disposals, transferred to investment in subsidiaries	1,182	-
Value adjustments at 31 December	**-**	**(1,182)**
Carrying amount at 31 December	**-**	**398**

2008						Netop Solutions group share	
Name and registered address	Interest held	Revenue	Net profit/(loss)	Assets	Liabilities	Equity	Net profit/(loss)
Enologic A/S, Aalborg	50%	25	-	810	13	398	-

Netop acquired the outstanding 50% of the shares in the company Enologic A/S. See note 26. Accordingly, this company has been consolidated on the same terms as the company's other wholly owned subsidiaries.

NOTE 17 DEFERRED TAX

DKK '000	2009	2008
Deferred tax at 1 January (net)	3,508	357
Deferred tax, acquisition of subsidiary	939	(5,030)
Adjustment relating to previous years	(255)	(941)
Changes in corporation tax rate	-	-
Deferred tax on profit for the year	(5,863)	9,122
Deferred tax at 31 December (net)	**(1,671)**	**3,508**
Deferred tax is recognized in the balance as follows:		
Deferred tax assets	2,004	8,082
Provision for deferred tax	(3,675)	(4,574)
Deferred tax at 31 December (net)	**(1,671)**	**3,508**
Deferred tax concerns:		
Intangible assets	2,203	(5,471)
Property, plant and equipment	118	104
Trade receivables	1,337	694
Other liabilities	673	-
Share-based payments	33	17
Tax loss	26,923	14,191
Write down	(32,958)	(6,027)
	(1,671)	**3,508**

The temporary differences on intangible assets mainly arose in connection with the acquisition of GenevaLogic Holding AG in 2008. See note 26. The recognised value of the tax loss derives from the aggregate financial results of 2007, 2008 and 2009 from the Danish companies that are taxed jointly with Netop Solutions A/S. However, as management does not find it likely that the full value of the deferred tax assets consisting of tax-loss carryforwards will be realised within a three-year horizon, the value of the tax loss has been written down to DKK 2,004 thousand. This value is expected to be realisable on the basis of current, updated budgets for the period 2010–2012.

Tax losses in foreign subsidiaries are not included in the estimated deferred tax asset. It is considered less likely that the losses can be offset against expected future income within the limitation period applying in the countries where the losses were incurred. The tax value of the non-capitalised deferred taxes in foreign tax jurisdictions amounts to approximately DKK 8.7 million (2008: DKK 11.6 million).

NOTE 18 TRADE RECEIVABLES

DKK '000	2009	2008
Trade receivables	**14,569**	**19,597**
Yearly write-downs recognized in profit/loss (net)	566	1,935

Impairment losses are recognised for trade receivables if the value is found to be impaired based on an individual assessmentof each debtor's ability to pay, for example in case of suspension of payment, bankruptcy, etc. Write-downs are recognised at estimated net realisable value. The carrying amount of receivables before write-down to net realisable value based on an individual assessment amounted to DKK 19,917 thousand (31 December 2008: 24,379 thousand).

The Group's currency and credit risks relating to receivables are described in note 32.

Write-downs included in trade receivables, developed as follows:		
Not overdue	7,728	9,753
0-30 days overdue	1,982	3,597
31 og 90 days overdue	591	1,003
More than 90 days overdue	366	2,400
	10,667	**16,753**

We have not been given collateral for our trade receivables, but we are in close contact with the relatively few business partners with overdue balances and have received reasonable assurance that these amounts will be settled.

Write-downs are registered in a summary account used to reduce the carrying amount of trade receivables, the values of which are impaired due to risk of loss. Based on historical experience, amounts are recognized in the summary write-down account when a receivable has been overdue for more than three months and no plan for payment has been entered into with the debtor.

Write-downs at 1 January	4,782	3,022
Realised in the year	(1,276)	(212)
Reversals	(162)	(572)
Write-downs in the year	2,004	2,544
Write-downs at 31 December	**5,348**	**4,782**

NOTE 19 OTHER RECEIVABLES

DKK '000	2009	2008
Prepayments	1,451	2,266
Other receivables	2,892	3,743
	4,343	**6,009**
– specified as follows:		
0 - 1 year	2,803	6,009
> 1 year	1,540	-
	4,343	**6,009**

Other receivables consist mainly of an outstanding settlement from a former landlord in the UK, receivable VAT, etc. The non-current portion of other receivables relates to receivables from the sale of the product Netfilter, which amount will be paid by the buyers as earn-out payments as Netop sells the product.

Prepayments covers prepaid costs such as rent, insurance, software licenses, etc.

NOTE 20 SHARE CAPITAL

DKK '000	2009	2008

Share capital

	Shares issued			
	Number of shares		Nominel value	
	2009	2008	2009	2008
Number of shares at 1 January	4,209,108	3,850,428	21,046	19,252
Capital increase	-	358,680	-	1,794
Number of shares at 31 December	**4,209,108**	**4,209,108**	**21,046**	**21,046**

The share capital consists of 4,209,108 shares with a nominal value of DKK 5 each. All shares rank equally. No shares are subject to restrictions on transferability or voting rights.

The share capital is fully paid up.

Treasury shares

	Number of shares		Nominel value		% of share capital	
	2009	2008	2009	2008	2009	2008
Number of shares at 1 January	125,260	50,636	628	255	3.10%	1.32%
Acquisition of treasury shares	13,409	74,624	67	373	0.32%	1.77%
Number of shares at 31 December	**138,669**	**125,260**	**695**	**628**	**3.42%**	**3.10%**

Netop Solutions A/S has been authorised by the shareholders in general meeting to acquire own shares for a nominal value of up to DKK 2,105 thousand, equal to 10% of the share capital. The company has acquired own shares to partially cover incentive programmes.

In 2009, Netop Solutions A/S acquired own shares for a total nominal value of DKK 67 thousand (2008: DKK 373 thousand) in several transactions at an average price of DKK 32,80 (2008: DKK 55.50 per share), for an aggregate purchase price of DKK 440 thousand (2008: DKK 4,142 thousand).

No dividend was declared in 2009 or in 2008 in respect of the 2008 and 2007 financial years.

NOTE 21 PROVISIONS

DKK '000	2009	2008
Price guarantee		
Price guarantee 1 Januar	10,000	-
Adjustments	-	10,000
Price guarantee 31 December	**10,000**	**10,000**
The price guarantee is expected to be payable as follows:		
Current liabilites	10,000	-
Non-current liabilities	-	10,000
Price guarantee 31 December	**10,000**	**10,000**

When acquiring GenevaLogic Holding AG, Netop undertook to pay a price guarantee of up to DKK 10,000 thousand in the event the shares issued as part of the purchase price lost a corresponding amount or more of their official market value. At the balance sheet date, the shares have lost more than DKK 10,000 thousand in value and, accordingly, full provision has been made for the price guarantee. The price guarantee falls due for payment on or after 30 September 2010.

