ANNUAL REPORT 2008

Netop Solutions A/S

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.

NETOP SOLUTIONS A/S IN A FLASH

Netop Solutions A/S, formerly Danware A/S, develops and markets software solutions enabling swift, stable and secure transfer of screen images, sound and data between two or more computers.

The company has three core business areas: Administration, Education and Communication, which combined make up the cornerstone of our solutions. The core product within Administration is Netop Remote Control, which enables remote control of one or more computers. Education consists of the Netop School and Vision software solutions for e.g. computer-based classroom teaching. Communication is a modern unified communications solution integrating web, video and audio conferences, secure chat, single-click talking and desktop and file sharing.

Netop Solutions has subsidiaries in the US, the UK, Romania, Germany and Switzerland, and Netop solutions are sold in more than 80 countries. Netop Solutions A/S is listed on the Nasdaq OMX Nordic Exchange Copenhagen and is a component of the SmallCap+ index.

Netop Solutions A/S is headquartered in in Birkerød, north of Copenhagen. The company had 140 employees at year end 2008.

For more information, go to www.netop.com.

NETOP™
Administration

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

NETOP™
Education

Netop School
Netop Vision
Netop Pointer
Netop OnSight
Netop LearningCenter

NETOP™
Communication

Netop Live Communicator
Netop Live Web Call
Netop Live Web Chat
Netop Live Guide
Netop Live Banner

Ib Kunøe

TO OUR SHAREHOLDERS

The year 2008 was a difficult and challenging period for Netop Solutions in which anticipated revenue growth and earnings improvements failed to materialise. There were a several reasons for that. First of all, we have to accept that we have failed to properly implement the decision we took in 2006 to set up our own subsidiaries in the USA, the UK and Germany. At the same time, we have not managed to build the full extent of the distribution channel we need to sell our technically advanced and competitive products.

In early 2008, we appointed a new CEO and set up a new management team which subsequently launched a major business turnaround project. Our entire company has felt the effects of this project, including important strategic decisions such as to strengthen the Education business area by acquiring GenevaLogic and to establish a new business area, Communication, which provides IT solutions developed for unified communications. These are major components of the turnaround project that have already been implemented; and they are initiatives for which we have high expectations. For example, we have become the largest IT solutions provider in the Education segment, and in setting up the Communication business area, Netop Solutions has established a presence in an area that is expected to have one of the highest growth rates in the IT sector over the coming years.

Our focus has also been on optimising the internal business procedures of our entire organisation and making them more efficient. We have to recognise that we previously underestimated the need for and the scope of this process, and the process optimisation work has required a lot of resources in our organisation, but it was necessary. The integration and implementation project is nearing completion and during the process we have had to part with 30 employees in connection with the relocation of our four development departments to Romania. This was a necessary decision if we were to remain competitive. Overall, the various measures we have made in 2008 reduced our company's cost base by around 25%, while at the same time we have added more resources to our sales organisation. We expect this optimisation and prioritisation of the sales organisation and our stronger focus on valuable business partners to produce significant and necessary earnings improvements during 2009. We must use our most recent acquisitions, investments and efficiency improvements and the new sales-oriented focus in our three business areas to capitalise on the opportunities available in our markets. In spite of the increased general uncertainty in the global economy, we are confident that our products and solutions will provide us with some definite opportunities during the economic crisis. For many companies, cost awareness has become even more important and that is an opportunity for us to highlight the benefits and savings available from using our Administration and Unified Communications software. At the same time, we intend to bring attention to all the possibilities and savings available from lifting existing systems to a state-of-the-art communication platform without compromising security.

For our new management team and the Board of Directors, it was important to refocus the company in 2008 from being a provider of technically strong products to being a provider of technically strong solutions. This is where Netop Solutions' future market lies. In 2009, we must continue to develop our existing products in order to offer products to our customers that create the most value, for example through product integration and interaction.

2009 will be yet another challenging year, and the global economic crisis is a factor of uncertainty that we must constantly consider and react to. On the other hand, Netop Solutions is about to complete the turnaround project and stands well prepared, in terms of our organisation and management as well as product-wise, to capitalise on the opportunities presenting themselves in the current market.

I wish to thank our company's shareholders for their support in 2008 and our customers and our partners for their business and support during the year. Finally, I would like to extend a warmfelt thank you to all employees of Netop Solutions for their efforts during a demanding and eventful year in 2008.

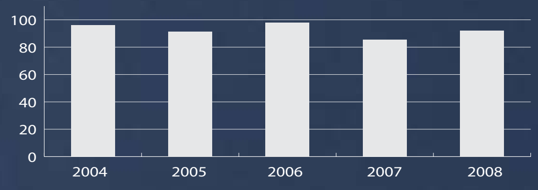
Kind regards

Ib Kunøe
Chairman of the Board of Directors

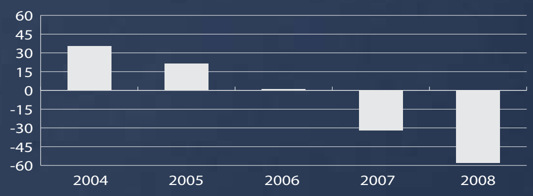
HIGHLIGHTS

- The year 2008 was a challenging year for Netop Solutions. The company was in a turnaround process throughout the period.
- Total revenue for the year was DKK 92.0m, compared with DKK 85.3m in 2007. The revenue performance was disappointing and fell significantly short of the guidance provided at the beginning of 2008.
- Operating profit before depreciation and amortisation of goodwill (EBITDA) was a loss of DKK 38.4m in 2008 against a loss of DKK 20.6m last year.
- Operating profit (EBIT) was a loss of DKK 49.9m against a loss of DKK 32.0m in 2007.
- In February 2008, Netop Solutions appointed a new CEO.
- With effect from 1 June 2008, Netop Solutions signed an agreement with GenevaLogic to acquire all shares in the company.
- With effect from 1 July 2008, Netop Solutions signed a global, exclusive partnership agreement with software business Medianet Innovations.
- A new business model was implemented in 2008, implying that Netop Solutions will focus more on the Administration, Communication and Education business areas.
- The organisation was adjusted in 2008 and all development activities were relocated to a development centre in Romania with a view to achieving a more scaleable and flexible organisation.
- In 2008, the company changed its name from Danware A/S to Netop Solutions A/S and the entire company was consolidated under a single new and contemporary brand.

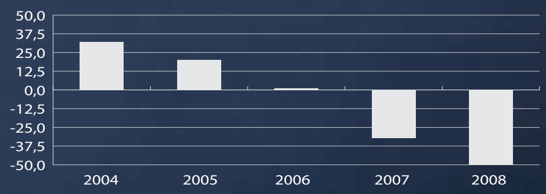
Net revenue, DKKm



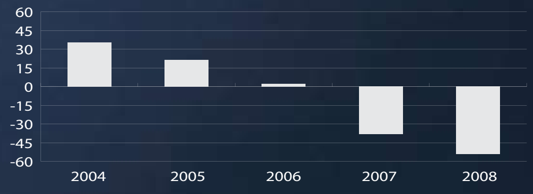
Profit before Tax, DKKm



Operating profit, DKKm



Operating margin (EBIT-margin), %



Ole Haag, Regional Sales Manager – Ole works exclusively with business partners and customers in Southern Europe, primarily focused on the Netherlands, France, Italy and Spain. He has more than 20 years of experience from the IT industry and has been with Netop Solutions since 1997. Due to his long-standing experience as product manager of the Education business area and his many years of experience with our company, he has broad knowledge of our business areas and business partners.

FINANCIAL HIGHLIGHTS

DKK '000

Income statement	2008	2007	2006	2005	2004
Net revenue	92,077	85,303	97,861	91,288	95,954
Gross margin	68,903	65,856	85,400	79,701	87,525
Operatin profit before depriciation and amortisering (EBITDA)	(38,328)	(20,587)	7,086	21,553	35,723
Operating profit (EBIT)	(49,884)	(32,006)	1,101	18,288	32,022
Net financials	(8,032)	1,147	1,015	2,936	3,495
Profit from ordinary activities before tax	(57,916)	(30,859)	2,116	21,224	35,517
Net profit for the year	(48,746)	(31,734)	670	14,645	24,382
Balance sheet					
Non-current assets	108,653	68,650	78,772	51,902	43,730
Current assets	73,752	114,441	147,962	171,885	181,679
Assets	182,405	183,091	226,734	223,787	225,409
Assets excl. cash	129,686	98,977	113,560	70,026	61,372
Share capital	21,046	19,252	19,252	19,252	19,252
Equity	145,923	167,742	208,972	208,030	209,687
Current liabilities	15,259	0	2,163	3,497	3,775
Liabilitiesr	21,224	15,349	15,599	12,260	11,947
Cash flow statement					
Cash flows from operating activities	(40,681)	(16,968)	(6,057)	17,476	30,334
Cash flows from investing activities	8,854	(2,569)	(34,382)	(8,838)	(1,743)
of which investments in property, plant an equipment	(1,004)	(1,040)	(3,406)	(2,676)	(1,264)
Cash flows from financing activities	(4,141)	(9,523)	(148)	(18,914)	(94,081)
Cash flows total	(35,968)	(29,060)	(40,587)	(10,276)	(65,490)
Financial ratios					
EBITDA-margin (%)	(42)	(24)	7	24	37
Operating margin (EBIT-margin) (%)	(54)	(38)	1	20	33
Equity ratio (%)	82	92	92	93	93
Return on equity (%)	(31)	(17)	0	7	10
Ratios relating to shares					
Earnings per share, EPS (DKK)	(12,1)	(8,4)	0,2	3,9	6,4
Diluted earnings per share, EPS-D (DKK)	(12,1)	(8,4)	0,2	3,8	6,4
Net asset value per share (DKK)	34,7	43,8	54,3	54,0	54,9
Cash flow per share, CFPS (DKK)	(8,9)	(4,3)	(1,6)	4,5	7,9
No, of shares, year-end (1.000 of DKK 5 each)	4,209	3,850	3,850	3,850	3,850
Average no, of shares (1.000 of DKK 5 each)	4,030	3,850	3,850	3,850	3,850
Market price, year-end	35,0	73,0	117,5	120,0	103,1
Dividend per share (DKK)	-	-	2,5	-	5,0
Price earnings, P/E (DKK)	(2,9)	(8,9)	675,4	30,8	16,1
Ratios relating to staff					
Average no. of employees	138	84	72	55	52

Ratios is computed in accordance with "Guidelines and Financial Ratios", issued by the Danish Society of Financial Analyst in 2005. References is made to the definitions and terms applied in the section on "Accounting policies".

MANAGEMENT'S REPORT

The year 2008 was characterised by significant strategic changes and major challenges. Management directed substantial focus to implementing a strong, new foundation for the purpose of creating a solid business platform for the company, one that would pave the way for revenue growth, reduced costs and profitable operations. Thanks to these efforts, we strengthened our position within the Education business area through the acquisition of Swiss software provider GenevaLogic. In addition, we set up a new business area, Communication, following the conclusion of a global, exclusive distribution agreement with Medianet and the takeover of Medianet's Romanian development company.

In 2006, we implemented a new strategy based on our own subsidiaries in the USA, the UK and Germany. This strategy was adapted to the current challenging market conditions, which are driving businesses to refocus on their costs in the wake of the global economic slowdown. This sentiment supports Netop Solutions' software solutions, which can effectively lower businesses' expenses for IT management and travel and meeting activities, etc.

NEW INITIATIVES 2008

The year 2008 was an eventful year for Netop Solutions, characterised by significant changes at the organisational, business, product and customer levels. The most important changes are discussed below.

Management

On 1 March 2008, we welcomed our new CEO. Kurt Groth Bager brought extensive experience from sales and marketing of IT solutions and his previous jobs have given him a solid track record from a number of international corporations in terms of building and developing their country organisations. Mr Bager and Claus Finderup Grove (CFO) make up the Management Board of Netop Solutions A/S. Besides from that the company has a Chief Technology Officer (CTO), Kent F. Madsen (CTO), who joined the company in June 2008. He is in charge of product development, support and other technical functions. The new Management Board initially focused on turning the negative revenue trend and on developing and implementing a revised strategy for the entire company based on expanding the existing distribution channel and exploiting the potential offered by Netop Solutions' technologically innovative products.

Company name and brand

In 2008, we changed our company name from Danware A/S to Netop Solutions A/S. For a number of years, our products have been marketed under the Netop brand, and in connection with the acquisition of GenevaLogic and the distribution agreement with Medianet, both of which were concluded in mid-June 2008, we changed our company name to make it easier for existing and prospective customers to identify our products. In connection with the name change, we designed, developed and implemented a new company logo, thereby adding a new, contemporary visual corporate identity. Finally, we seized the opportunity to upgrade our corporate website, www.netop.com, in general as well as by introducing an improved, time-saving module for commercial online sales of our products.

Other initiatives

Netop Solutions was in a turnaround process throughout 2008. The new management and the Board of Directors focused on turning the negative trend we have experienced in recent years and on creating a sustainable platform for our company's future growth. In 2008, we implemented a more solution-oriented approach to our customers and, by extension, to our products. This decision was based on a thorough analysis of our entire company, which led to the implementation of these and other initiatives in 2008.

- Acquiring GenevaLogic, a competitor in the Education segment with significant revenue in the important US school market;

- Concluding a global, exclusive distribution agreement with Medianet and the subsequent establishment of a new business area, Communication. Netop Solutions is committed to achieve a certain minimum annual turnover over a period of three years. If it is not reacht the contract may by terminated by Medianet Innovations.

- Optimising Netop Solutions' organisation. In order to create a more scaleable and flexible organisation, we relocated most of our development activities from Denmark and Switzerland to Romania, where our development activities have been placed in a company that we took over in connection with the Medianet agreement. As a result, we had to lay off a number of employees. Finally, we closed down our office in Aarhus and, at the same time, decided to consolidate our German activities in Berlin, which led to the closing down of our Frankfurt office;

- Adjusting our existing distribution model in order to increase our focus on the enterprise segment and move closer to the end users of our products;

- Establishing an office in China in order to increase our share of growth in this key market;

- Implementing a new order-to-cash process. The process has automated our in-house order process, thereby shortening the order processing time from four and half days to only a few minutes and reducing the number of employees involved from six to zero. As a result of the order-to-cash process, we reduced the number of in-house sales logistics employees, who were instead transferred to carrying out more value-creating work for our customers in the market;

- Implementing new in-house CRM, financial management, HR and intranet systems with a view to enhancing the efficiency of our work processes, lower our cost base and support the future growth of our company;

- Introducing a general restructuring of our cost base, resulting in the reduction of our overall annual costs by around 25%.

Acquisition of GenevaLogic significantly strengthened our position within education

With effect from 1 June 2008, we signed an agreement with GenevaLogic to acquire all shares in the company.
The market for computer-based teaching is growing rapidly right now. Capitalising on this potential to strengthen our position in the Education business area is part of our strategy. Before the acquisition, GenevaLogic was one of our largest competitors and a leading international provider of software products for computer-based teaching at schools, institutions of higher education and private businesses.

GenevaLogic's main product, Vision, is a similar to our own product, Netop School, and like Netop School, it is used to manage class-based teaching in more than 50,000 classrooms all over the world. Since its inception in 1996, GenevaLogic has worked exclusively on developing software products for computer-based teaching and, therefore, the acquisition has strengthened our technological and market know-how in this area. Among other things, we have carried on the development of a web-based classroom teaching program which customers can download from the Internet and pay for according to consumption. We have high expectations for this new product, which we expect to launch in the first half of 2009.

The acquisition of GenevaLogic made Netop Solutions the world's leading provider of software solutions for classroom teaching and other teaching products. Today, we are able to offer our customers the most complete range of computer-based teaching products on the market, and in the future we expect to further strengthen our position as the world's leading provider of classroom management software products. The acquisition of GenevaLogic has further strengthened the distribution channel for our products, as GenevaLogic's sales subsidiaries in the USA and Switzerland now form an integral part of our distribution channel.

Global, exclusive partnership agreement with medianet innovations

In June 2008, we signed a global, exclusive partnership agreement with software provider Medianet Innovations, which took effect on 1 July 2008. Medianet Innovations has developed a range of unified communications tools enabling secure web-based virtual video and telecommunication, including functionality for the sharing of voice, video, applications, documents or conferences. Medianet products address private businesses or public sector entities emphasizing secure, efficient and interactive web-based communications with their customers and users. Today, Medianet Innovations is the provider offering the largest number of communication options through one interface, web-based access and compliance with the strict security requirements demanded by customers and public authorities for online banking, for example.

The partnership agreement with Medianet Innovations thus gave us a new range of communication tools, and we have used this as a platform to subsequently establish Communication as a new, specific business area.

Highlights of the agreement with Medianet Innovations:

- Netop Solutions became a global, exclusive distributor of all Medianet Innovations products and took over Medianet Innovations' existing customers.r.

- Netop Solutions pays a revenue-driven licence fee to the owners of Medianet Innovations.

- Netop Solutions commits to achieving a certain annual minimum revenue from the products over a three-year period. The agreement may be terminated by Medianet Innovations if the minimum revenue is not achieved.
- A total of 30 Medianet Innovations employees were transferred to the Netop Solutions Group.
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We did not take over the rights in Medianet Innovations' products per se, but we signed an agreement on the conditions for Netop Solutions' potential takeover of the product rights on a three-year horizon.

New business model

Recognising that our main product, Netop Remote Control, is not generating growth and that the pressure from freeware versions, i.e. zero-expense but simplified software, from other providers has increased substantially, we chose, based on a strategic analysis, to implement extensive changes to our product strategy in this area.

We previously focused on product-oriented sales. This approach is no longer appropriate, as market demand today is to a much greater extent directed towards solutions rather than products. We have therefore changed our business model to adopt a more solution-oriented approach and set up a new organisational unit for this purpose. This means that we have created more solution-oriented synergies across our three business areas, so that we now offer solutions that are much more tailored to the market and individual customer requirements.

Today, we have sales subsidiaries in Denmark, the USA (Chicago and Portland), the UK, Germany, Switzerland and China and we have more than 1,000 business partners all over the world, who sell and distribute our products. The combination of business partnerships and own subsidiaries has given us a global presence, but over the past couple of years we have failed to generate sufficient revenue growth. We evaluated our business partnership and distribution model in 2008, concluding that we had not focused enough on ensuring business partner profitability or provided the requisite support for our business partners' sales activities.

In the future, we will refocus on selecting relevant business partners and including them in our product development efforts to ensure a higher degree of compliance with market requirements.

Our sales force and business partners will receive additional instruction about the full range of our products to ensure that they fully understand how and why our products create value for our customers' businesses. In addition, we will increasingly handle the contact to major, strategically important customers in-house to ensure optimum customer handling and attention to customer requirements. Enhancing our contact to the market and our business partners will also provide a more optimum starting point for our innovation processes and the development of new products and solutions. In addition, we plan to conduct a customer satisfaction survey in 2009 to determine the extent to which our products and services meet our customers' requirements. These results will enable us to further improve Netop Solutions' products and services.

SALES AND MARKETING

Going forward, our sales organisation will be split up in two, the US and EMEA/APAC (Europe, Middle-East, Africa, and Asia-Pacific). We generally want to move our company in a more solution-oriented direction, particularly through our sales channel and sales strategy. Products spanning different industrial segments and geographical markets will characterise our sales approach in the various markets.

Strategically, we want to use this model to get closer to our end customers, albeit with due respect for our valuable business partners and distributors. Our products are increasingly implemented in complex environments, and the competitive situation requires that we communicate our unique sales messages more directly to our customers. This is best done by cooperating with our partners to ensure that key customers have access to a business partner operating in their respective country and that they have knowledge about Netop Solutions, including our sales and support function.

This strategy is currently being rolled out, and during 2009 it will result in a clearer definition of the SMB market (small and medium-sized businesses), the corporate market and our largest customers in specific geographic regions (enterprise customers). The SMB market and the corporate market will be fully covered through our business partner channel.

As regards corporate customers, our business partners will be able to draw on our presales and channel sales resources, who are ready to offer their expertise, provide marketing material and

Hanne Jespersen Hansen, QA & Process Manager – Hanne is dedicated to assuring the quality of our legacy software and at the same time she understands the needs of our customers. She has long-standing experience from the Danish business sector and she understands how important it is for us to offer high-quality products and solutions. Hanne has been with Netop Solutions since December 2007.

attend customer meetings. At the enterprise level, we will seek to define the largest customers in selected geographic regions and segments through our own sales managers, thereby ensuring that we have direct access to these customers.

This approach is intended only to ensure that we have the requisite strength and power to attract the most important prospective customers and that these customer businesses acquire the necessary knowledge about Netop Solutions. We will give due consideration to every one of our business partners and distributors with a view to ensuring coordinated customer service.

ADMINISTRATION

NETOP™
Administration

You work in It, we make remote control and It management solutions that work for you.

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

Activities

Netop Solutions' products in the Administration business area, including the two primary product areas Remote Control and Asset Management, target professional IT managers.

Netop Remote Control, On Demand and Mobile and Embedded are all remote control software applications enabling IT professionals and support departments to take control of network computers, PDAs and smartphones as well as unmanned servers, terminals, hand scanners and [[automater]]. It takes place via the network or the Internet, and the users of our products are therefore able to perform a number of advanced tasks, including transferring files, rebooting their computer or demonstrating various options. Our remote control products give customers increased flexibility in their work, as they are no longer dependent on having a physical presence. This makes for large potential cost savings without compromising in-house or external user service.

Netop Asset Control is an IT solution enabling IT professionals to localise hardware and software assets on the network and provide an online overview of the company's use of hardware and software assets. As a result, unnecessary sourcing of hardware and software is avoided, and any unused licenses may be moved around within the company. Thereby, significant effects are achieved in the form of cost-savings, system optimisation and centralised overview.

The global economic downturn naturally provides businesses with an incentive to generate cost-savings and efficiency enhancements, and this fits in well with our Administration product portfolio, as all products offered in this business area contribute to this end.

We believe that the IT products best providing IT cost-savings, enhanced control of installed applications and an overview of hardware procured are those that have the highest probability of yielding overall cost-savings and efficiency enhancements to customers, while minimising IT investments and capital tied up in IT. We believe that our On Demand service, which requires a minimum of maintenance, is extremely user-friendly and offers an uptime of close to 100%, will attract even more customer focus and ensure quick repayment of the customer's investment. Indications are that customers will increasingly demand greater flexibility, such as new licensing and payment methods, including software-as-a-service, pay-as-you-go, pay-per-use and selected subscription schemes.

We expect the market for traditional remote control products to remain characterised by stagnation in 2009, but also that the providers who are able to stay at the technological forefront will have a good opportunity to win market share. Over many years, we have built a customer base that regularly buys new licenses and upgrades for existing product licenses. In connection with the renewal of their licenses and upgrades, we have offered these customers new Netop Solutions products. In November 2008, we began to provide support for Intel's vPro chip, which is expected to dominate the market for professional PCs and laptops in the future. The product functionalities will be further developed in 2009, but already at this stage Netop Remote Control gives businesses a competitive edge, as we are the only provider offering this technology.

Markets and competition

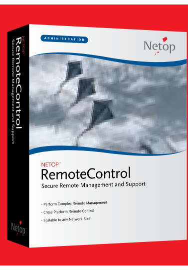
The overall market for traditional remote control software is stagnant, but we believe that there will be a sustained demand

"With many features for communication and collaboration Netop Remote Control is the ideal tool for Support and Helpdesk environments".

PC Magazin (Germany)

Netop RemoteControl

Secure Remote Management and Support



for solutions, particularly from large businesses, focused on reliability, speed, high security and servicing of different operating systems using one and the same tool for all industries.

The market for remote control software has generated limited growth in recent years. The global market for traditional remote control software is assessed to be worth around DKK 1.5bn and to become stagnant in 2009–2010. Previously, remote control applications were mainly stand alone applications, but in recent years several providers have introduced suites offering an integral remote control application. This, and the growth of freeware products, has squeezed traditional standalone products, which still account for a significant part of the market. The stand alone applications are still in demand, primarily by large customers who are willing to pay for high reliability, high speed, high security and cross platform services. This is where Netop Remote Control holds a strong market position. In recent years, the market for remote control has seen the introduction of new On Demand solutions, which do not require the application to be installed on the individual PC or laptop. We also offer such solutions.

The market for remote control for Mobile and Embedded applications is attributable to the traditional remote control market, as this primarily targets mobile solutions, such as PDAs, smartphones and applications forming part of industrial solutions, including industrial scanners, terminals and robots. This market generates substantial growth, and customers make heavy demands on the software.

The market for asset management solutions is relatively new and characterised by strong growth. This market is dominated by some of the world's largest IT businesses. It is estimated to reach a total value of approximately USD 1.7bn in 2009 or 2010 and predicted to generate substantial growth in the years ahead. The sale of asset management software is estimated to total around 4% of overall, global software sales, and we are seeking to position our company as strongly as possible with a view to optimising our share of this market. IT professionals typically drive the demand for software licenses and hardware configuration reporting, but corporate treasury departments also have an interest in this type of reporting in order to optimise cost control. The US is by far the largest market with a market share of around 50%. EMEA has a market share of some 30%, while APAC's market share totals about 20%. The US is expected to record the strongest growth rate in 2009–2011.

Upcoming challenges

Netop Remote Control is still considered the most effective product in the market, and we will seek to win market share in 2009 and 2010 through increased focus on solutions tailored to market demand. This will require a reduction in the time to market. We have therefore commenced the design of a new intelligent software architecture that will form the basis for our next generation of remote control solutions.
The positioning of Netop On Demand and our launch of WebConnect in October 2008, a product enabling remote control regardless of firewalls, support the need for on demand services. The focus areas of easy, secure, reliable connection, flexible payment (pay-as-you-go, pay-per-use and subscription) and ease of access to software maintenance and updates, are expected to be crucial success criteria in providing professional and attractive on demand solutions.

We expect growth in the service desk market over the next three years. We therefore plan to launch a new service desk tool which will leverage on and visualise the obvious product synergies between our remote control products and our online service help desk, LiveGuide. Version 1.0 is scheduled for launch in 2009.

For Netop Asset Management, which was launched in October 2008, 2009 will be an important year with focus on positioning the product correctly in the market. We have initially chosen to price this product very competitively. In addition, we will soon launch a pilot project aimed at acquiring know-how about the market and our competitors in order to optimise our solutions through dialogue with prospective customers. Based on this know-how, we will position our solution so as to create the most value for our customers.

EDUCATION

NETOP™
Education

Teaching with technology is easier and more effective with Netop Education Solutions.

Netop School
Netop Vision
Netop Pointer
Netop OnSight
Netop LearningCenter

Activities

The Education business area is focused on two primary product categories, classroom management and corporate E–learning. In mid-2008, we acquired our competitor GenevaLogic, thereby becoming the world's largest provider of classroom management products. Our product range includes Netop School, developed by Netop Solutions, and Vision, developed by GenevaLogic. Netop School and Vision enable teachers to teach students by using computers instead of traditional blackboard techniques. Our solutions are designed for teaching purposes in computer laboratories, for example. From the teachers' perspective, the benefit is that they can use modern and up-to-date media, including the Internet, graphics, images, video, etc., while retaining full control of the individual student computers. From the students' perspective, the benefit is that they have direct contact with the teacher through the chat function, without involving the entire class, and can easily illustrate or share assignments with fellow students.

In order to create added value for our classroom management customers, we offer various add-on products that meet different secondary needs of schools and universities, including hard disc recovery, web filtering, print management, etc. This added value and product differentiation may be a key factor in getting customers to choose our classroom management solution.

Netop Learning Center enables organisations, institutions of higher education and private businesses to prepare, manage and report course, exam and questionnaire results directly to the users via the Internet. Netop Learning Center makes is easy for the teaching provider to incorporate relevant teaching material etc., and learning may take place whenever it suits the user. By way of sophisticated statistics, the business is able to keep track of whether the user logs on and completes the relevant tests, and the results are available instantly. This flexibility creates value for the users, because they can obtain their certification whenever they have the time, and the provider is not required to spend time and resources on finding classrooms, gathering users and coordinating and booking teachers. Netop Learning Center contains a number of modules that may be used by a professional training partner, HR talent development consultant, distribution consultant or marketing manager to certify employees, distributors and customers and to promote collaboration across departments and borders.

Netop Learning Center is primarily marketed in Scandinavia in the form of licenses and Software-as-a-Service for large businesses. Netop Learning Center has a strong market potential and, from a technological perspective, our professional customers have a number of opportunities for creating unique value by using Netop Learning Center modules together with other Netop Solutions sales and development projects.

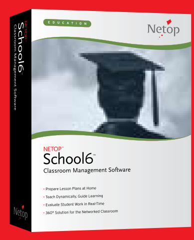
In addition, we expect to develop new, unique business solutions for large businesses, for example by exploiting the synergies between Learning Center and our unified communications solutions. In the longer term, we expect to use the Learning Center modules in classroom management to gain a better foothold in the upper part of the teaching segment, including the 6th to 12th forms and universities and institutions of higher education.
In 2009, we intend to establish more flexible methods of payment and license procurement in order to meet the market demand in this area.