Other provisions		
Other provisions 1 Januar	-	-
Adjustments	1,457	-
Other provisions 31 December	**1,457**	**-**
Other provisions is expected to be payable as follows:		
Current liabilites	146	-
Non-current liabilities	1,311	-
Other provisions 31 December	**1,457**	**-**

Netop signed a 10-year support agreement with Atea effective 31 December 2009.

Provisions total are expected to be payable as follows:		
Current liabilites	10,146	-
Non-current liabilities	1,311	10,000
Provisions 31 December	**11,457**	**10,000**

NOTE 22 PENSION OBLIGATIONS

The companies of the Netop Group have a number of pension and severance plans, which comply with the various requirements and the labour market legislation in force in the different countries where Netop's employees are based. As only about three per cent of the Group's employees (2008: about five per cent) are covered by defined benefit plans, the part of the overall pension plans for which the company has an obligation other than the contributions made, is not significant.

The remaining 97% of the pension plans are defined contribution plans, under which Netop has no obligation in excess of the agreed contributions.

For defined contribution plans, the employer undertakes to pay a defined contribution (e.g. a fixed amount or a fixed percentage of the pay). For a defined contribution plan, the Group runs no risk in respect of future developments in interest rates, inflation, mortality or disability.

For defined benefit plans, the employer undertakes to pay a defined benefit (e.g. a retirement pension at a fixed amount or a fixed percentage of the employee's final salary). Under a defined benefit plan, the Group carries the risk in respect of future developments in interest rates, inflation, mortality or disability. Defined benefit plans typically provide the covered employees with a pension based on their final earnings.

The pension commitments of the Group's Danish businesses are funded. Certain foreign businesses are also funded. Foreign companies whose pension obligations are not or only partly funded (defined benefit plans) recognise their commitments on an actuarial basis at the present value at the balance sheet date. Such pension plans are funded in full or in part in employee pension funds. In the consolidated financial statements, an amount of DKK 226 thousand (2008: DKK 685 thousand) has been recognised under liabilities in relation to the Group's obligations towards current and former employees after deduction of plan assets.

The only defined benefit plan for which Netop has an obligation involves the company's employees in Switzerland. It was only in 2008, after the acquisition of GenevaLogic Holding AG (see note 26) was effected, that Netop was initially required to recognise this type of obligation in the consolidated financial statements.

NOTE 22 PENSION OBLIGATIONS

DKK '000	2009	2008
The following has been recognised in the consolidated income statement:		
Defined contribution plans	-	1,428
Defined benefit plans	-	184
	-	**1,612**
Present value of funded defined benefit obligations	-	5,169
Fair value of plan assets	-	(4,484)
Net obligation recognised in the balance sheet	-	**685**
Developments in the present value of defined benefit obligation		
Obligation at 1 January	-	-
Addition on business acquisitions	-	5,169
	-	**5,169**
Developments in the fair value of pension assets:		
Pension assets at 1 January	-	-
Addition on business acquisitions	-	4,484
	-	**4,484**

In the consolidated income statement actuarial calculation of gains/losses has been recognised:

Accumulated actuarial calculated gains/losses	-	**(315)**

Calculation of defined benefit obligation at 31 December 2009
The company decided to calculate the 2009 provision for defined benefit obligations without actuarial assistance, in consideration of the quite substantial costs of such services in proportion to the amount of the provision.

As the provision in 2009 is insignificant according to IFRS the 2009 numbers in the note have been elided.

Actuarial calculation and assumptions at 31 December 2008
The pension assets are under the management of pension company PKG Pensionskasse (Switzerland). Under the pension company's policy, the assets cannot represent more than 42% of total investments. The remaining pension funds are invested in bonds, cash and cash equivalents and property.

The average assumptions for the actuarial calculations at the balance sheet date were: discount rate at 3.25%, expected return on plan assets of 3.25% and expected rate of salary increase of 1.50%.

The expected return on plan assets was determined by PensionRisk AG (Switzerland) on the basis of the composition of the plan assets and expectations for the general economic outlook.

NOTE 23 CORPORATION TAX

DKK '000	2009	2008
Corporation tax 1 January	3	(4,844)
Adjustments relating to previous years	-	-
Corporation tax for the year	142	22
Corporation tax paid in the year	(100)	4,825
Corporation tax at 31 December	**45**	**3**

NOTE 24 OTHER LIABILITIES

DKK '000	2009	2008
Non-current liabilities	805	-
Current liabilities	10,839	10,743
	11,644	**10,743**
Other liabilities are specified as follows:		
Staff costs	8,124	6,466
Bullet loan (The Danish tax authorities)	805	-
Other payables	2,716	4,277
	11,644	**10,743**

NOTE 25 CASH AT BANK AND IN HAND

DKK '000	2009	2008
Cash at bank and in hand	4,848	48,146
Cash at 31 December 2008 as per cash flow statement	**4,848**	**48,146**

NOTE 26 ACQUISITION OF SUBSIDIARIES

DKK '000	Carrying amount prior to acquisition	Fair value adjustment	Fair value at date of acquisition
Acquisitions in 2009			
Acquisition of Netop Netfilter A/S (former named Enologic A/S)			
With effect from 1 September 2009, Netop Solutions A/S acquired 50% of the shares of Enologic A/S. Netop Solutions A/S already held 50% of the shares and is now the company's sole shareholder.			
Deferred tax	-	939	939
Trade receivables	16	-	16
Cash at bank and in hand	794	-	794
Current liabilities	(12)	-	(12)
Net assets acquired	**798**	**939**	**1,737**
Calculated goodwill			-
Total cost for 100% of the shares			1,737
Fee for 50% of the shares			(869)
Cash acquired			794
Net cash flow impact			**(75)**

Opgørelsen af dagsværdier på de overtagne aktiver, forpligtelser og eventualforpligtelser er afsluttet pr. 31 december 2009.

Acquisitions in 2008			
Acquisition of Medianet Innovations SRL			
With effect from 1 July 2008, Netop Solutions A/S acquired the entire share capital of a small Romanian company, Medianet Innovations SRL. The company was acquired in connection with the conclusion of a distributor agreement between Netop Solutions and Medianet International Inc. and Medianet Innovations A/S.			
Intangible assets	145	-	145
Property, plant and equipment	162	-	162
Trade receivables	1,161	-	1,161
Cash at bank and in hand	11	-	11
Kortfristede forpligtelser	(1,462)	-	(1,462)
Net assets acquired	**17**	**-**	**17**
Calculated goodwill			-
Total cost for 100% of the shares			17
Cash acquired			(11)
Net cash flow impact			**6**

NOTE 26 ACQUISITION OF SUBSIDIARIES

DKK '000	Carrying amount prior to acquisition	Fair value adjustment	Fair value at date of acquisition
Acquisitions in 2008			
Acquisition of GenevaLogic Holding AG			
In June 2008, Netop Solutions A/S signed an agreement to acquire the entire share capital of GenevaLogic Holding AG. The acquisition became effective on 1 July 2008, and the GenevaLogic Group is consolidated in Netop Solutions' accounts from this date.			
Intangible assets	1,125	23,862	24,987
Property, plant and equipment	1,046	-	1,046
Inventories	46	-	46
Trade receivables	3,245	-	3,245
Prepayments	764	-	764
Cash at bank and in hand	1,466	-	1,466
Non-current liabilities	-	(1,000)	(1,000)
Current liabilities	(8,251)	-	(8,251)
Deferred tax	-	(5,030)	(5,030)
Net assets acquired	**(559)**	**17,832**	**17,273**
Calculated goodwill			31,022
Total cost for 100% of the shares			48,295
Payment by way of new shares issued and warrants			(29,756)
Cash payment			18,539
Cash acquired			(1,466)
Net cash flow impact			**17,073**
Components of total acquisition costs			
Cash			17,443
Direct acquisition costs			1,096
			18,539

The stated amounts were translated into Danish kroner at the exchange rate at the time of recognition.