Markets and competition

The acquisition of GenevaLogic expanded our global market share in classroom management in 2008, and we became the market leader in this niche segment. This market is growing, and the public sectors of industrialised countries have invested significant financial resources in IT technology for the so-called K12 segment (1st to 12th forms) over the past five years. We are beginning to see the same trend in developing countries. We face a large number of competitors in this market, but Netop Solutions is market leading, with an estimated market share of around 20% of the global market.

Interactive teaching is the centre of extensive public authority focus in the K12 segment. In recent years, interactive whiteboards and table tops (surface technology) have found their way into a great many classrooms.

> **"I would put Netop School far ahead of interactive whiteboards in terms of teaching effectiveness. Whiteboards still hark back to traditional teaching methods that haven't changed the fundamental teacher-pupil dynamic. Remote tutoring works because pupils can now look at their own screen which creates a far more intimate, responsive learning environment."**
>
> **John Lunn, Teignmouth Community College**



Netop School

Due to the mounting focus in the corporate learning segment on the need for collaboration across physical locations and national borders, the market for corporate e-learning is currently experiencing strong growth. We expect that other teaching segments, including universities and institutions of higher education focused on international teaching, will increasingly demand solutions for virtual classrooms facilitating asynchronous teaching, i.e. teaching at different times, in the future. Software-as-a-Service (SaaS) is a matter of course in this segment, and some of our competitors offer SaaS products, including subscription, license, contents and services.

For several years, management functions such as screen, keyboard and mouse blocking and Internet surf locking were a top priority of providers of classroom management products. Today, the market expects this functionality to be offered as a standard feature. New customer requirements and expectations comprise functionalities that promote learning and facilitate interaction and collaboration. We are also experiencing a strong interest in testing and exam products that provide instant feedback.

Upcoming challenges

We believe that we will experience growth in the market for classroom management products for a number of years to come, but due to the global economic slowdown in our largest markets, the US and the UK, we anticipate somewhat weaker market growth than previously anticipated. Price and customer relations with local business partners are some of the key factors in the customer's choice of classroom management system. However, public sector investments in schools in the industrialised countries are expected to continue. In addition, we expect to see the new economies and developing countries invest more extensively and heavily in new IT technology that supports teaching. The challenge for us in this respect will be to retain our market leading position and to continue to set the market standard for classroom management products in the future as well. We have launched a number of product development projects that will integrate a number of different technologies and thereby enhance the value to users.

We believe that the market for corporate e-learning will experience slightly weaker growth in 2009 and 2010 than previously expected. This is based on our anticipation that certain investment decisions among current and prospective customers with respect to learning and knowledge sharing will be influenced by the prevailing economic downturn and thus be postponed.

COMMUNICATION

NETOP™

Communication

Unified communication for your corporation and direct customer service from your Web site.

Netop Live Communicator
Netop Live Web Call
Netop Live Web Chat
Netop Live Guide
Netop Live Banner

Activities

In 2008, we set up a new business area, Communication, which is based on unified communications tools enabling secure web-based virtual video and telecommunication, including functionality to share voice, video, applications, documents or conferences. Medianet products address private businesses or public sector entities that greatly emphasize secure, efficient and interactive communications with their customers, employees and users.

The market for unified communications products is believed to be very attractive for suppliers and customers alike. This is basically about business profitability and efficiency, two factors that play a key role in the current extensive focus on reducing costs and optimising business procedures and productivity.

Live Communicator is a secure VoIP solution (Voice over IP), which has obtained a security certification from the audit and consulting business Deloitte, enabling chat, audio, video and document sharing on computer screens and contributing to or replacing the existing in-house communications system of a business. Combined with Web Call and Web Chat, the business may also communicate with the external community. Web-based meetings or conferences may be established, either 1-to-1 or 1-to-many, by way of two-way communication. Live Communicator is an ideal collaborative solution for a business with departments in different regions or countries. By connecting the external communication tools, the business may achieve personal communication with customers and business partners. Travel activity may be reduced, and customer service will become more direct, efficient and not least cheaper than ordinary telephony.

Unified Communications (UC) integrates all types of digital communication, including web, video and audio conferences, secure chat and single-click talking as well as desktop and file sharing. UC provides numerous possibilities. UC is a modern type of communication that goes well with environmental awareness. For example, businesses may convert employee transportation time into work and reduce costs, and with UC the individual employees will have a more flexible work day. The UC market comprises many different providers of products and solutions available as stand-alone packages or fully integrated solutions.

LiveGuide and Live Banner are flash-based solutions offering external web-based communication. Simply by clicking an Internet banner, customers may be directed to a sales division or a customer service centre. The sales or service assistant may subsequently choose to chat or talk with the customer and they may both choose to activate a web camera, if available. LiveGuide is a sophisticated web-based call centre that can prioritise and compile statistics of all incoming calls and users. A web-based call centre has the advantage of offering many customer service options, for example customer service via chat, e-mail and audio and, not least, personalized video-based customer service. At the same time, the company can save time and gain valuable customer information by asking the customer to fill in a form before, during or after the conversation.

Netop Solutions pursues a clear strategy of being the visionary challenger in the unified communications (UC) and conferencing markets based on our Communication products.

In order to achieve this position, we will be continuing our efforts to develop our (UC) technology in 2009. Future requirements will include high reliability and uptime as well as operational predictability with various types of hardware, including headsets, microphones and video cameras, in connection with in-house or external communication and conferences.

Our solutions must be compatible with new UC technology with a view to enabling the use of various communication tools, e.g. mobile telephones, in the Netop Solutions communication environment. Moreover, it would be of great value to our customers if they were able to integrate this technology with other technological infrastructures.

The conference market is growing and customers make high demands on video and particularly audio quality, as they compare it with talking on the phone. As part of our go-to-market strategy, we will offer a number of package solutions in 2009, including hardware, installation and training to enhance the accessibility of our solution to our users and to create more immediate value.

The market is expected to become increasingly competitive throughout 2009, and we aim to optimise our company's gain from the marketing wave initiated by the market leaders. Because we are new to this market, our main priority is to make our solutions accessible to the users. We plan to achieve this through package solutions, online sales and our distribution network.

Netop LiveGuide is a 100% web-based solution and, together with Live Communicator, our first Software-as-a-Service solution. Many of our competitors do not yet offer this type of solution, and it is therefore important that we are able to deliver professional hosting and flexible payment options, which may prove to be a great asset in light of the current global economic downturn.

In 2009, we also expect to introduce a new architecture on LiveGuide, which will contribute additional web technology benefits. Our vision is for LiveGuide to offer intelligent web assistance to web users/customers, for example by identifying and tracking web users on a website, thereby proactively offering purchase, sales, customer support and other types of assistance.

Markets and competition

The market for unified communications (UC) is experiencing strong growth. In 2008 alone, the number of video conferences rose sharply. According to IT analysts Gartner and IDC, large full-service solutions are not yet being demanded to any significant extent. This, on the other hand, is precisely the case for specific applications tailored to specific requirements.

The market for UC is estimated by IDC to be worth around USD 7-8bn in 2009. According to IDC, the market is expected to grow strongly over the next couple of years, reaching approximately USD 17bn by 2011. UC remains an immature market, and the broad range of products and solutions available makes it difficult to estimate the exact size and growth of the market.

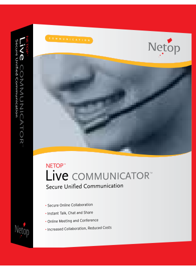
We are a small player in the UC market. Our ambition is neither to establish the market nor to drive demand. Our aim is to build an image as the 'flexible' alternative at a very competitive price to the complex and often more expensive solutions offered by the large market players. With the exception of Netop Solutions and one large UC provider, the remaining providers in the market base their UC solutions on conventional telephony and supplement these IT infrastructures to make their solutions support video and presence. In our opinion, this is an unnecessarily expensive solution for customers, as for quite a few of them it requires replacement of key IT infrastructure components in order to achieve a usable solution. This contrasts with our solution, which is simple and inexpensive, and which does not require significant investment in supplementary IT infrastructure. [It is also our impression that a number of large players in the market use their UC solutions to support the sale of their actual core products, rather than offering separate and functional UC solutions at a competitive price like we do.]

We expect 2009–2011 to be important years in the UC market with a number of new product launches from our existing competitors as well as from newcomers to the market.

"Netop Live is the only product available in the market that offers the highest security standards with its collaborative communication solutions."

Thomas de Silva Josefson, Debitel

Netop Live Communicator
Secure Unified Communication



The virtual workplace has also come into focus. Laptops, web cameras and mobile telephones will be the preferred work tools of the future. Apart from enhancing employee efficiency, businesses aim to reduce travel costs by using virtual meetings and conferences for employees from different countries and offices.

As a result, the market is experiencing massive focus on VoIP (Voice over IP), real time communication and collaboration among large IT providers. We therefore expect to see substantial investment and strong growth in this market over the next couple of years. Finally, in recent years we have seen a great deal of positive attention to the fact that green technology and UC technology match the contemporary environmental awareness, as these technologies contribute to reducing CO2 emissions through reduced travel activity, document printing, etc.

Upcoming challenges

Our most important challenge will be to raise customer and business partner awareness of our UC solutions. We need to use our business partner and distribution channel to exploit the global economic slowdown and resulting cost focus by promoting the ability of our solutions to effectively reduce corporate costs with respect to IT administration and travel and meeting activities.

MANAGEMENT

In connection with the 2008 Annual General Meeting, Claus Hougesen resigned from the Board of Directors to focus on his position as President & CEO of Atea ASA. Jan Elbæk, Executive Vice President of Atea A/S, was elected to the Board of Directors in place of Mr Hougesen. Mr Elbæk has many years of experience in international sales and management of IT businesses.

Netop Solutions A/S held an extraordinary general meeting on 26 June 2008, at which Peter Schüpbach was elected to the Board of Directors. Mr Schüpbach (46), who is a citizen and resident of Switzerland, contributes long-standing experience in managing international IT businesses. Mr Schüpbach served 10 years as CEO of Miracle Software AG, a listed Swiss IT company and one of the principal shareholders of the acquired GenevaLogic.

On 8 December 2008, Peter Grøndahl resigned from the Board of Netop Solutions A/S to focus on his investments in other companies.

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

Allocation of loss

At least once a year, the Board of Directors assesses the size and the composition of Netop Solutions' capital base against the background of the company's strategy, including, in particular, investment opportunities and investment plans, expectations for financial results and cash flows and relevant uncertainty and risk factors. The dividend for the year is then determined on the basis of this assessment. The Board of Directors has previously approved a dynamic dividend policy, comprising a pay-out ratio of 50% of the profit for the year, possibly in a combination with the use of share buyback programmes. Based on the performance in 2008, the Board of Directors recommends that no dividend be distributed [[in respect of 2008]]. Accordingly, the Board recommends that the loss for the year in the parent company of DKK XXm be carried forward to next year.

Other resolutions

In addition, the Board of Directors intends to propose that it be authorised to acquire treasury shares up to a holding of 10% of the company's share capital.

OUTLOOK FOR 2009

One of our primary goals for 2009 will be to generate revenue growth, while maintaining strict cost management. The company's management is optimistic with respect to our 2009 performance: We optimised our organisation and in-house and external business procedures throughout 2008 and are thus poised for growth. At the same time, we are in the midst of a global economic crisis which has made many companies focus on reducing costs. Our solutions are extremely well suited to this end, as they are designed to reduce costs in connection with travel and meeting activities.

Apart from the recruitment of a few sales assistants, our sales organisation is in place, and we expect to finalise the relocation of development departments from four different locations to the low-cost country of Romania in the first half of 2009 without any adverse quality and delivery implications. Finally, we expect business combination synergies to feed through in the first three months of 2009, thereby achieving a cost reduction of about 25% relative to the overall costs of the GenevaLogic and Medianet agreement.

Against this background, we expect to generate growth in revenue and financial results in 2009. On the basis of our forecast of successively declining costs and rising revenue throughout 2009, we expect to generate an operating profit in the second half of 2009. However, it would not be realistic to expect an operating profit for the full year 2009. Finally, management expects the turnaround process initiated in the spring of 2008 to be finalised in the second half of 2009 without requiring additional capital contributions.

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 29 of this annual report.

Phillip Graves, Partner Manager – Phillip has been with Netop Solutions for three years. His key areas are sales and management of business partners and customers in Portugal, Greece, Turkey, Eastern Europe, Russia, the Middle East, Africa and Brazil. Phillip has seven years of sales and marketing experience in the IT industry and his work experience includes international positions in the US and the UK.

Know-how and competencies

Netop Solutions is a knowledge-based business constantly keeping the knowledge skills of our employees updated. We aim to retain our position as a developing workplace where the professional and personal development and the well-being of our employees form a natural component of their everyday working lives. We constantly develop and improve our concepts and solutions to make them meet market and customer needs in the best possible way.

INNOVATION AND DEVELOPMENT

During 2008, we took a whole new view of innovation. We have come to understand that innovation and invention are not the same. We realise that innovation is not something that is an independent project for an innovation team. Last, but not least, we realise that, at Netop Solutions, we will produce much better results by emphasising innovation on a regular basis instead of going for so-called big-bang inventions, i.e. major technological breakthroughs.

We have begun to make innovation an integral part of our day-to-day work processes. We have changed the development organisation from being project-based and consisting of virtual teams to being a product line organisation with permanent product teams. We have done that in order to retain and innovate the knowledge we create through our development processes.

Through our newly-established development organisation, we have refocused from being mostly technology-oriented to being more customer-oriented and, going forward, we will produce only what our customers need. In 2008, we began to introduce lean policies in our day-to-day operations and we have introduced concepts such as BackLog, SCRUM, Kaizen, Iterations and Learning loops that will all help make our company more efficient and customer-focused. We have also initiated a special training program for our key employees. For example, all of our team leaders have become certified SCRUM Masters.

In 2009, we plan to continue implementing LEAN and our solution architects and product managers will all train to become certified SCRUM product owners. We also tend to focus on quality, generating knowledge and to build closer relations with our customers and suppliers. At the organisational level, we plan to establish dedicated QA & QC resources in 2009.

GLOBAL COVERAGE AND NETWORK

Netop Solutions has established a global network of sales subsidiaries and distribution partners representing the company on all important continents. Through this global network, we can quickly deliver new solutions to new markets or existing solutions to new market. In addition, we can quickly share value-creating customer solutions or other innovations applied in one part of the world with other global regions, either for application, inspiration or knowledge-exchange purposes.

In the Education business area, one of our customers – a school in Denmark – has established friendship relations with a school in China, taking advantage of the fact that they both use Netop School. This has led to intense knowledge exchange and mutual visits. In the Communication business area, we don't just use our solutions to disseminate and communicate knowledge in-house, they also help us in our collaboration with business partners and customers across distances, national borders and time zones.

CUSTOMER SOLUTIONS

At Netop Solutions, our mission is to develop and sell unique customer solutions. We no longer want to just sell products; we want to sell unique solutions that make a difference for each individual customer. This is a process that starts on our drawing boards and ends on the customer's desk, before it comes back to us. It is a process we have spent most of 2008 to raise awareness about, emphasise and implement in the minds of all Netop Solutions employees and in our company's processes.

Unique customer solutions require foresight, innovation and creativity. We source a lot of these qualities from our global market coverage and through our comprehensive network. One day we are talking with a school in France about the need for schools intercommunicating by way of online solutions in order to promote the learning of languages and student exchange. The next day we talk with a medium-sized business in need of communicating in-house by way of online solutions in order to reduce cost expenditure, travel and speed up its customer service. That way we solve different assignments in different ways, depending on the customer segment. In other words, a product can represent different scenarios and many different unique customer solutions. What is unique is the individualised solution and the individual result that each customer can achieve by using a Netop Solution.

HUMAN RESOURCES

At Netop Solutions, we see the skills and knowledge of our employees as a key prerequisite for creating long-term relations with customers and business partners while still remaining a competitive player.

An overall characteristic of Netop Solutions' employees is their very high professional standards and their ability to think across business areas when working to create a solution for a customer.

At the end of 2008, Netop Solutions had 140 full-time employees working in seven 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 form an important component in our ongoing endeavour to fortify our relations with business partners and customers. Especially during a turnaround process such as the one Netop Solutions is currently in the midst of, it has been a pleasure for management to see that the company has developed a powerful international employee culture in which everyone shows an understanding and patience of each others' cultures.

On the employee side, 2008 was a year dominated by a fighting spirit during a time of cut-backs and outsourcing. A large commitment to change and confidence and belief in the future and in our company's new management have been characteristic of our employees in 2008.

In 2009, we intend to expand the presence of our HR organisation in our local subsidiaries. We will also increasingly focus on employee development and retention, in part by way of a new global HR system. It is company policy to support each individual employee in his or her ongoing accumulation of knowledge and skills for the benefit of customers, colleagues, business partners and our company as a whole. However, the most important source of skills development is 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.

Max Møller, QA Manager – Max has a very strong technical profile, which he uses in his day-to-day work as our QA Manager. He has long-standing experience from the IT industry and has been with Netop Solutions since 2000. He is well-known and popular with our customers and has worked with technical support for several years. Max previously focused on support and training of customers and business partners, which has helped him gain a broad understanding of the needs of our customers and markets.

SHAREHOLDER INFORMATION

SHAREHOLDER INFORMATION

At 31 December 2008, Netop Solutions' share capital amounted to DKK 21,045,540, consisting of 4,209,108 shares of DKK 5 nominal value. On 2 July 2008, Netop Solutions made a private placement for the purpose of financing a part of the purchase price relating to Netop Solutions' acquisition of GenevaLogic. The capital increase was effected as a private placement of shares with a nominal value of DKK 1,793,400 (9.3% of the company's share capital prior to the capital increase; see the table below) to the three principal shareholders of GenevaLogic: NewBorn Consulting Network L.P., Mayya Partners Limited and Kirk Greiner. A lock-up agreement has been made to the effect that approximately 90% of the newly issued shares cannot be sold until 24 months after the issue.

The subscription price of the new shares was DKK 69.70 per share, equal to the market price calculated as the average quoted price of the company's shares during the last 10 business days prior to the date of subscription. Total proceeds from the private placement amounted to DKK 23,700,000.

The change in share capital appears from the table below.

	Nom. aktiekapital, DKK	**Antal aktier a nom. DKK 5**
Aktiekapital pr. 30. juni 2008	19.252.140	3.850.428
Rettet emission 1. juli 2008	1.793.400	358.680
Total	21.045.540	4.209.108

The capital increase was effected without pre-emptive rights to the company's existing shareholders.

The new shares are subject to the same rules as those applicable to the existing shares, which means that they will be issued to bearer but may be registered in the name of the holder in the company's register of shareholders and are negotiable instruments. Moreover, the new shares are subject to the same rules on voting rights and redemption as those applicable to the existing shares, see articles 3 and 10 of the articles of association. No restrictions apply to the transferability of the shares. The new shares give the owner entitlements in the company from the date, when the capital increase is registered with the Danish Commerce and Companies Agency, but the new shares only entitle to 50% of any dividends paid in respect of the 2008 financial year.

The new shares were listed for trading on the OMX Nordic Exchange Copenhagen immediately after registration of the capital increase with the Commerce and Companies Agency.

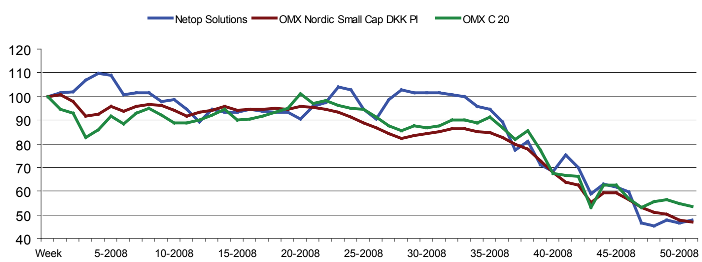
Netop Solutions' shares are listed on the Nasdaq OMX Nordic Exchange Copenhagen under securities identification code DK0010288125 and the symbol NETOP. Netop Solutions shares are a component of the SmallCap+ index on NASDAQ OMX Nordic Exchange Copenhagen.

At 31 December 2008, Netop Solutions shares were quoted at a price of DKK 35.00 compared with DKK 73.00 at 1 January 2008, a fall of 52%. By comparison, the SmallCap+ index fell by 53% and the all-share index of Nasdaq OMX Nordic Exchange Copenhagen fell by 47% during the same period.

As a result of the declining share price over the course of the financial year, Netop Solutions' market capitalisation dropped from DKK 276m at the beginning of the year to DKK 147m at year end 2008.

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

INDEXED SHARE PRICE IN 2008: NETOP SOLUTIONS, SMALLCAP+, OMXC



OWNERSHIP

At 31 December 2008, Netop Solutions had just over 1,000 registered shareholders, who represented approximately 95% of the share capital. The following shareholders have notified Netop Solutions that they hold more than 5% of the company's share capital:

- Peter Nielsen Grøndahl,
  Øverødvej 38, 2840 Holte (14,74%)
- Consolidated Holdings A/S
  Fredheimsvej 9, 2950 Vedbæk (13,72%)
- Lønmodtagernes Dyrtidsfond, Vendersgade 28,
  1363 København K (11,19%)
- CHV IV A/S,
  Fredheimsvej 9, 2950 Vedbæk (9,15%)
- Ole Bjørn Setnes,
  Øverødvej 72 B, 2840 Holte (7,39%)
- Søren Peter Andersen,
  Helsingevej 40, 2830 Virum (7,39%)

Netop Solutions held 125,260 treasury shares at 31 December 2008, equivalent to 2.98 % of the share capital. Netop Solutions acquired treasury shares in 2008 for the purpose of using them as a means of payment in connection with potential future acquisitions. Netop Solutions acquired 74,624 treasury shares in 2008 at a total value of DKK 4,141,318 (average price of DKK 55.50 per share).

DIVIDEND

Dividends are adopted by the shareholders in general meeting. The Board of Directors proposes that no dividends be paid in respect of 2008.

ANNUAL GENERAL MEETING

The company's Annual General Meeting will be held on 30 April 2009 at 2 pm at the IDA Conference Centre, Kalvebod Brygge 31-33, Copenhagen V, Denmark.

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' web site, www.netop.dk, the primary source of information for the company's stakeholders, regularly provides new and relevant information about Netop Solution' performance, activities and strategy. The web site 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 web site. 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
Denmark

Contact:
CFO Claus Finderup Grove
Tel.: +45 4590 2525
E-mail: investor@netop.com

FINNCIAL CALENDER 2009

28 April 2009	Quarterly report, Q1 2009
30 April 2009	Annual General Meeting
18 August 2009	Quarterly report, Q2 2009
17 November 2009	Quarterly report, Q3 2009
31 December 2009	End of the 2009 financial year

ANNOUNCEMENTS IN 2008

25 January 2008	Financial Calendar 2008
5 February 2008	Change in Management and adjustment of 2007 profit forecast
11 February 2008	Launch of new version of NetOp® School
26 February 2008	Danware appoints new CEO
26 February 2008	New version of NetOp® Instruct launched
11 Marts 2008	Annual report 2007
28 Marts 2008	Statutes of Danware A/S
14 April 2008	Danware A/S - Notice to convene annual general meeting
25 April 2008	Blank proxies issued to the Board of Directors of Danware A/S
29 April 2008	Profit announcement for the first quarter of 2008
30 April 2008	Proceedings at the annual general meeting
25 May 2008	Danware appoints new Chief Technology Officer
9 June 2008	Danware in final negotiations for a global, exclusive partnership agreement with software business Medianet Innovations
11 June 2008	Acquisition of Swiss GenevaLogic significantly strengthens Danware's position in Education
12 June 2008	Notice to convene an Extraordinary General Meeting of Danware A/S
26 June 2008	Minutes of extraordinary general meeting
26 June 2008	Announcement Incentive plans
27 June 2008	Announcement Correction: Incentive plans
27 June 2008	Revised Statutes of Netop Solutions A/S
2 July 2008	Netop Solutions (formerly Danware) completes private placement
2 July 2008	New Articles of association for Netop Solutions A/S (formely Danware A/S)
7 July 2008	Netop Solutions signs global, exclusive partnership agreement with software business Medianet Innovations
31 July 2008	Statement of share capital and voting rights
12 August 2008	Claus Finderup Grove appointed to the Management Board in Netop Solutions A/S (formerly Danware A/S)
19 August 2008	Profit announcement for the second quarter and first half-year of 2008
26 September 2008	Establishing new business area - Netop Live and launching new product - Netop Asset Control
18 November 2008	Profit announcement for the third quarter of 2008 and the nine months ended 30 September 2008
26 November 2008	Integration process completed
8 December 2008	Peter Grøndahl resigning from the Board of Directors
18 December 2008	Financial calendar 2009

Anne Birthe Fricke, Partner Manager – Anne Birthe has in-depth knowledge of our markets due to her position as Partner Manager. She has been with Netop Solutions since 2001 and has played a key role in integration processes in connection with Netop Solutions' acquisition of businesses, having trained new employees in using different systems.

CORPORATE GOVERNANCE

Netop Solution's management emphasises the importance of practising good corporate governance and that overall management matters are planned in an expedient manner. The overall principles for governing Netop Solutions are aimed at ensuring that the company meets its obligations to its shareholders, employees, authorities and other stakeholders while serving to maximise long-term value.

NASDAQ OMX Nordic Exchange Copenhagen has drawn up corporate governance recommendations and Netop Solutions generally complies with these recommendations.

SHAREHOLDERS AND OTHER STAKEHOLDERS

Netop Solution's management aims for and endeavours to maintain constructive communications and dialogue with shareholders and other stakeholders. The company aims for a high degree of openness and to effectively communicate information.

The communications with and the information provided to shareholders and other stakeholders consists of quarterly financial statements and other announcements from the company and by way of meetings with investors, analysts and the press. Quarterly financial statements and other announcements are made available from Netop Solution's website immediately after they are released, including to NASDAQ OMX Nordic Exchange Copenhagen. The company's website also contains documents used for investor presentations.

Netop Solution's Board of Directors regularly discusses the capital structure and share structure of the company and assesses whether it is consistent with the interests of the company and its shareholders. Netop Solutions has one class of shares and the company's articles of association contain no restrictions as to ownership or voting rights. The Board of Directors assesses that the company's share structure and capital structure are appropriate at present. A part of Netop Solutions' business strategy is to make acquisitions that can complement its product portfolio and strengthen its market position. For that purpose, Netop Solutions has maintained sufficient cash resources that to date have enabled the company to finance acquisitions independently. The Board of Directors expects the company to make use of its listing by issuing new shares in connection with potential future acquisitions.

If an offer were made to take over the company's shares, the Board of Directors would, as prescribed by law, give full consideration to the offer and communicate the offer to the shareholders accompanied by the Board's comments.

The general meeting is the company's supreme decision-making authority and the Board of Directors finds it important that the shareholders receive detailed information on the matters to be considered at general meetings. All shareholders are entitled to attend and vote at general meetings, provided they have obtained an admission card as prescribed by the articles of association. At general meetings, shareholders are free to ask questions to the Board of Directors and the Management Board. Within a given deadline, they can also submit resolutions for consideration by the Annual General Meeting.

THE WORK OF THE BOARD OF DIRECTORS

The Board of Directors is responsible for the day-to-day management of the company on behalf of the shareholders, defines the company's goals and strategies and approves overall budgets and action plans. In addition, the Board of Directors supervises the company in a general sense and ensures that it is managed in an adequate manner and in accordance with Danish legislation and the company's articles of association. The framework for the duties of the Board of Directors is laid down in the rules of procedure which are reviewed at least once a year and modified as and when required. The rules of procedure were most recently modified in 2008. The rules of procedure include procedures for the Management Board's reports, the working methods of the Board of Directors and a description of the Chairman's duties and responsibilities.

The Board of Directors normally holds five to ten meetings per year or as required. Seven board meetings were held in 2008. On three occasions, a Board member had to make apologies for absence. The Board has a regular agenda for its meetings.

In connection with the new requirements under the EU's 8th directive concerning audit committees, which has been incorporated into section 31 of the Danish Act on State Authorised and Registered Public Accountants, the Board of Directors has resolved to let the full Board of Directors perform the usual functions of an audit committee. A detailed description of the functions usually performed by the audit committee, including adaptation of the company's rules of procedure, will be prepared immediately after Netop Solutions' Annual General Meeting for 2009.

The Board is continually updated on the company's situation, including through a monthly report on, among other things, the performance and management of core activities.

COMPOSITION OF THE BOARD OF DIRECTORS

The Board had both seven and eight members during 2008, in that a new member was elected at the extraordinary general meeting held on 26 June 2008. Of these Board members, three are elected by the employees of the company and the rest are elected by the shareholders. The Board members elected by the shareholders serve for terms of one year. The company has not fixed an age limit for Board members, as the Chairman evaluates the competencies of each individual member on an ongoing basis, and an annual review is performed of the work of the Board of Directors, including of each individual Board member. Board members elected by the employees of the company serve for a period as prescribed by the Danish Public Companies Act (currently four years).

Details on the individual Board members can be found on page xx of this annual report.