The statement of fair values of the taken over assets, liabilities and contingent liabilieties have been completed at 31 December 2008 for both companies.

The calculation of goodwill represents the value of the expected earnings capacity of the acquired companies that cannot be reliably attributed to individual assets, including the value of staff know-how. Moreover, the company expects to achieve substantial synergies from increased sales and better utilisation of employees and their know-how. Netop Solutions A/S has not made any acqusitions in 2007.

NOTE 27 SHARE OPTIONS - AND WARRANTS PROGRAM PLANS

Share option plans
In 2003 and 2004, Danware granted share options to executive officers (1 person) and other employees (17 persons).

The share option plan at 31 December 2009 comprises 51,853 options. Each option entitles the holder to purchase one existing Netop share worth DKK 5 nominal value.

The options are issued at an exercise price, which is equal to the average of the share as quoted by the Copenhagen Stock Exchange during the ten-day period prior to the date of grant. Options are earned for as long as the holder is employed in the company, but there is no requirement that the holder must still be in employment at the exercise date.

Options granted cannot be exercised until three years after the date of grant and not later than seven years after the date of grant and only in two-week periods after the release of interim profit announcements.

The options can be settled in cash, but the company's intention is that they are to be settled in shares. The company is expected to acquire additional treasury shares so that the portfolio can be used for purposes of settling options granted.

Option Program 2003
All options granted under the 2003 Program vested 36 months after the date of grant (27 June 2003). Exercise of these options is to take place not later than 84 months after the date of grant. The share options continued to vest as long as the option holder was employed with the company, but there is no requirement that the option holder must be in continuing employment at the date of exercise.

Under the 2003 Program, a total of 52,000 options were granted, of which 36,375 have lapsed and 11,125 have been exercised. Accordingly, 4,500 options were still outstanding at 31 December 2009. Lapse is only due to the reason that the employees attached to the program is no longer employed in the Netop group.

Options under Option Program 2003 may be settled in cash, but the intention is for the options to be settled by way of shares. When the plan was set up, the exercise price was fixed at DKK 108 per share.

Option Program 2004
The date of grant for all options under Option Program 2004 was 17 August 2004. These options cannot be exercised earlier than 36 months after the date of grant and not later than 84 months after the date of grant. The share options only vested as long as the option holder was employed with the company, but, as with Option Program 2003, there is no requirement that the option holder must be in continuing employment at the date of exercise.

Under the 2004 Program, a total of 43,200 options were granted. None of these options have been exercised, but 38,700 options have lapsed. At 31 December 2009, 4,500 options were outstanding under the program.

The Option Program 2004 does not apply cash settlement, and options can only be exercised by the purchase of shares at the agreed exercise price of DKK 99 per share.

Warrantprogram 2008
In 2008, Netop Solutions A/S established a warrant program for the company's Management Board. A total of 20,562 warrants were granted for an aggregate value of DKK 1,500,000. When vested, each warrant gives the holder the right to subscribe one share of DKK 5 nominal value in the company.

The date of grant was 26 June 2008 at which date the shares were subscribed at the average opening price (on NASDAQ OMX Copenhagen) during the 10 days immediately preceding the date of grant. The exercise price was fixed at DKK 72.95 per share.

The warrants vest over a period of two years beginning on 1 July 2008 at 1/24 for each month the warrant holder is employed by Netop Solutions A/S. The value of these calculated to DKK 264 thousand, which will be accrued in vested period. The warrants can be exercised after expiry of the vesting period on 30 June 2010, but not later than on 26 June 2013.

Warrantprogram 2008 – part of purchase price Genevalogic Holding AG
When acquiring GenevaLogic Holding AG, Netop Solutions A/S paid a part of the purchase price by a grant of warrants. The warrant program gives the seller the right to subscribe 71,736 shares with a nominal value of DKK 5 each in Netop Solutions A/S.

The date of grant was equal to the date of acquisition, 1 July 2008, and the price was fixed at DKK 69.70 per share. The price was determined on the basis of the average market price of the ten trading days immediately before 30 June 2008 as quoted on Nasdaq OMX Copenhagen.

NOTE 27 SHARE OPTIONS - AND WARRANTS PROGRAM PLANS

DKK '000	Others	Board of directors	Executive manage-ment	Other executives	Other employees	Total	Exercise price per option (DKK)	Fair value (DKK)
Option plan 2003								
1 January 2008	-	-	-	4,500	15,000	19,500		
Exercised in 2008	-	-	-	-	-	-		
Lapsed in 2008	-	-	-	(4,500)	(1,900)	(6,400)		
Outstanding at 31 December 2008	**-**	**-**	**-**	**-**	**13,100**	**13,100**	**108**	**4**
1 January 2009	-	-	-	-	13,100	13,100		
Exercised in 2009	-	-	-	-	-	-		
Lapsed in 2009	-	-	-	-	(8,600)	(8,600)		
Outstanding at 31 December 2009	**-**	**-**	**-**	**-**	**4,500**	**4,500**	**108**	**-**
Option plan 2004								
1 January 2008	-	-	-	4,500	27,853	32,353		
Exercised in 2008	-	-	-	-	-	-		
Lapsed in 2008	-	-	-	(4,500)	(8,853)	(13,353)		
Outstanding at 31 December 2008	**-**	**-**	**-**	**-**	**19,000**	**19,000**	**99**	**29**
1 January 2009	-	-	-	-	19,000	19,000		
Exercised in 2009	-	-	-	-	-	-		
Lapsed in 2009	-	-	-	-	(14,500)	(14,500)		
Outstanding at 31 December 2009	**-**	**-**	**-**	**-**	**4,500**	**4,500**	**99**	**-**
Number of exercisable options at 31 December 2009	-	-	-	-	9,000	9,000		
Number of exercisable options at 31 December 2008	-	-	-	-	32,100	32,100		

The options relating to Option Program 2003 that were outstanding at 31 December 2008 cannot be exercised later than 27 June 2010.

Options relating to Option Program 2004 that were outstanding at 31 December 2008 cannot be exercised later than 1 August 2011.

No options from Option Program 2003 or Option Program 2004 were exercised in the 2009 financial year. In 2008 also no options were exercised.

NOTE 27 SHARE OPTIONS - AND WARRANTS PROGRAM PLANS

DKK '000	Others	Board of directors	Executive manage-ment	Other executives	Other employees	Total	Exercise price per option (DKK)	Fair value (DKK)
Warrant program 2008								
26 June 2008	-	-	20,562	-	-	20,562		
Exercised warrants in 2008	-	-	-	-	-	-		
Lapsed 2008	-	-	-	-	-	-		
Outstanding at 31 December 2008	**-**	**-**	**20,562**	**-**	**-**	**20,562**	**73**	**25**
1 January 2009	-	-	20,562	-	-	20,562		
Exercised warrants in 2009	-	-	-	-	-	-		
Lapsed 2009	-	-	-	-	-	-		
Outstanding at 31 December 2009	**-**	**-**	**20,562**	**-**	**-**	**20,562**	**73**	**-**
Warrant program 2008 - part of purchase price Genevalogic Holding AG								
1 July 2008	71,736	-	-	-	-	71,736		
Exercised warrants in 2008	-	-	-	-	-	-		
Lapsed 2008	-	-	-	-	-	-		
Outstanding at 31 December 2008	**71,736**	**-**	**-**	**-**	**-**	**71,736**	**70**	**102**
1 January 2009	71,736	-	-	-	-	71,736		
Exercised warrants in 2009	-	-	-	-	-	-		
Lapsed 2009	-	-	-	-	-	-		
Outstanding at 31 December 2009	**71,736**	**-**	**-**	**-**	**-**	**71,736**	**70**	**-**
Warrant programs, total	**71,736**	**-**	**20,562**	**-**	**-**	**92,298**		
Total warrants which can be exercised 31 December 2009	**-**	**-**	**-**	**-**	**-**	**-**		
Total warrants which can be exercised 31 December 2008	-	-	-	-	-	-		

The right ot exercise applies for a period of 12 months from 1 July 2008 and will lapse on 30 June 2011.

The market value of the warrants is made up on the basis of Black-Scholes' option valuation model. For 2009, the computation at 31 December 2009 was based on a dividend per share of 0% (2008: 0%) of the share price, a volatility of 71,8% (2008: 44,3%) and a risk-free interest rate of 2.2% (2008:2,2%).

The expected volatility is derived from the historical volatility of the Netop Solutions A/S share for the past two years.

The average price for the Netop share in 2009 was DKK 22,42 (2008: DKK 63,27)

The risk-free interest rate is determined on the basis of the Danish benchmark government bond yield for the expected maturity of the warrants.

NOTE 28 RELATED PARY TRANSACTIONS

DKK '000	2009	2008

Netop Solutions A/S has no related parties exercising control. Netop Solutions A/S's related parties exercising a significant influence comprises of subsidiaries in which members of Netop SolutionsA/S's Board of Directors, Management Board and senior management as well as relatives of these persons have material interests. Trading with related parties is conducted exclusively on an arm's length basis, in

Transactions between Netops group of companies and related parties amounts to:

ATEA A/S (Chairman of the board Ib Kunøe)		
Purchase of IT equipment from Atea A/S	724	584
Sale of software to Atea A/S	4,303	9,001
Receivables from Atea A/S	1,590	3,444
Payable to Atea A/S	201	11
Columbus IT Partner A/S (Chairman of the board Ib Kunøe)		
Purchase of software and consultancy services from Columbus IT Partner A/S	119	553
Payable to Columbus IT Partner A/S	-	55
Philip & Partnere (Board member Henning Hansen)		
Legal assistance from Philip and Partners Law Firm	372	880
Payable to Philip and Partners Law Firm	15	28
DTM International A/S (former board member Peter Grøndahl)		
Expansion and maintenance of CRM system and consultancy services from DTM International A/S	4	875
Payable to DTM International A/S	-	225

There were no other transactions with members of the Board of Directors or the Management Board, or with other senior employees of the Group.

In 2009 no members of the board of directors - apart from elected by the employees - have had employment in the group.

Associated companies:
Related parties also include associates over which Netop Solutions A/S has control or exerts significant influence.

Netop Solutions A/S held a 50% ownership interest in the associate Enologic A/S until Netop Solutions A/S bought the remaining part of 50% and took over the company completely, see note 26.

Transactions with Enologic A/S during the 2009 financial year involved only royalty payments of DKK 6 thousand (2008: DKK 102 thousand).

Regarding the parent company; Netop Solutions A/S then there have been related party transactions with Philip & Partnere of total DKK 284 thousand (2008: DKK 638 thousands)

NOTE 29 MANAGEMENT'S SHAREHOLDING OF NETOP SOLUTIONS A/S SHARES

DKK '000	Number of shares held at 1 January 2009	Number of shares acquired in 2009	Number of shares sold in 2009	**Number of shares at year end 2009**	**Market value at 31 December 2009**
Bestyrelse:					
Ib Kunøe	-	-	-	-	-
Peter Schüpbach	-	-	-	-	-
Henning Hansen	-	-	-	-	-
Jan Elbæk	-	-	-	-	-
Per Egon Rank	594	-	-	594	5
Hanne Jespersen Hansen	-	-	-	-	-
Max Møller	-	-	-	-	-
I alt	**594**	**-**	**-**	**594**	**5**
Direktion:					
Kurt Groth Bager		-	-	-	-
Claus Finderup Grove		-	-	-	-
I alt		**-**	**-**	**-**	**-**

NOTE 30 CONTRACTUAL ACTIVITIES

DKK '000	**2009**	**2008**
The minimum lease obligations relating to operating leases fall due:		
Land and buildings – falling due within one year	4,282	5,045
Other plant – falling due within one year	1,972	1,578
	6,254	**6,623**
Land and buildings – falling due within five years	10,505	12,167
Other plant – falling due within five years	1,555	2,145
	12,060	**14,312**
Land and buildings – falling due after five years	19,439	22,873
Other plant – falling due after five years	-	-
	19,439	**22,873**
	37,753	**43,808**
Costs of operating leases included in the income statement	8,531	4,017

The main liability comprises a lease for domicile offices at Birkerød, Denmark. The annual lease payments amount to DKK 2.3m and are subject to a 3% increase per annum. The agreement is non-terminable until 2023, but the company has an option to buy back the property at a price of DKK 36.7 million on 1 October 2016. The company also has permission to rent out parts of the building. As this was not relevant in 2009, no rental income was generated in respect of the office building at Birkerød.