Three of the Board members elected by the shareholders are considered to be independent: These are Ib Kunøe, who holds about 23% of the shares of Netop Solution A/S, Jan Elbæk, who is executive vice president of Atea A/S, and Peter Schüpbach, who is the former main shareholder of Genevalogic, the company whose shares Netop Solutions acquired in July 2008. The last of the four board members elected by the shareholders, Henning Hansen, is not considered to be independent, because he is an attorney and partner of the law firm of Philip & Partners, which is one of a number of legal advisers to Netop Solutions. However, the scope of business relations between Philip & Partners and Netop Solutions is not considered to be material.

The Board of Directors has been set up so as to ensure continuity, representation of competencies that are key to Netop Solutions and the ability to implement Netop Solutions' strategy aiming to generate renewed growth and strengthen Netop Solutions' market position. The Board members elected by the shareholders have broad experience in general business management, information technology, sales to professional customers and international relations. When Peter Schüpbach was elected to the Board, Netop Solutions gained additional international skills.

In connection with the nomination of new candidates to be elected to the Board of Directors at the Annual General Meeting, the Board of Directors will send out prior to the general meeting a presentation of each candidate's background and relevant skills as well as management positions and demanding directorships held by each candidate. The Board also motivates the nomination relative to the recruitment criteria it has defined.

MANAGEMENT BOARD

The Management Board is appointed by the Board of Directors and is responsible for the day-to-day management of Netop Solutions. The Management Board is also responsible for drafting proposals for overall goals, strategies and action plans and for preparing budgets and policies for the operational management of the company.

In addition to Netop Solutions' Management Board, which currently consists of two persons, the company has a Chief Technology Officer (CTO) who is in charge of product development, support and other technical functions at Netop Solutions. The CTO is not registered as an executive of the company with the Danish Commerce and Companies Agency.

ASSESSING THE WORK OF THE BOARD OF DIRECTORS AND THE MANAGEMENT BOARD

Approximately once a year, Netop Solutions performs a self-evaluation process for the purpose of enhancing the work of the Board of Directors and the Management Board and to strengthen the platform for the company's further development. The evaluation is both oral and written and includes an assessment of the quality of reporting from the Management Board to the Board of Directors, the cooperation between the Board of Directors and the Management Board and the competencies available to the Board of Directors. No evaluation process was performed in 2008, because it was felt that the new Management Board, and the new CEO who joined the company on 1 March 2008, should have the opportunity to get to know the company and the members of Board of Directors.

REMUNERATION OF THE BOARD OF DIRECTORS AND THE MANAGEMENT BOARD

Netop Solutions seeks to ensure that the remuneration of the Board of Directors and the Management Board is competitive and reasonable and sufficient to ensure that Netop Solutions is able to attract and retain competent employees.

Members of the Board of Directors receive a fixed annual remuneration and the total remuneration to the Board of Directors is approved by the shareholders in connection with the adoption of the annual report.

The remuneration paid to the board members in 2008 amounted to a total of DKK 825,000, of which the Chairman received DKK 200,000. Currently, members of the Board are not covered by any incentive schemes or bonus plans.

Charlotte Brøbeck, Business Process Manager – Charlotte has been with Netop Solutions since 2000 and for the past four years she has served as an employee-elected member of our Board of Directors. Charlotte has worked in the IT industry since 1993 and, due to her extensive experience and know-how, she has in-depth knowledge of Netop Solutions' business areas and the IT industry in general. Today, Charlotte is dedicated to optimising our workflows and processes and she has previously worked with documentation of our products and business partner training and certification.

Remuneration of the Management Board, which currently consists of the CEO and the CFO, is determined by the Board of Directors. In 2008, remuneration of the Management Board consisted of a fixed salary including certain benefits such as an employer pension plan, a company car scheme and paid internet access. The terms of employment of the Management Board, including remuneration and severance terms are deemed to be consistent with ordinary standards for a position of a similar nature and do not entail any special liabilities on the part of the company.

The members of the Management Board have been granted warrants as part of their remuneration. CEO Kurt Bager has been granted warrants at a nominal value of DKK 1,000,000, and CFO Claus Finderup Grove has been granted warrants at a nominal value of DKK 500,000. When vested, each warrant entitles the holder to subscribe for one Share of DKK 5. The warrants were granted on 26 June 2008 at an average exercise price equal to the average share price during the final 10 business days prior to grant, which is equal to an exercise price of DKK 72.95 for each new share with a nominal value of DKK 5.

The warrants vest over a period of two years at 1/24 for each month the executive is employed by Netop Solutions. After 10 June 2010, no further warrants will vest under the existing scheme.

The detailed terms and conditions of the warrants are set out in the Netop Solutions Warrant Terms and in note 29 to the financial statements.

RISK MANAGEMENT

The Board of Directors is responsible for ensuring that the company has effective risk management, including the identification of material risks relating to the business operations and the defined strategy. This duty also requires that a policy and a framework is defined for the company's risk and that systems are developed for risk management. The policies and guidelines for the operating and financial risk management are adopted by the Board of Directors, and reporting of risks is a component of the Management Board's regular reporting to the Board. See page 29 for a more detailed presentation of the risk factors Netop Solutions is exposed to.

AUDIT

Netop Solutions' independent auditor is appointed by the shareholders in general meeting for terms of one year. Before nominating a candidate for appointment by the shareholders, the Board of Directors makes a critical assessment of the auditor's independence, qualifications, etc.

The framework of the auditor's duties, including the fixing of fees, audit-related and non-audit work, is set out in a written agreement.

In his review of the annual report, the auditor reviews the material aspects of the accounting policies and discusses his observations with the Board of Directors.

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 global economic trends. The global economic downturn did not have a substantial impact on the overall risk factors affecting Netop Solutions in the second half of 2008. The company believes that the global economic slump will increase customer and market uncertainty in 2009, including our trade receivables. Current developments in the global foreign exchange markets present an additional point of interest for the company, as a high exchange rate of USD against DKK and, similarly, a low rate on RON (Romanian Lei) have a positive effect on the profits from our US operations and has the effect of reducing costs in DKK-terms in our Romanian development company. Netop Solutions is considered to be a well-consolidated business. At the end of 2008, it held DKK 48 million in cash, had no interest-bearing debt and a low level of outstanding debtors. Combined with the fact that management expects to complete the company's turnaround project by the end of 2009, this means that the company does not anticipate a need to raise new capital for operations.

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 in the two business areas Administration and Education. By acquiring GenevaLogic and Medianet's development company in Romania and entering into the distributor agreement with Medianet, 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. However, transferring key elements of our development skills from Denmark and Switzerland to Romania involves a temporary risk, but according to the early reports on the relocation, the process has been completed as planned and with no complications for the company's development process, nor has it caused 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 On-Demand, and is developing Internet-based versions of several of the other products on an ongoing basis. This switch-over is crucial in generating the desired future growth.

In addition, Netop Solutions has created more diversified solutions within its business areas, and the company also seeks to adapt its software solutions to make them even more suitable for the remote control of devices other than conventional computers – including mobile equipment. Achieving success in the development and roll-out of these solutions is essential for Netop Solutions opportunities for expanding to new profitable growth areas.

In the Education segment, the company is focused on integrating the products acquired from GenevaLogic into Netop Solutions' software product Netop School. Such integration is not critical from an earnings point of view, but cost synergies will only be fully achieved when the integration has been achieved.

The software market is dependent on developments in the market for operating systems and software platforms, in which Microsoft Corporation sets the standard, as these products generally determine how software is developed. 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 expects to increasingly 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 unauthorised use which may lead to a reduction of the sales of Netop Solutions' products. Netop Solutions expects to introduce a new licensing system in 2009 that is expected to result in a number of major 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. In addition, this would give Netop Solutions access to more customer data. We expect to introduce the new licensing system in all product areas by the end of 2009.

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 characterised 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. There is a tendency, however, for customers to look for more comprehensive solutions, and features combining file sharing, chat, video and audio, which are provided by our technical solutions, are becoming increasingly popular. 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 in these regions. When sales in these regions have reached satisfactory levels, we intend to expand our sales operations to China and the rest of Europe.

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 circumstances and rules. On establishing the subsidiaries, Netop Solutions has assumed increased commercial and financial risks. In connection with the acquisitions made during the summer of 2008, the new management revised the former strategy, relocating the company's office from Frankfurt to Berlin, reducing the staff at the London office and expanding operations at the two US offices in Chicago and Portland. This has helped to reduce costs, creating a more transparent organisation.

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 agreement gives Medianet a right of termination within a period of [xx], if Netop Solutions fails to achieve a certain minimum revenue. Netop Solutions considers this risk to be insignificant. The owners of Medianet have also been given an option to sell, within a three-year period, the software rights to Netop Solutions. The parties have agreed that Netop Solutions will pay the possible acquisition in a combination of cash and shares. A situation in which Medianet were to exercise this option in 2009 would have a negative effect on our company's cash flows, but not to an extent that would be expected to threaten our overall liquidity.

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. The new management has completely changed this process, establishing a new product management organisation and thus forging new relationship between sales and R&D. The new organisation will ensure that only products demanded by the market on a short- or a long-term basis are being developed. The new product management organisation and the new marketing function have employees in all countries in order to ensure that Netop Solutions becomes much better able to adapt to individual market needs.

Customers and markets

The company sells its products through its subsidiaries in the US, the UK, Germany, Switzerland, China and Romania and through business partners in more than 80 countries. The achievement of Netop Solutions' growth plans depends on the company's success in building up the subsidiaries, in developing business partner channels and in increasing awareness of the company's products.

Netop Solutions invoices some 400 distributors, business partners and distributors in many parts of the world. In 2008, the 10 largest customers accounted for about 64% 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' strategy for expansion. 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, operating equipment and inventories. 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 2008, the company invoiced approximately 20% of its sales in Danish kroner, 30% in euro, 38% in US dollars, 7% in British pound sterling while the remaining 5% was in other currencies. The company's foreign exchange exposure is thus primarily in euro and US dollars in terms of revenue and in RON (Romanian Lei) 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, management monitors the situation and, when considered appropriate, the company enters into hedging contracts for up to 50% of the USD-denominated cash flows from operations from time to time. A loss on the US operations was incurred in 2008 and no contracts were entered into. 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. See note 27.

Interest rate risk
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 based on an underlying portfolio of Danish bonds with a duration of one to three years and on the money market rate. Netop Solution has no interest-bearing debt denominated in Danish kroner or in any other currency.

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' strategy, consist of prior-year cash flows and proceeds from the IPO in 2001. Cash resources amounted to DKK 48m at year-end 2008. Clearly, the reduction of the cash holdings experienced in 2008 is not sustainable. However, in addition to the substantial loss incurred in 2008, the company also made two acquisitions during the year. Management expects 2009 to be a substantially different year. The large cash outflow of 2008 is expected to be reduced considerably in 2009, by a higher revenue and lower costs. Also, no acquisitions are expected in 2009. However, one factor of uncertainty in respect of the company's cash position in 2009 would be the potential exercise by Medianet of a sales option for the rights to the software relating to the agreement between Netop Solutions and Medianet.

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 debitors 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.

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. 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).

Per Rank, CSO – Per works exclusively with business partners and customers in the EMEA region, i.e. Germany, Switzerland, Southern Europe, Central and Eastern Europe and the Middle East and Africa. He has more than 20 years of experience from the industry and has been with Netop Solutions since 1996. Due to his role and extensive experience, Per has in-depth knowledge of all our business areas and unique insight into our markets and business partners.

FINANCIAL REVIEW

INCOME STATEMENT

Revenue

Revenue totalled DKK 92.1m in 2008, up 8.0% from DKK 85.3m in 2007. The revenue improvement was primarily attributable to the acquisition of GenevaLogic, which was taken over with effect from 1 July 2008. Full-year revenue from the original Netop product portfolio declined relative to 2007, mainly as a result of substantially lower revenue in the first half of 2008, when revenue plunged some 25% as compared with the same period of 2007. As a result of the revised strategy launched in the second quarter and the new initiatives within sales and distribution in particular, sales rose in the third and fourth quarters relative to 2007.

In the fourth quarter of 2008, revenue was up by approximately 40% on the fourth quarter of 2007, while revenue from the original Netop product portfolio grew by around 2% relative to the year-earlier period. Revenue was approximately 50% higher in the second half of 2008 as compared with the same period of 2007, while revenue from the original Netop product portfolio rose 2% on 2007.

Revenue performance by business area

Revenue from products in the Administration segment was DKK 54.5m against DKK 66.9m last year. Administration thus accounted for 59% of total revenue, as compared with 78% in 2007. This performance is expected to fall to around 50% in 2009, primarily due to the acquisition of GenevaLogic, which only sells products in the Education segment.

Revenue from the Education segment totalled DKK 32.2m in 2008, up 83% from DKK 17.6m in 2007. Revenue from the original Netop products in the Education segment fell by 3% overall in 2008 relative to 2007, mainly driven by low revenue in the first half of 2008. In the second half-year, revenue from the original Netop products in the Education segment increased by 13% on the same period of 2007. Accordingly, the Education segment accounted for 35% of Netop Solutions' total revenue in 2008 against 21% in 2007. This proportion is expected to increase substantially in 2009 as a result of the acquisition of GenevaLogic. Geographically, the Education segment has seen an increase in revenue from the UK and German markets, while recording a slight decline in revenue from the rest of Europe. US revenue from the original Netop portfolio in the Education segment was on a par with 2007.

The acquired company GenevaLogic is included in revenue from the date of takeover on 1 July 2008. At the date of takeover, GenevaLogic had budgeted revenue of DKK 17m, and the company generated H2 revenue of DKK 14m. EBITDA for the GenevaLogic business in the second half-year was approximately DKK 1m, which was in line with expectations. In addition, making use of the GenevaLogic customer base in the sales work involving the original Netop products in all three segments is expected to further increase overall revenue in the future.

Revenue from the Communication segment amounted to DKK 2.0m in 2008, which was below the budgeted target for the second half-year. Revenue from the Communication segment related to the product portfolio taken over by Netop Solution as part of a global and exclusive distribution agreement concluded with the company Medianet in July 2008. Revenue from these products is included in the overall revenue as from 1 July 2008.

Revenue from other products related to income from the Romanian development company in 2008 and to the Security portfolio in 2007. Security is no longer an independent segment and the products previously included in this segment have been transferred to the Education segment.

Revenue by business area:

DKKm	2008	Share %	2007	Share %
Administration	54,5	59,2	66,9	78,4
Education	32,2	34,9	17,6	20,6
Communication	2,0	2,2	0	0
Other	3,4	3,7	1,0	1,0
Total	**92,1**	**100**	**85,3**	**100**

Revenue performance by market

Revenue rose in all four geographical regions in 2008, primarily as a result of the acquisition of GenevaLogic.

Revenue from the Americas, covering North, Central and South America climbed 38% to DKK 31.8m, mainly driven by revenue from the acquisition of GenevaLogic, whose primary market is the USA. Revenue from the original Netop products fell by 7%, primarily attributable to a decline in the Administration segment, while the original Netop Education segment was up by 3%.