NOTE 31 DISCONTINUED BUSINESS

DKK '000	2009	2008
Revenue	1,555	592
External costs	(5,255)	(2,614)
Amortisation, depreciation and impairment losses	(752)	(368)
Staff costs	(4,439)	(2,411)
Result before tax	(8,891)	(4,801)
Corporation tax	-	1,200
Profit for the year of discontinuing business	**(8,891)**	**(3,601)**
Cash flow from operating activities of continuing business	(8,139)	(4,433)
Cash flow from investing activities	-	-
Cash flow from financing activities	-	-
Change in cash at bank and in hand	**(8,139)**	**(4,433)**
Property, plants and equipment	-	-
Assets held for sale	**-**	**-**
Earning per share of discontinuing business (EPS)	(2.18)	(0.91)
Earning per share of discontinuing business, diluted (EPS-D)	(2.18)	(0.91)

The partnership agreement between Netop and Medianet was terminated with effect from the end of 2009. As a result, the related activities have been identified and the related revenue and costs have been determined for all of 2009. At the expiry of the agreement, Netop had a contractual commitment to return all of the assets, including employees, transferred to Netop when the agreement was signed in 2008.

NOTE 32 DERIVATIVE FINANCIAL INSTRUMENTS, RISK AND FINANCIAL MANAGEMENT

Due to the nature of its operations, investments and financing activities, the Netop Group is exposed to a number of financial risks. These risks relate to market risk, which for Netop consists of foreign exchange and interest rate risk, as well as credit risk and liquidity risk. Group policy is not to actively conduct speculation in financial risks. The sole purpose of the Group's financial management is to manage and reduce financial risk. Management monitor the risks the Group is exposed to and align policies to hedge such risk. The group has authority to enter hedging instrument but as of 31. December 2009 the group does not particiapte in any financial contracts.

Currency risk
The Group is exposed to currency fluctuations, because individual group companies conduct purchase or sales transactions and have receivables and debt in currencies other than their own functional currency.
As Netop is incorporated in Denmark, a large part of the Group's costs are incurred in Danish kroner. In 2009, the company invoiced approximately 25% of its sales in Danish kroner, 25% in euros, 45% in US dollars, and the remaining 5% in pound sterling . The company's main commercial currency exposure is thus primarily to sales in US dollars. The group has expenses in danish kroner, US Dollar, Rumanian Lei (RON) and British pounds.

The groups major exposure is hence EUR and USD on revenue and USD and RON on the costside. The management do not calculate with major risk on the EUR exposure. With regards to USD, where the exposure has been reduced with the establishment of the Chicago office and the purchase of the Portland office in connection with the Genevalogic acquisition, the management monitor the development and enter hedging contracts with up-to 50% of the running operating cash flow. The group did not enter any contracts in 2009. A part of the groups future cost will be in RON and the management will judge whether its prudent to enter RON contracts through options or forward contracts but the group did not enter any contracts in 2009. The average RON exchange rate in 2009 was DKK1,76 against a budget exchange rate of DKK 1,85

Revaluation of investments in affiliated companies abroad with a different functional currency than danish kroner is recognized directly in equity as well as apparent in the total comprehensive income statement. The risks related thereto are not hedged. The Group has considered that ongoing hedging of such long-term investments will not be optimal from an overall risk and cost considerations.

A sensitivity analysis shows that had the USD been on the 2008 level, which was 7% lower at 5,03 , revenue would been lower with DKK 3,1 mio. and EBIT and the equity would have been DKK 0,4 mio. lower. Had the USD been 10% higher at 5,92, it would have a positive effect with DKK2,5 mio. kr on revenue and EBIT and equity with DKK0,6 mio. kr.

Recognised transactions
Hedging of recognised transactions primarily concerns receivables, cash and debt items.

Currency risk 31 December 2009
DKK '000

Currency	Payment / maturity	Receivable	Cash at bank and in hand	Debt	Hedged through forward exchange contracts	Net position
USD	< 1 år	5,632	1,810	3,481	-	3,960

Currency risk 31 December 2008
DKK '000

Currency	Payment / maturity	Receivable	Cash at bank and in hand	Debt	Hedged through forward exchange contracts	Net position
USD	< 1 år	1,570	829	428	-	1,971

NOTE 32 DERIVATIVE FINANCIAL INSTRUMENTS, RISK AND FINANCIAL MANAGEMENT

Interest rate risk
Considering its positive cash holdings, the Group does not have a large risk exposure to interest rate fluctuations. The risk is mainly limited to the interest return on the Group's positive cash holdings. The Group's cash holdings are mainly placed in demand deposits at variable rates of interest.

In 2008, the company was not a contractual party to derivative financial instruments for which interest rate fluctuations can cause changes in their fair values, and it thus does not have any interest rate exposure.

The Group established a factoring arrangement in January 2010 for sales in the Nordic, where an interest rate based on CIBOR is applied to the outstanding amount. This interest exposure is considered as minimal.

Liquidity risk
Netop Solutions pursues a policy of consistently ensuring the existence of adequate financial resources. Cash reserves,which are deemed to be sufficient to implement Netop Solutions' current strategy, consist of prior-year cash flows and proceeds from the IPO in 2001. Cash resources amounted to DKK 48m at year-end 2008, but due to the global recession, revenue fell short of expectations causing the loss and the necessary drawings on our liquid reserves to be greater than anticipated. The large cash deficit Netop Solutions experienced in 2009 is expected to be reversed in 2010 through profitable operations and substantially lower costs. A factor of uncertainty relating to the company's cash position in 2010 involved a guarantee commitment made in connection with the acquisition of GenevaLogic in 2008. The acquisition agreement included an obligation worth up to DKK 10m, which is expected to crystallize in the fourth quarter of 2010. We project cash inflows in all quarters of the year, and expect to base operations during the year on existing credit facilities. The work to strengthen the company's capital resources continues, and Netop Solutions' main shareholder, Consolidated Holdings Group, has stated that it is willing to assist in the procurement if additional capital to the Company,should become necessary in 2010.

Credit risk
The Group's credit risks are mainly related to receivables and bank deposits. The Group's sales are primarily made on open account. Most of Netop's sales are to customers with whom the Group has maintained a business relationship for several years. The Group operates fixed terms of payment and has defined policies on how to follow up on non-payment. For customers not assessed to be sufficiently creditworthy, the Group changes the terms of payment or requires a down payment.

The Group manages its credit exposure risk through monthly monitoring and follow-up procedures. Historically, the Group has incurred relatively small losses as a result of non-payment by customers.

The maximum credit risk corresponds to the values recognised in the balance sheet. For more information on this, see note18.

The Group is not exposed to significant risks concerning individual customers or business partners.

Categories of Financial instruments

	31.12.2009	**31.12.2008**	**01.01.2008**
	DKK 1.000	DKK 1.000	DKK 1.000
Trade receivables	14,569	19,597	23,889
Other receivables	2,892	3,743	1,594
Cash at bank and in hand	4,848	48,146	84,114
Measured at amortised cost (receivables and deposits)	**22,309**	**71,486**	**109,597**
Trade payables	3,193	6,692	7,277
Other liabilities	11,644	10,743	6,701
Measured at amortised cost (loans and other debt)	**14,838**	**17,435**	**13,978**

NOTE 33 CONTINGENT LIABILITIES

Netop is not involved in any litigation proceedings or other situations that will have a material effect on the financial position of the Netop Group.