In the UK, revenue rose by 3% to DKK 6.9m. Revenue from the original Netop products fell by 10%. The UK was particularly hard hit by the economic downturn. Revenue from the Netop products fell by around 50% in the fourth quarter relative to the same period of last year, while H1 revenue was 10% higher than in the first half-year of 2007. Like the US market, this trend was attributable to the Administration segment, while sales of the original Netop Education products rose by 40% in the full year 2008 and by 50% in the second half-year.

The DACH region, which covers Germany, Austria and Switzerland, posted a 12% revenue increase to DKK 14.0m. Revenue from the original Netop products fell by 7%, primarily resulting from a very weak revenue performance in the first half of 2008. In the second half of 2008, revenue from the Netop product portfolio rose by 12% relative to the year-earlier period. Sales of the original Netop Education products increased by 8% for the full year 2008 and by 15% in the second half-year.

The MOW (Most of the World) region, which covers Scandinavia, the Asia/Pacific region, the rest of Eastern and Western Europe, Africa and the Middle East, recorded a revenue decline of 8% to DKK 39.4m. Revenue from the original Netop products fell by 9% in 2008, primarily due to a very weak revenue performance in the first half of 2008. Revenue from the original Netop products grew by 12% in the second half-year

Revenue by geographical market:

Geographical area	2008	Share %	2007	Share %
Americas	31,8	34,5	23,0	27,0
UK	6,9	7,5	6,7	7,9
DACH	14,0	15,2	212,5	14,7
MOW	39,4	42,8	43,1	50,4
Total	**92,1**	**100**	**85,3**	**100**

Costs

Production, development, distribution and administrative costs totalled DKK 142.0m in 2008, a 21% increase from DKK 117.3m in 2007. The increase in costs was mainly attributable to the acquisition of GenevaLogic and to the Romanian development company acquired in connection with the agreement with Medianet. Costs related to the original Netop Solutions business were on a par with 2007, which was lower than budgeted in spite of increased provisions for trade receivables and provisions for terminated employees.

Costs of production (25% of revenue) were DKK 23.1m, as compared with DKK 19.4m last year. This increase resulted mainly from an increase in the number of development assignments outsourced to Asia and Eastern Europe.

Development costs (29% of revenue) rose to DKK 26.8m in 2008 from DKK 20.9m in 2007, driven by development costs from GenevaLogic and the Romanian development company.

Development costs are expected to decline substantially in 2009 and even further in 2010 due to the relocation of the Swiss and Danish development departments to Romania.

Distribution costs (57% of revenue) totalled DKK 52.1m in 2008, against DKK 47.4m in 2007 due exclusively to the acquisitions of GenevaLogic and the Romanian development company.

Administrative expenses (43% of revenue) amounted to DKK 39.9m in 2008. (29,6m i 2007). This increase relative to 2007 was exclusively attributable to the activities acquired and to the fact that 2008 was the first full financial year with fully staffed subsidiaries in the USA, the UK and Germany. These increases were offset by the divestment of the property at Birkerød with a profit of DKK 12.5m. Administrative expenses will be substantially lower in 2009 due to the decision to close down the offices in Germany and to the initiatives already launched to cut costs in the UK and Switzerland.

EBITDA

Netop Solutions generated an operating loss before interest, tax, depreciation and amortisation (EBITDA) of DKK 38.4m in 2008 against a DKK 20.6m loss in 2007.

EBIT

The company recorded an operating loss (EBIT) of DKK 49.9m in 2008 against a DKK 32.0m loss last year.

EBIT was a loss of DKK 12.0m in Q4 2008, which was an improvement relative to the fourth quarter of 2007 when EBIT was a loss of DKK 17.5m.

Goodwill impairment was DKK 2.0m in 2008 as compared with DKK 4.3m in 2007.

Net financials

Net financial items amounted to a loss of DKK 8.0m in 2008 against an income of DKK 1.1m in 2007. Financial income from the bond portfolio and exchange rate gains on USD in particular totalled DKK 8.7m as compared with DKK 5.2m the last year. Financial expenses, which primarily comprised exchange rate losses on GBP in particular and value adjustments in connection with the acquisition of GenevaLogic, amounted to DKK 16.7m relative to DKK 3.6m in 2007.

Netop Solutions generated a return of 3% on its cash holdings

Loss before and after tax

Netop Solutions incurred a loss from ordinary activities before tax of DKK 57.9m (2007: DKK 30.9m), equal to minus 63% (2007: minus 36%) of revenue. Tax for the period was an income of DKK 9.2m. This brought the net loss for the year to DKK 48.7m (2007: DKK 31.7m loss), equal to a negative EPS of DKK 9.5 (2007: negative EPS of DKK 8.4).

BALANCE SHEET

Total assets amounted to DKK 177.8m at 31 December 2008, which was DKK 5.2m less than at the end of 2007. The change was primarily attributable to the loss for the year, the acquisition of GenevaLogic, deposit in connection with the sale of the property at Birkerød and the conclusion of a lease agreement for the property as well as an improvement of Netop Solutions' trade receivables.

Fixed assets

Fixed assets stood at DKK 108.7m at 31 December 2008 compared with DKK 68.7m at the year-earlier date. The significant increase of DKK 40,0m was owing to an increase in intangible assets in connection with GenevaLogic and a deposit related to the sale of the property at Birkerød and the subsequent conclusion of a lease agreement for the same property. This increase in assets was offset by the sale of the property at Birkerød, which reduced property, plant and equipment.

Current assets

Current assets stood at DKK 73.8m compared with DKK 114.4m at 31 December 2007. The decline in current assets was primarily driven by a reduction of cash holdings and a reduction of trade receivables of DKK 4.3m, equivalent to 18%.

Equity

Equity was DKK 145.9m at 31 December 2008 against DKK 167.7m at 31 December 2007, translating into an equity ratio of 82% at 31 December 2008. The change in equity was primarily attributable to the loss for the year, albeit being offset by the issue of new shares in connection with the acquisition of GenevaLogic.

Non-current liabilities

Non-current liabilities related to subsidiaries and associated undertakings and to the acquisition of rights and stood at DKK 15,3m at 31 December 2008, against DKK 0.0m a year earlier. The increase was owing to the guarantee furnished by Netop Solutions in connection with the acquisition of GenevaLogic.

Jimmy Olsen Simonsen, Pre-Sales Consultant, EMEA – Jimmy has been with Netop Solutions since July 2007. He works with technically oriented sales to customers in Germany, Switzerland, Southern Europe, Central and Eastern Europe and the Middle East and Africa. Due to his extensive experience (30 years in the IT industry) and his in-depth technical know-how, Jimmy is popular with our customers because of his capacity for empathy and his ability to understand the needs of our customers.

Current liabilities

Total current liabilities stood at DKK 21.2m at 31 December 2008 comprising trade payables and other payables.

CASH FLOWS

Operating activities resulted in a cash outflow of DKK 40.7m compared with an outflow of DKK 17.0m in 2007.

The company recorded a cash outflow from investing activities of DKK 8.9m against an outflow of DKK 2.6m in 2007. The sale of the property at Birkerød contributed an inflow of DKK 29.0m, while the acquisition of GenevaLogic and the distribution agreement with Medianet reduced the cash flow by approximately DKK 20m.

Financing activities resulted in a cash outflow of DKK 4.1m, against an outflow of DKK 9.5m in 2007, related exclusively to treasury share buybacks.

The cash flow for the year was an outflow of DKK 36.0m compared with an outflow of DKK 29.0m in 2007.

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

MAMAGEMENT STATEMENT

The Board of Directors and the Management Board have today considered and approved the Annual Report of Danware A/S for 2006. The Annual Report has been presented in accordance with the International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for the presentation of financial statements of listed companies We consider the accounting policies to be appropriate to the effect that the Annual Report gives a true and fair view of the Group's and the parent company's assets, liabilities and financial position at 31 December 2006 and of the results of the Group's and the parent company's operations and the consolidated cash flows for the financial year ended 31 December 2006.

Furthermore, in our opinion the Management's report gives a true and fair view of developments in the activities and financial position of the Group and the parent company, the results for the year and of the Group's and the parent company's financial position in general and describes the significant risk and uncertainty factors that may affect the Group and the parent company.

We recommend that the Annual Report be submitted to the general meeting for approval.

Birkerød, den 10. marts 2008

Management Board

Kurt Groth Bager
Adm. direktør

Claus Finderup Grove
Finansdirektør

Board of Directors

Ib Kunøe
Formand

Charlotte Hellested Brøbeck

Ole Haag

Henning Hansen

Jan Elbæk

Peter Schüpbach

Per Egon Rank

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Netop Solutions

We have audited the annual report of Netop Solutions for the financial year 1 January - 31 December 2008, which comprises the statement by Management on the annual report, Management's review, 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. The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed companies.

Management's responsibility for the annual report

Management is responsible for the preparation and fair presentation of an annual report in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed companies. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of an annual report that is 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 this annual report 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 annual report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual report, 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 an annual report 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 annual report.

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 annual report gives a true and fair view of the Group's and the Parent's financial position at 31-12-2008, and of their financial performance and their cash flows for the financial year 1 January - 31 December 2008 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed companies.

Birkerød, 10 marts 2009

Deloitte
Statsautoriseret Revisionsaktieselskab

Peter Skov Hansen
State Authorised Public Accountant

Christian Sanderhage
State Authorised Public Accountant

Elizabeth Fjellerup, Marketing Director – Elizabeth has overall responsibility for Netop's marketing and communication efforts. She has in-depth knowledge of marketing and sales in the IT industry and is dedicated to ensuring that our marketing efforts meet the requirements and expectations of our customers and markets. Elizabeth has more than 12 years of experience from the IT industry and has been with Netop Solutions since 2008.

BORD OF DIRECTORS AND MANAGEMENT

BOARD AF DIRECTORS

Ib Kunøe, 65
Chairman of Netop Solutions A/S and Netop Business Solutions A/S since Juli 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, Mondo A/S, Morsing PR ApS and Thrust It A/S.

Member of the board of directors of:
Atrium Partners A/S og Primare Systems AB.

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

Charlotte Hellested Brøbeck, 42
Business Process Manager
Board member of Netop Sollutions A/S since April 2005.
Elected by the company's employees.

Ole Haag, 54
Regional Sales Manager
Board member of Netop Sollutions A/S since April 2006.
Elected by the company's employees.

Henning Hansen, 59
Member of the boards of directors of Netop Solutions A/S og Netop Business Solutions A/S since Februar 2001.
Attorney-at-law. Partner with the law firm of Philip & Partners.

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

Member of the board of directors of:
Casino Ejendomsselskab A/S and Non Nobis Fonden and member of the board of representatives of Fonden Realdania.

Special qualifications:
General management, legal matters and corporate law issues.

Jan Elbæk, 48
Director, member of Board of directors of Atea A/S

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

Special qualifications:
International sales and management in the it-business.

Peter Schüpbach, 46
Member of the board of directors of:
Kyte Inc., USA, FashionFriends AG, Schweiz, NewBorn Ventures AG, Schweiz, ABILItA AG, Schweiz, Quevita AG, Schweiz, Restorm AG, Schweiz, Plazes AG, Schweiz, SpeedLingua SA, Luxembourg, Edelight GmbH, Tyskland,

Special qualifications:
Development and management in the it-business.

Per Rank, 55
VP of Sales
Board member of Netop Sollutions A/S since April 2005.
Elected by the company's employees.

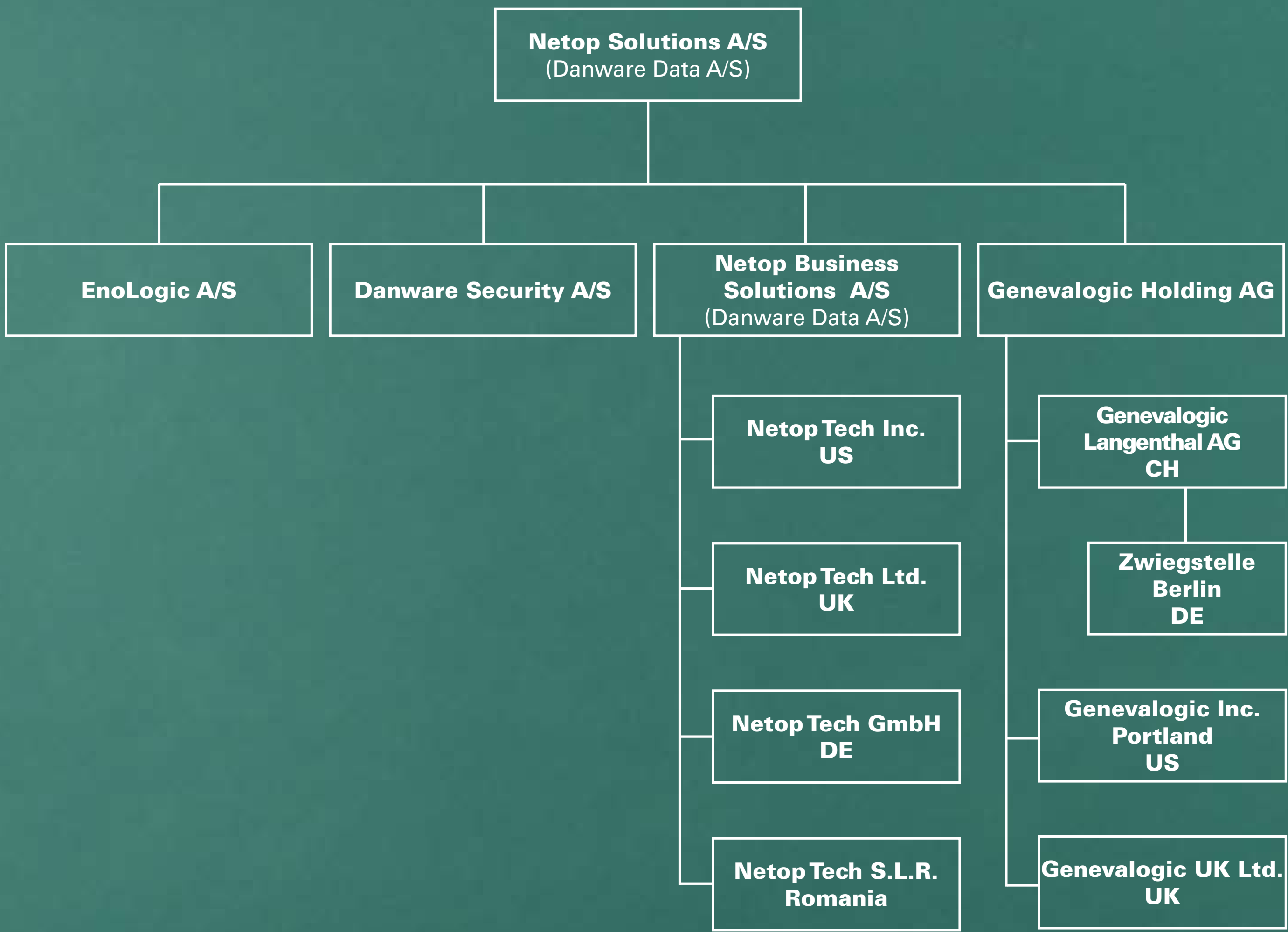
MANAGEMENT

Kurt Groth Bager, 44
Chief Executive Office, CEO
since 21 Februar 2008.

Claus Grove Finderup, 40
Chief Financial Officerr, CFO,
since November 2007.

Kent F. Madsen, 44
Chief Technical Officer, CTO,
since Juni 2008.

GROUP OVERVIEW



The Group consists of: Danware A/S (parent company), Danware Data A/S (wholly-owned), Danware Security A/S (wholly-owned), Danware Education ApS (wholly-owned) and Danware Cursum A/S (wholly-owned). The members of the Board of Directors of Danware A/S are set out below. The Board of Directors of Danware Data A/S consists off Ib Kunøe (Chairman), Henning Hansen, Claus Hougesen and Peter Grøndahl. The members of the boards of directors of Danware Security A/S, Danware Education ApS and Danware Cursum A/S are Claus Finderup Grove (Chairman), Ole Setnes and Peter Grøndahl. The Management Board consists of Kurt Groth Bager and Claus Finderup Grove. The subsidiaries NetOp Tech Inc.(USA), NetOp Tech Ltd, (the UK) and NetOp Tech GmbH (Germany) are all wholly owned by Danware Data A/S.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

PARENT COMPANY				GROUP	
2007 DKK '000	2008 DKK '000	Note		2008 DKK '000	2007 DKK '000
2,434	2,508	3	Net revenue	92,077	85,303
(286)	-	4,5	Production costs	(23,174)	(19,447)
2,148	**2,508**		**Gross margin**	**68,903**	**65,856**
-	-	4,5	Development costs	(26,834)	(20,914)
-	-	4,5	Distribution costs	(52,092)	(47,357)
(3,280)	8,815	4,5,6	Administrative expenses	(39,862)	(29,591)
(1,132)	**11,323**		**Operating profit (EBIT)**	**(49,885)**	**(32,006)**
-	-	14	Share of net profit in associates	-	(467)
(27,289)	-	7,14	Write-down of investments	-	-
7,233	9,305	8	Financial income	8,739	5,208
(318)	(5,894)	9	Financial expenses	(16,771)	(3,594)
(21,506)	**14,734**		**Profit before tax**	**(57,917)**	**(30,859)**
(1,484)	(3,789)	10	Tax for the year	9,171	(875)
(22,990)	**10,945**		**Net profit for the year**	**(48,746)**	**(31,734)**
		11	**Earnings per share**		
			Earnings per share (EPS)	(12.1)	(8,4)
			Diluted earnings per share (EPS-D)	(12.1)	(8,4)
			Distributed as follows:		
(22,990)	10,945		Shareholders in Netop Solutions A/S	(48,746)	(31,734)
-	-		Minority interests	-	-
(22,990)	10,945			(48,746)	(31,734)

BALANCE SHEET 31 DECEMBER

PARENT COMPANY				GROUP	
2007 DKK '000	2008 DKK '000	**Note**	**ASSETS**	2008 DKK '000	2007 DKK '000
-	-		Acquired licences	17,644	11,992
-	-		Goodwill	43,978	14,956
-	-		Development costs	5,546	153
-	-		Development projects in progress	2,401	7,264
-	-		Customer relations	13,500	-
-	-		Software, internal use	516	-
-	**-**	**12**	**Intangible assets**	**83,585**	**34,365**
29,820	-		Land and buildings	-	29,820
-	-		Other fixtures and fittings, tools and equipment	3,260	2,992
-	-		Leasehold improvements	156	279
29,820	**-**	**13**	**Property, plant and equipment**	**3,416**	**33,091**
4,188	52,484	7	Investments in subsidiaries	-	-
400	400	14	Investments in associates	398	398
-	12,525		Deposits	13,172	439
-	36	15	Deferred tax	8,082	357
4,588	**65,445**		**Other non-current assets**	**21,692**	**1,194**
34,408	**65,445**		**Non-current assets**	**108,693**	**68,650**
-	-	16	Trade receivables	19,597	23,889
62,896	121,069		Receivables from subsidiaries	-	-
-	3,917	17	Other receivables	6,009	1,594
4,844	-	21	Income taxes	-	4,844
73,277	30,834	26	Cash	48,146	84,114
141,017	**155,820**		**Current assets**	**73,752**	**114,441**
175,425	**221,265**		**Assets**	**182,405**	**183,091**

BALANCE SHEET 31 DECEMBER

PARENT COMPANY				GROUP	
2007 DKK '000	2008 DKK '000	**Note**	**EQUITY AND LIABILITIES**	2008 DKK '000	2007 DKK '000
19,252	21,046	18	Share capital	21,046	19,252
-	-		Share premium	5,914	(119)
150,050	180,094		Retained earnings	118,963	148,609
169,302	**201,140**		**Equity**	**145,923**	**167,742**
333	-	15	Deferred tax	4,574	-
-	10,000	19	Provision	10,000	-
-	-	20	Pensions obligations	685	-
28	-		Debt. acquisition of subsidiaries	-	-
361	**10,000**		**Non-current liabilities**	**15,259**	**-**
231	-		Debt. acquisition of subsidiaries	7	775
3,632	8,154		Debt to subsidiaries	-	-
31	711		Trade payables	6,692	7,277
1,868	1,260	22	Other payables	10,746	6,701
-	-		Deferred income	3,778	596
5,762	**10,125**		**Current liabilities**	**21,223**	**15,349**
6,123	**20,125**		**Liabilities**	**36,482**	**15,349**
175,425	**221,265**		**Equity and liabilities**	**182,405**	**183,091**

STATEMENT OF CHANGES IN EQUITY

PARENT COMPANY DKK '000	Share capital	Retained earnings	Reserve for share-based payments	Reserve total	Proposed dividend	Total
Equity at 1 January 2007	**19,252**	**172,876**		**172,876**	**9,626**	**201,754**
Proposed dividend	-	-	-	-	(9,626)	(9,626)
Dividends, own shares	-	127	-	127	-	127
Acquisition of treasury shares	-	37	-	37	-	37
Net profit for the year	-	(22,990)	-	(22,990)	-	(22,990)
Equity at 31 December 2007	**19,252**	**150,050**	-	**150,050**	**-**	**169,302**
Acquisition of treaury shares	-	(4,141)	-	(4,141)	-	(4,141)
Increase of capital	1,794	21,879	-	21,879	-	23,673
Net profit for the year	-	11,945	-	11,041	-	10,945
Share-based payments	-	-	1,362	1,362	-	1,362
Equity at 31 December 2008	**21,046**	**178,733**	**1,362**	**180,095**	**-**	**201,140**

STATEMENT OF CHANGES IN EQUITY

GROUP							
DKK '000	Share capital	Translation reserve	Retained earnings	Reserve for share-based payments	Reserve total	Proposed dividend	Total
Equity at 1 January 2007	**19,252**	**-**	**180,094**		**180,094**	**9,626**	**208,972**
Dividend distributed	-	-	-	-	-	(9,626)	(9,626)
Dividend treasury shares	-	-	127	-	127	-	127
Acquisition of treasury shares	-	-	37	-	37	-	37
Net profit for the year	-	(119)	(31,734)	-	(31,853)	-	(31,853)
Share-based payment	-	-	-	146	146	-	146
Share options exercised	-	-	(61)	-	(61)	-	(61)
Equity at 31 December 2007	**19,252**	**(119)**	**148,463**	**146**	**148,490**	**-**	**167,742**
Acquisition of treasury shares	-	-	(4,141)	-	(4,141)	-	(4,141)
Increase of capital	1,794	-	21,879	-	21,879	-	23,673
Net profit of the year	-	6,033	(48,746)	-	(42,713)	-	(42,713)
Share-based payment	-	-	-	1,362	1,362	-	1,362
Equity at 31 December 2008	**21,046**	**5,914**	**118,963**	**1,362**	**124,877**	**-**	**145,923**

CASH FLOW STATEMENT FOR THE YEAR 1 JANUARY - 31 DECEMBER 2008

222				GROUP	
2007	2008	Note	DKK '000	2008	2007
(1.132)	11.323		Operating profit	(49,885)	(32,006)
1.918	(12.433)	23	Non-cash operating items	2,410	12,029
(140)	(3.291)	24	Changes in working capital	(2,251)	(653)
646	(4.401)		Cash generated from operations, operating profit	(49,726)	(20,630)
7.233	2.618		Interest income	3,936	5,208
(317)	(387)		Interest expenses	(725)	(3,594)
7.562	(2.170)		Cash generated from operations, profit from ordinary activities	(46,515)	(19,016)
2.048	4.844		Income taxes paid	5,834	2,048
9.610	**2.674**		**Cash flow from operating activities**	**(40,681)**	**(16,968)**
-	-		Additions of intangible assets	(3,227)	(2,531)
-	-		Disposal intangible assets	1,189	-
-	-		Additions of property, plant and equipment	(1,004)	(1,040)
-	41.500		Disposals of property, plant and equipment	41,500	1,110
	(12.525)		Additions financiel assets	(12,525)	-
(97)	(18.539)		Additions/Acquisition of subsidiaries	(17,079)	(108)
(22.528)	(51.412)		Change in balances with subsidiaries (excluding the joint taxation contribution)	-	-
(3.000)	-		Contribution to subsidiaries	-	-
(25.625)	**(40.976)**		**Cash flow from investing activities**	**8,854**	**(2,569)**
			Loan financing:		
			Shareholders:		
(9.499)	-		Dividend distributed	-	(9,499)
-	(4.141)		Acquisition of treasury shares	(4,141)	-
37	-		Sale of treasury shares	-	37
-	-		Share options exercised	-	(61)
(9.462)	**(4.141)**		**Cash flow from financing activities**	**(4,141)**	**(9,523)**
(25.477)	**(42.443)**		**Net cash flows for the year**	**(35,968)**	**(29,060)**
98.754	**73.277**		**Cash and cash equivalents, beginning of year**	**84,114**	**113,174**
73.277	**30.834**		**Cash and cash equivalents, year-end**	**48,146**	**84,114**

INDHOLD

ACCOUNTING POLICIES

NOTE 1

The annual report of Netop Solutions A/S for 2008 is presented in accordance with the International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for the financial reporting of listed companies, including the requirements imposed by the Copenhagen Stock Exchange on the presentation of financial statements by listed companies and the Danish Statutory Order on Adoption of IFRS.

The annual report also complies with the International Financial Reporting Standards issued by the IASB. The annual report is presented in Danish kroner (DKK).

Recognition and measurement
Revenue is recognised in the income statement as earned. This includes the recognition of value adjustments of financial assets and liabilities. In addition, all costs incurred are recognised in the income statement, including amortisation, depreciation and impairment losses.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Group and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the group and the value of the liabilities can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below in respect of each individual item.

Certain financial assets and liabilities are measured at amortised cost, implying the recognition of a constant effective rate of interest to maturity. Amortised cost is stated as original cost less any principal payments and plus or minus accumulated amortisation of any difference between cost and the nominal amount. This method allocates capital gains and losses over the terms of the asset or the liability.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the annual report which relate to matters existing at the balance sheet date.

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 2008.

IFRIC 11, IFRS 2 – Group and treasury share transactions.
As Netop Solutions A/S recognises share-based remuneration programmes in accordance with IFRIC 11, this interpretation is not expected to influence the preparation of the Annual Report.

IFRIC 14 "IAS 19 - The limit on a Defined Benefit Asset". This interpretation deals with limits in pension assets, requirements for minimum coverage in pension schemes and these rules apply for accounting periods commencing on or after 1 January 2008. IFRIC 14 deal with three issues: (1) how companies should determine the limits relative to IAS 19 Employee benefits for excess cover than can be recognised as an asset, (2) how minimum coverage requirements affect this limit, and (3) when minimum coverage requirements impose an onerous duty that must be recognised in the obligation that must otherwise be recognised pursuant to IAS 19. As the Group's pension plans are predominantly defined contribution plans, the interpretation is not expected to have a significant influence on the preparation of the Annual Report.

The changes did not affect recognition and measurement and, accordingly, the accounting policies are identical to those applied last year. Also, the new standards and interpretations have not resulted in changes to the information disclosed in the notes to the financial statements.

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

IASB has issued the following new and amended financial reporting standards and interpretations that have not yet come into force. The standards and interpretations have been adopted by the EU but are not mandatory for the preparation of Netop's annual report 2008:

IFRS 8 Operating Segments was adopted by the EU in 2007 and is required to be implemented effective from 2009. The standard requires entities to determine segments and segment information so as to be in accordance with Management's internal reporting. The change will have no impact on recognition or measurement and will only affect the segment disclosures in the notes to the financial statements.

IAS 1 Presentation of Financial Statements among other things amends the presentation of the statement of changes in equity. The amended standard is mandatory for financial years beginning on or after 1 January 2009, and will therefore be applied for the interim report for Q1 2009 onwards.

IFRIC 13, Customer Loyalty Programmes. The interpretation is effective for financial years beginning on or after 1 January 2009, but as Netop does not use such programmes, the interpretation is not expected to affect the Group.

In addition to the above new and amended standards, IASB has issued the following amended standard and new interpretation, which are relevant to Netop. The standard and interpretation have not yet come into force and have not yet been adopted by the EU:

IFRS 3 Business Combinations is effective for financial years beginning on or after 1 July 2009. The amended standard will, among other things, affect the recognition of acquisition costs, which can no longer be included in the purchase consideration but must be recognised directly in the income statement.

IFRIC 16 Hedges of a Net Investment in a Foreign Operation. The interpretation is effective for financial years beginning on or after 1 January 2009, but as Netop does not hedge net investments in foreign operations, it will not effect the Group.

Consolidation

The financial statements of the Group 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.

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 enterprises are recognised in the consolidated financial statements from the date of acquisition. Companies divested or wound up are consolidated in the income statement until the date divested or wound up. The comparative figures are not adjusted to reflect acquisitions. Discontinued operations are presented as a separate item.

See "Group overview" on page 40.

The takeover method is applied on acquisitions if the parent company gains control of the company acquired. Identifiable assets, liabilities and contingent liabilities in companies ac quired 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.