NOTE 34 SUBSEQUENT EVENTS

In February 2010, Netop Solutions granted an additional 98,135 share options to a member of the Management Board.

Netop Solutions has sold the rights to Netop Solutions Mobile Embedded product. The sale is one of the steps taken to adjust the product portfolio. The agreed selling price is DKK 5.0m. DKK 2.0m of the amount was paid in cash when the contract was signed, while the remaining amount will be paid over a five-year period through a discount arrangement provided in the distributor agreement. The agreement was concluded with effect from 1 February 2010.

Beyond the above no material events have occurred after 31 December 2009.

ANNUAL ACCOUNTS FOR NETOP SOLUTIONS A/S

INCOME STATEMENT 1 JANUARY – 31 DECEMBER FOR NETOP SOLUTIONS A/S

DKK '000		2009	2008
Revenue	3	2,583	2,508
External costs	6	(3,691)	9,640
Amortisation, depreciation and impairment losses	4	-	-
Staff costs	5	(533)	(825)
Operating profit (EBIT)		**(1,642)**	**11,323**
Profit/losses sale of investments		1,915	
Write-down of receivables from subsidiaries	13	(110,361)	-
Write-down of investments	9	(34,904)	-
Financial income	7	10,317	9,305
Financial expenses	8	(521)	5,894
Profit before tax		**(135,196)**	**26,522**
Corporation tax	10	(2,075)	(3,789)
Profit for the year		**(137,271)**	**22,733**
Distributed as follows:			
Shareholders in Netop Solutions A/S		(137,271)	22,733
Minority shareholders		-	-
		(137,271)	**22,733**

STATEMENT OF COMPREHENSIVE INCOME 31 DECEMBER FOR NETOP SOLUTIONS A/S

DKK '000	2009	2008
Profit for the year	(137,271)	22,733
Other comprehensive income after tax	-	-
Total comprehensive income	**(137,271)**	**22,733**

BALANCE AT 31. DECEMBER FOR NETOP SOLUTIONS A/S

DKK '000		2009	2008
ASSETS			
Land and buildings	11	-	-
Other fixtures and fittings, tools and equipment	11	-	-
Property, plant and equipment		**-**	**-**
Investments in subsidiaries	9	48,403	52,484
Receivables from subsidiaries	13	15,963	-
Investments in associates	12	-	400
Deposits		12,525	12,525
Deferred tax	15	-	36
Other non-current assets		**76,890**	**65,445**
Total non-current assets		**76,890**	**65,445**
Receivables from subsidiaries	13	5,147	121,069
Other receivables	14	590	3,917
Cash at bank and in hand	16	181	30,834
Total current assets		**5,918**	**155,820**
Total assets		**82,808**	**221,265**

BALANCE AT 31. DECEMBER FOR NETOP SOLUTIONS A/S

DKK '000		2009	2008
EQUITY AND LIABILITIES			
Equity	17		
Share capital		21,046	21,046
Other reserves		1,495	
Retained earnings		41,022	180,094
Total equity		**63,563**	**201,140**
Provisions	18	-	10,000
Total non-current liabilities		**-**	**10,000**
Debt. acquisition of subsidiaries		6,006	8,154
Provisions	18	10,000	-
Trade payables		744	711
Corporation tax		2,038	
Other liabilities	16	456	1,260
Total current liabilities		**19,245**	**10,125**
Total liabilities		**19,245**	**20,125**
Total equity and liabilities		**82,808**	**221,265**

STATEMENT OF CHANGES IN EQUITY 1 JANUARY - 31 DECEMBER FOR NETOP SOLUTIONS A/S

DKK '000	Share capital	Translation reserve	Retained earnings	Reserve for share based payments	Reserve total	Proposed dividends	Total
Equity at 1 January 2008	**19,252**	**-**	**150,050**	**-**	**150,050**	**-**	**169,302**
Capital increase	1,794	-	21,879	-	21,879	-	23,673
Acquisition of treasury shares	-	-	(4,141)	-	(4,141)	-	(4,141)
Share based payments	-	-	-	1,362	1,362	-	1,362
Total comprehensive income for the year	-	-	10,945	-	10,945	-	10,945
Changes in equity in 2008	**1,794**	**-**	**28,683**	**1,362**	**30,045**	**-**	**31,839**
Equity at 31 December 2008	**21,046**	**-**	**178,733**	**1,362**	**180,095**	**-**	**201,141**
Equity at 1 January 2009	**21,046**	**-**	**178,733**	**1,362**	**180,095**	**-**	**201,141**
Acquisition of treasury shares	-		(440)	-	(440)	-	(440)
Share based payments	-			133	133	-	133
Total comprehensive income for the year	-		(137,271)	-	(137,271)	-	(137,271)
Changes in equity in 2009	**-**	**-**	**(137,711)**	**133**	**(137,578)**	**-**	**(137,578)**
Equity at 31 December 2009	**21,046**	**-**	**41,022**	**1,495**	**42,517**	**-**	**63,563**

CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER FOR NETOP SOLUTIONS A/S

DKK '000		2009	2008
Operating profit (EBIT)		(1,642)	11,323
Adjustments for non-cash transactions			
Share based payments		-	69
Gains and losses on sold property, plant and equipment		-	(12,502)
		(1,642)	(1,110)
Change in net working capital			
Change in receivables		3,327	(3,364)
Change in trade payables and other liabilities		(770)	73
Cash generated from operations, operating profit		915	(4,401)
Interest paid		418	2,618
Interest received		(56)	(387)
Cash generated from operations, profit from ordinary activities		1,278	(2,170)
Corporation tax paid		-	4,844
Cash flow from operating activities		**1,278**	**2,674**
Disposal of property, plant and equipment		-	41,500
Purchase/disposal of other non-current assets		-	(12,525)
Acquisition of subsidiaries		(75)	(18,539)
Change in balances with subsidiaries (excluding the joint taxation contribution)		(31,416)	(51,412)
Cash flow from investing activities		**(31,491)**	**(40,976)**
Acquisition of treasury shares		(440)	(4,141)
Cash flow from financing activities		**(440)**	**(4,141)**
Change in cash at bank and in hand		**(30,653)**	**(42,443)**
Cash at bank and in hand at 1 January	16	30,834	73,277
Cash at bank and in hand at 31 December	16	**181**	**30,834**

NOTES TO THE ANNUAL ACCOUNTS FOR NETOP SOLUTIONS A/S

NOTES TO THE ANNUAL ACCOUNTS FOR NETOP SOLUTIONS A/S

NOTE 1 ACCOUNTING POLICIES

Accounting policies for the parent company
The separate financial statements for the parent company have been incorporated into the annual report in compliance with the provisions of the Danish Financial Statements Act requiring separate parent company financial statements for companies having adopted IFRS.

The financial statements of the parent company, Netop Solutions A/S, are presented in accordance with the provisions of the Danish Financial Statements Act.

Accounting policy changes
The accounting policies are unchanged from last year.

Implementation of new accounting standards
As from 1 January 2009, the parent company implemented the amended IAS 27 "Consolidated and separate financial statements". This amended standard requires that dividends received from subsidiaries and associates are recognised in the parent company and not in the cost even if a distribution is related to a period prior to the date of acquisition. As the parent company did not receive such dividends in 2009, the amendment has no effect on the profit or on equity.

See note 1 to the consolidated financial statements.

Basis of presentation
The parent company's accounting policies differ from the accounting policies applied in the consolidated financial statements (see note 1 to the consolidated financial statements) in the following respects:

Revenue
The parent company's revenue relates to rental income from renting out office premises to a subsidiary. This income is recognised in the income statement on a straight-line basis during the year at the fair value of the contractual consideration.

Investments in subsidiaries and associates in the parent company's financial statements
Investments in subsidiaries and associates are measured at cost. Where the recoverable amount is lower than cost, the investments are written down to this lower value.

On the acquisition of subsidiaries, the difference between the purchase price and the net asset value of the acquired enterprise is calculated at the time of the acquisition, after assets and liabilities have been revalued at fair value (the purchase method). Positive differences are recognised under Share of profit/loss in subsidiaries. In the income statement, the proportionate share of the profit after tax for the year less amortisation of goodwill is recognised under the line item Profit from investments in subsidiaries after tax.

Gains or losses from the divestment or winding up of subsidiaries are stated as the difference between the selling price or the winding up sum and the carrying amount of net assets at the date of disposal, including goodwill, and anticipated divestment or winding-up costs. Gains or losses are recognised in the income statement.

Tax
Netop Solutions A/S is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Netop Solutions A/S is the management company for the joint taxation and consequently settles all payments of income tax with the tax authorities. Joint taxation contributions to/from subsidiaries are recognised under tax on the profit/loss for the year. Tax payable and tax receivable is recognised under current assets/liabilities. Joint taxation contributions payable and receivable are recognised in the balance sheet under receivables from or debt to subsidiaries.

NOTE 2 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

Uncertainty relating to estimates
The calculation of the carrying amounts of certain assets and liabilities requires an estimate of how future events will affect the value of such assets and liabilities at the balance sheet date. Estimates material to the parent company's financial reporting are made, *inter alia*, by testing investments in subsidiaries and associates for impairment.

The estimates applied are based on assumptions which management believes to be reasonable, but which are inherently uncertain and unpredictable. Such assumptions may be incomplete or inaccurate, and unexpected events or circumstances may occur. In addition, the subsidiaries are subject to risks and uncertainties that may cause actual results to deviate from the estimates. Risk factors specific to the Netop Group are described in the Management's report on page XX.

Accounting policies
Management believes that apart than estimations, no judgments are made in the application of the parent company's accounting policies that may impact the amounts recognised in the financial statements.

NOTES TO THE ANNUAL ACCOUNTS FOR NETOP SOLUTIONS A/S

NOTE 3 REVENUE

DKK '000	2009	2008
Rental income	2,583	2,508
	2,583	**2,508**

NOTE 4 AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES

DKK '000	2009	2008
Amortisation, depreciation and impairment losses are specified as follows:		
Depreciation, property, plant and equipment	-	824
	-	**824**

NOTE 5 STAFF COSTS

DKK '000	2009	2008
Staff costs are specified as follows:		
Remuneration to Board of directors	533	825
	533	**825**

The Management Board had three members in 2009, as was also the case in 2008. The parent company had no employees in 2009 (2008: 0 employees).

Members of the Board of Directors of Netop Solutions A/S received total remuneration of DKK xxx thousand in 2009 (2008: DKK 8 25 thousand) for services rendered to the company and other companies of the Netop Group. The Board of Directors receive a fixed remuneration and Board members do not participate in share option schemes, incentive plans, pension plans or other Group sche mes. No arrangements have been made in respect of severance payments to Board members, nor have any such payments been made.

NOTE 6 FEES TO AUDITORS APPOINTED BY THE ANNUAL GENERAL MEETING

DKK '000	2009	2008
Total fee to Deloitte are specified as follows:		
Audit	152	300
Other assurance statements	-	-
Tax assistance	23	-
Other services	-	401
	174	**701**
Total fee to other auditors (not appointed byt the annual general meeting) are specified as follows:		
Audit	-	239
Other assurance statements	-	-
Tax assistance	-	-
Other services	-	-
	-	**239**
Total fee	**174**	**940**

NOTE 7 FINANCIAL INCOME

DKK '000	2009	2008
Financial income from subsidiaries	9,777	6,687
Other interest income	418	2,404
Exchange rate income	121	214
	10,317	**9,305**

NOTE 8 FINANCIAL EXPENSES

DKK '000	2009	2008
Financial expenses to subsidiaries	286	297
Other interest costs	56	366
Exchange rate loss	101	22
Price adjustments securities	77	-
Value adjustment in respect of guaranteed share price	-	5,209
	521	**5,894**

NOTE 9 INVESTMENTS IN SUBSIDIARIES

DKK '000	2009	2008
Cost at 1 January	77,818	29,522
Acquisition of subsidiary	869	48,296
Capital increase	32,212	-
Disposals	(2,258)	-
Cost at 31 December	**108,641**	**77,818**
Value adjustments at 1 January	25,334	25,334
Amortisation	34,904	-
Value adjustments at 31 December	**60,238**	**25,334**
Carrying amount at 31 December	**48,403**	**52,484**

The increase related to the acquisition of the outstanding 50% of the shares in Netop Netfilter. See note 26 to the consolidated financial statements.

The write-down relates to the investment in GenevaLogic Holding AG. The present value of the expected future cash flows from the operation of the company (and underlying companies) is not estimated to match the carrying amount of the investments at 31 December 2009 of DKK 48,295 thousand before write-downs. Accordingly, the investment has been written down to the value in use of DKK 13,391 thousand.

See note 14 to the consolidated financial statements for a further description of assumptions for the impairment test applied to the value taken over on the acquisition of the investment in GenevaLogic Holding AG.

Name	Registered address	Interest held 2009	Interest held 2008
Danware Security A/S	Birkerød, Danmark	100%	100%
Danware Cursum ApS (liquidated in 2009)	Birkerød, Danmark	0%	100%
Danware Education ApS (liquidated in 2009)	Birkerød, Danmark	0%	100%
Genevalogic AG	Langenthal, Schweiz	100%	100%
Genevalogic Holding AG	Langenthal, Schweiz	100%	100%
Genevalogic Ltd.	Herts, England	100%	100%
Genevalogic Inc. (merged with Netop Tech Inc. in 2009)	Portland, USA	0%	100%
Netop Tech Inc.	Chicago, USA	100%	100%
Netop Tech Ltd.	Reading, England	100%	100%
Netop Tech GmbH	Neu-Isenburg, Tyskland	100%	100%
Netop Tech SRL	Bukarest, Rumænien	100%	100%
Netop Tech Development Center SRL	Bukarest, Rumænien	100%	0%
Netop Business Solutions A/S	Birkerød, Danmark	100%	100%
Netop Netfilter A/S (former Enologic A/S)	Birkerød, Danmark	100%	50%

NOTE 10 CORPORATION TAX

DKK '000	2009	2008
Current tax on profit for the year	2,038	4,149
Deferred tax on profit for the year	37	(369)
Adjustments relating to previous years (net)	-	9
	2,075	**3,789**
Corporatio tax is specified as follows:		
Tax on profit for the year	2,075	3,789
Tax on changes in equity	-	-
	2,075	**3,789**
Analysis of tax on profit from ordinary activities of continuing business:		
25% tax of profit from ordinary activities of continuing business before tax	(33,799)	3,684
Non-capitalised deferred tax	36	-
Change in corporation tax rate	-	-
Computation of effective tax rate:		
Non-taxable income	(479)	(28)
Non-tax deductible write-downs	36,316	-
Non-tax deductible expenses	-	123
Tax depreciation	1	-
Adjustment relating to previous years	-	10
	2,075	**3,789**
Effective tax rate	-1.5%	25.7%

NOTE 11 PROPERTY, PLANT AND EQUIPMENT

DKK '000	Land and buildings	Other fixtures and fittings, tools and equipment	Total
2009			
Cost at 1 January	-	68	68
Additions	-	-	-
Disposals	-	-	-
Cost at 31 December	**-**	**68**	**68**
Amortisation and impairment losses at 1 January	-	68	68
Amortisation for the year	-	-	-
Impairment losses for the year	-	-	-
Reversal of amortisation of disposals in the year	-	-	-
Amortisation and impairment losses at 31 December	**-**	**68**	**68**
Carrying amount at 31 December	**-**	**-**	**-**
Amortisation period	20-50 yrs	3-5 yrs	

DKK '000	Land and buildings	Other fixtures and fittings, tools and equipment	Total
2008			
Cost at 1 January	36,194	126	36,320
Additions	-	-	-
Disposals	(36,194)	(58)	(36,252)
Cost at 31 December	**-**	**68**	**68**
Amortisation and impairment losses at 1 January	6,374	126	6,500
Amortisation for the year	824	-	824
Impairment losses for the year	-	-	-
Reversal of amortisation of disposals in the year	(7,198)	(58)	(7,256)
Amortisation and impairment losses at 31 December	**-**	**68**	**68**
Carrying amount at 31 December	**-**	**-**	**-**
Amortisation period	20-50 yrs	3-5 yrs	

NOTES TO THE ANNUAL ACCOUNTS FOR NETOP SOLUTIONS A/S

NOTE 12 INVESTMENTS IN ASSOCIATES

DKK '000	2009	2008
Cost at 1 January	2,355	2,355
Additions	519	-
Disposals, disposals of companies	(2,874)	-
Cost at 31 December	**-**	**2,355**
Value adjustments at 1 January	(1,955)	(1,955)
Disposals, transferred to investment in subsidiaries	1,955	-
Value adjustments at 31 December	**-**	**(1,955)**
Carrying amount at 31 December	**-**	**400**

2008						Netop Solutions group share	
Name and registered address	Interest held	Revenue	Net profit/(loss)	Assets	Liabilities	Equity	Net profit/(loss)
Enologic A/S, Aalborg	50%	25	-	810	13	398	-

Netop acquired the outstanding 50% of the shares in the company Enologic A/S. See note 26. Accordingly, this company has been consolidated on the same terms ad the company's other wholly owned subsidiaries.

NOTE 13 RECEIVABLES FROM SUBSIDIARIES

DKK 1.000	2009	2008
Receivables 1 January	121,069	62,896
Additions	10,401	58,173
Receivables 31 December	**131,470**	**121,069**
Value adjustments at 1 January	-	-
Value adjustments in 2009	110,361	-
Value adjustments at 31 December	**110,361**	**-**
Carrying amount at 31 December	**21,109**	**121,069**
Receivables from subsidiaries total are expected to be payable as follows:		
Current assets	5,147	121,069
Non-current assets	15,963	-
	21,109	**121,069**

NOTES TO THE ANNUAL ACCOUNTS FOR NETOP SOLUTIONS A/S

NOTE 14 OTHER RECEIVABLES

DKK '000	2009	2008
Prepayments	570	553
Other receivables	20	3,364
	590	**3,917**
– specified as follows:		
0 - 1 year	590	3,917
> 1 year	-	-
	590	**3,917**

Prepayments covers prepaid costs such as rent, insurance, software licenses, etc.

Other receivables consist mainly of receivable VAT.

NOTE 15 DEFERRED TAX

DKK '000	2009	2008
Deferred tax at 1 January (net)	36	(333)
Deferred tax, acquisition of subsidiary	-	-
Adjustment relating to previous years	(36)	-
Changes in corporation tax rate	-	-
Deferred tax on profit for the year	-	369
Deferred tax at 31 December (net)	**-**	**36**
Deferred tax is recognized in the balance as follows:		
Deferred tax assets	-	36
Provision for deferred tax	-	-
Deferred tax at 31 December (net)	**-**	**36**
Deferred tax concerns:		
Intangible assets	-	-
Property, plant and equipment	-	36
Trade receivables	-	-
Other liabilities	-	-
Share-based payments	-	-
Tax loss	-	-
Write down	-	-
	-	**36**

NOTE 16 CASH AT BANK AND IN HAND

DKK '000	2009	2008
Cash at bank and in hand	181	30,834
Cash at 31 December 2008 as per cash flow statement	**181**	**30,834**

NOTE 17 SHARE CAPITAL

Equity mix, treasury shares shares and dividends are shown in note 20 to the consolidated financial statements

NOTE 18 PROVISIONS

DKK '000	2009	2008
Price guarantee		
Price guarantee 1 Januar	10,000	-
Adjustments	-	10,000
Price guarantee 31 December	**10,000**	**10,000**

The price guarantee is expected to be payable as follows:		
Current liabilites	10,000	-
Non-current liabilities	-	10,000
Price guarantee 31 December	**10,000**	**10,000**

When acquiring GenevaLogic Holding AG, Netop undertook to pay a price guarantee of up to DKK 10,000 thousand in the event the shares issued as part of the purchase price lost a corresponding amount or more of their official market value. At the balanc e sheet date, the shares have lost more than DKK 10,000 thousand in value and, accordingly, full provision has been made for the price guar antee. The price guarantee falls due for payment on or after 30 September 2010.

NOTE 19 OTHER LIABILITIES

DKK '000	2009	2008
Non-current liabilities	-	-
Current liabilities	456	1,260
	456	**1,260**

Other liabilities are specified as follows:		
Other	456	1,260
	456	**1,260**

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