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)

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 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 amount and the carrying amount of net assets, including goodwill, at the date of disposal plus anticipated selling or disposal costs.

Foreign currency translation

For each of the group's companies, a functional currency is determined. 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 denominated in foreign currencies. 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 ex change 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.

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 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 ratesruling 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.

Foreign exchange adjustment of balances that are considered as part of the overall net investment in companies with functional currencies other than DKK, are recognised directly in equity in the consolidated financial statements in a separate reserve for currency translation.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and subsequently remeasured at their fair value. Positive and negative fair values of derivatives are recognised under other debtors and other creditors, respectively.

Changes in the fair value of derivative financial instruments that are designated as and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement together with any changes in the value of the hedged asset or hedged liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets or liabilities are recognised directly in equity. Income and expenses relating to such hedge transactions are transferred from equity on realisation of the hedged item and recognised in the same line item as the hedged item. For derivative financial instruments not qualifying as hedges, changes in fair value are recognised on an ongoing basis in the income statement under financial items.

INCOME STATEMENT

Revenue
Sales of software are recognised at the time when configuration of software licenses towards the end user is effected. Invoiced software licenses for end user configuration which has not yet been effected are recognised as a liability under deferred income.

Income from licence agreements according to which the purchaser is entitled to implement some of the group's products to a pre-defined group of end users is recognised at the invoice date.

Income from subscription agreements is recognised according to the straight line depreciation 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.

Production costs
Production costs comprise payroll costs and similar costs for support staff, materials, consulting and depreciation/amortisation regarding production and support functions, and impairment on Group goodwill.

Development costs
Development costs include payroll costs, etc., which are directly attributable to the development of software products and which do not meet the criteria for capitalisation, as well as amortisation and impairment of capitalised development costs.

Distribution costs
Distribution costs include costs incurred for distribution of goods sold and for sales campaigns, etc. during the year. This includes the cost of sales staff, advertising and exhibition costs, as well as depreciation/amortisation.

Administrative expenses
Administrative expenses comprise expenses incurred during the year for the company's management and administrative functions, including expenses for administrative staff, all costs of premises, losses on trade receivables as well as depreciation/amortisation.

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.

Dividend s from investments in subsidiaries and associates in the parent company's financial statements
Dividend on investments in subsidiaries and associates is recognised in the parent company's income statement in the financial year in which the dividend is declared. However, to the extent that the dividend distributed exceeds accumulated earnings after the acquisition date dividend is recognised as a reduction of the cost of the investment.

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. Financial items also include realised and unrealised gains and losses concerning derivative financial instruments that cannot be classified as hedges.

Income tax
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 on ordinary activities or tax on profit on 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 internal financial management. As companies acquired are integrated within the existing Group, management believes that the lowest level of cash-generating units to which the carrying amount of goodwill can be allocated is the individual subsidiaries.

The carrying amount of goodwill is tested at least once a year for impairment together with the other fixed 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 as in production costs 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 as incurred.

Recognised development costs are measured at the lower of cost less accumulated depreciation 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 five years. The basis of depreciation is reduced by any impairment writedowns. Depriciations is taken to account under development costs in the income statement.

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, each individual asset 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 the same items as the previously recognised depreciation. Intangible assets with undefinable 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 purchase 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, as follows

Buildings	20-50 years
Other fixtures and fittings, tools and equipment	3-5 years
Conversion of leased premises	5 years

Depreciation is recognised in the income statement under production costs, distribution costs or administrative expenses.

Property, plant and equipment is written down to the lower of the recoverable amount and the carrying amount. Each year, each individual asset or group of assets is tested for impairment.

Gains and losses on the disposal of tangible fixed assets are computed as the difference between the selling price less selling expenses and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement under the same items as the previously recognised depreciation.

Investments in associates in the consolidated financial statements
Participating interests 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 parent company's accounting policies plus or less any unrealised intra-group gains and losses and plus any residual 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 such 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 comprise costs incurred relating to the following financial year and are measured at cost.

Impairment of fixed assets
Goodwill and intangible assets with undefinable 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 are reviewed annually and recognised only to the extent that it is probable that they will be utilised.

The carrying amounts of other fixed assets are tested annually for indications 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.

An impairment loss is recognised when the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement as production costs, distribution costs or administrative expenses. However, goodwill write-downs are recognised as a separate line item in the income statement.

Goodwill written down is not reversed. Impairment write-downs of other assets are reversed to the extent changes have occurred to the assumptions and estimates leading to the write-down. 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.

EQUITY

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

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.

Incentive plans
The incentive plans in Netop Solutions A/S comprise share option plan, and warrant program.

Share option programme
The value of services received as consideration for options granted is measured at the fair value of the options at the time 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 measuredat 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 29.

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 a warrant is exercised by way of subscription of new contributed capital – payments and any share premiums are recognised directly in equity.

Warrant program

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.

Tax payable and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as estimated 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 calculated in accordance with the balance sheet liability method on all timing differences between the carrying amount and tax value of assets and liabilities.

However, no deferred tax is recognised on timing differences regarding non-deductible goodwill, office property and other items for which timing differences – with the exception of acquisitions – have arisen at the acquisition date without affecting the financial results or taxable income. When the tax value can be calculated according to alternative taxation rules, deferred tax will be calculated 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 in the amount 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 unrealised intercompany gains and losses that have been eliminated.

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 under financial expenses.

Provisions are measured as the management's best estimate of the amount with which the liability is expected to be settled.

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.

CASH FLOW STATEMENT

The cash flow statement shows the consolidated 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 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 concerning acquired companies are recognised from the date of acquisition, while cash flows concerning divested companies are recognised until the date of divestment.

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 interestbearing 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

Segment information on the net revenue is reported by business activity (primary segment) and geographical market (secondary segment). The segment information follows the Group's accounting policies, risks and in-house financial management.

Revenue and costs from segments, hereunder asset and liabilities includes those items, which attributes directly to the individual segment and those items which be allocated to the various segments on a reliable basis.

KEY RATIOS

Earnings per share (EPS) and diluted earnings per share (EPS-D) are calculated according to IAS 33.

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

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

EBITDA margin

$$\frac{\text{EBITDA} \times 100}{\text{Revenue}}$$

Operating margin

$$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$$

Equity ratio

$$\frac{\text{Equity at year end} \times 100}{\text{Total liabilities at year end}}$$

Return on equity

$$\frac{\text{Profit for the year} \times 100}{\text{Average equity}}$$

Earnings per share (EPS)

$$\frac{\text{Profit for the year}}{\text{Average number of shares}}$$

Diluted earnings per share (EPS-D)

$$\frac{\text{Profit for the year}}{\text{Average number of diluted shares}}$$

P/E value

$$\frac{\text{Share price, end of year}}{\text{Earnings per share (EPS)}}$$

Price/net asset value

$$\frac{\text{Share price at year-end}}{\text{Net asset value at year-end}}$$

Cash flow per share (CFPS)

$$\frac{\text{Cash flow from operating activities}}{\text{Average number of shares}}$$

Net asset value per share

$$\frac{\text{Equity at year end}}{\text{Number of shares at year end}}$$

EBITA

Operating profit before amortisation

EBIT

Operating profit

NOTE

2 ACCOUNTING ESTIMATES AND ASSESSMENTS

Uncertainty relating to estimates

The calculation of the carrying amounts of certain assets and liabilities relies on assessments, 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 arise. 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.

Estimates material to the financial reporting are made in the calculation of, inter alia, depreciation, amortisation and 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 12 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.

NOTES

Note 3	2008 DKK '000

Management and reporting in Netop Solutions A/S is split intot four geographic business areas; USA, UK, DACH and MOW.

Segment information and revenue Breakdown by activity – primary segment	**USA**	**UK**	**DACH**	**MOW**	**GROUP**
External revenue	31,785	6,905	13,985	39,402	92,077
Revenue/purchase group companies	(10,902)	(4,040)	(9,410)	24,352	-
Gross margin	20,486	2,557	4,413	41,447	68,903
Operating profit (EBIT)	(4,894)	(9,132)	(7,513)	(28,345)	(49,884)
Profit before tax	(4,894)	(10,676)	(8,151)	(34,195)	(57,916)
Net profit for the year	**(4,896)**	**(10,676)**	**(8,213)**	**(24,961)**	**(48,746)**
Assets	9,577	1,938	7,666	158,651	177,832
Investments in fixed assets - current year net	(33)	16	39	3,746	3,768
Depreciations	(326)	(199)	(352)	(8,679)	(9,556)
Amortisations	-	-	-	(2,000)	(2,000)
Investments in associates	-	-	-	398	398
Liabilities	(8,381)	(2,434)	(12,960)	(12,707)	(36,482)
Cash flow from opening activities	(5,757)	(9,580)	(8,418)	(16,926)	(40,681)
Cash flow from investing activities	-	-	-	8,854	8,854
Cash flow from financing activities	-	-	-	(4,141)	(4,141)

Netop Solutions A/S' activities relate to three main product areas; Administration, Education and Communication.

Segment information and revenue Breakdown by activity – secondary segment	**Administration**	**Education**	**Communication**	**Other**
External revenue	54,516	32,172	2,034	3,355
	54,516	**32,172**	**2,034**	**3,355**

PARENT COMPANY			GROUP	
2007 DKK '000	2008 DKK '000		2008 DKK '000	2007 DKK '000
		Revenue		
		Sale of software	76,659	71,731
-	-	Sale of service	15,418	13,572
2,434	2,508	Rental income	-	-
2,434	**2,508**		**92,077**	**85,303**

NOTES

PARENT COMPANY				GROUP	
2007 DKK '000	2008 DKK '000	Note		2008 DKK '000	2007 DKK '000
		4	**Staff costs**		
800	825		Wages and salaries	69,651	57,681
			Defined contribution plans	1,428	636
-	-		Defined benefit plans	184	-
-	-		Other social security costs	820	57
-	-		Share-based payment	69	145
-	-		Other staff costs	4,686	3,549
800	**825**		**Total staff costs**	**76,838**	**62,068**
			Staff costs are recognised in the financial statements as follows:		
-	-		Production costs	10,920	8,333
-	-		Development costs	21,204	16,513
-	-		Distribution costs	27,829	27,086
800	825		Administrative expenses	16,885	10,136
800	**825**		**Total staff costs**	**76,838**	**62,068**
0	**0**		**Average number of employees**	**138**	**84**

Remuneration to Board of directors, Executive Management and Other executives

	2008			2007		
	Board of directors	Executive Management	Other executives	Board of directors	Executive Management	Other executives
Wages and salaries	825	4,333	-	800	1,690	4,798
Pension costs	-	271	-	-	26	-
Share-based payment	-	69	-	-	-	-
			-	-	-	-
	825	**4,673**	-	**800**	**1,716**	**4,798**

The Management Board had three members in 2008 and one member in 2007.

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 for notice of termination, which are customary for members of the management boards of listed companies.

Members of the Board of Directors of Netop Solutions A/S received total remuneration of DKK 825 thousand in 2008 (2007: DKK 800 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 schemes. No arrangements have been made in respect of severance payments to Board members, nor have any such payments been made.

NOTES

PARENT COMPANY				GROUP	
2007 DKK '000	2008 DKK '000	Note		2008 DKK '000	2007 DKK '000
		5	**Costs and expenses**		
			Research and development costs		
-	-		Research and development costs incurred	23,927	19,211
-	-		Development costs recognised under intangible assets	(776)	(1,843)
-	-		Amortisation and depreciation	3,683	3,546
-	-		**Research and development costs for the year recognised as development costs in the income statement**	**26,834**	**20,914**
			Amortisation and depreciation		
-	-		Intangible assets	9,072	8,403
1.100	824		Property, plant and equipment	2,484	3,016
1.100	**824**		**Total amortisation and depreciation**	**11,556**	**11,419**
			Recognition of amortisation and depreciation:		
-	-		Production costs	1,789	894
-	-		Development costs	3,683	3,546
-	-		Distribution costs	-	459
1.100	824		Administrative expenses	4,084	2,206
-	-		Goodwill amortisation	2,000	4,314
1.100	**824**		**Total amortisation and depreciation**	**11,556**	**11,419**

Write-downs of good is included in production costs with DKK 2,000 thousand.

NOTES

PARENT COMPANY				GROUP	
2007 DKK '000	2008 DKK '000	**Note**		2008 DKK '000	2007 DKK '000
		6	**Fee to the auditors appointed by the Annual General Meeting of shareholders**		
			Total fee		
-	701		Deloitte	1,273	-
360	239		Beierholm	263	640
-	-		Others	174	496
360	**940**			**1,710**	**1,136**
			Including fee for non-audit services:		
-	401		Deloitte	473	-
-	-		Beierholm	-	83
-	-		Others	34	-
-	**401**			**507**	**83**
		7	**Investments in subsidiaries**		
27,341	29,522		Cost at 1 January		
(819)	-		Adjustment of cost		
3,000	48,295		Additions in the year		
29,522	**77,817**		Cost at 31 December		
-	25,334		Write-down at 1 Januar		
25,334	**-**		Write-down of the year		
25,334	25,334		Write-down at 31 December		
4,188	**52,483**		**Carrying amount at 31. december**		

In 2007, an impairment loss of DKK 25,334 thousand was recognised regarding investments in associates. The impairment related to Danware Security ApS, and it was Netop Solutions A/S' intention to sell the company.

NOTES

NAME	REGISTERED OFFICE	INTEREST HELD 2008	INTEREST HELD 2007
Danware Data A/S	Birkerød, Denmark	100%	100%
Danware Security A/S	Birkerød, Denmark	100%	100%
Danware Education ApS	Birkerød, Denmark	100%	100%
Danware Cursum ApS	Birkerød, Denmark	100%	100%
Genevalogic AG	Langenthal, Schwitzerland	100%	0%
Genevalogic Holding AG	Langenthal, Schwitzerland	100%	0%
Genevalogic Ltd.	Herts, England	100%	0%
Genevalogic Inc.	Portland, USA	100%	0%
NetOp Tech Inc.	Chicago, USA	100%	100%
NetOp Tech Ltd.	Reading, England	100%	100%
NetOp Tech GmbH	Neu-Isenburg, Germany	100%	100%
NetOp Tech, SRL	Bucarest, Romania	100%	0%

PARENT COMPANY				GROUP	
2007 DKK '000	2008 DKK '000	**Note**		2008 DKK '000	2007 DKK '000
		8	**Financial income**		
4,009	6,687		Interest income, subsidiaries	-	-
3,080	2,404		Other interest income	3,935	3,660
7,089	**9,091**			**3,935**	**3,660**
-	214		Exchange gain	4,804	1,404
144	-		Dividend from subsidiaries	-	144
7,233	**9,305**		**Total financial income**	**8,739**	**5,208**
		9	**Financial expenses**		
-	297		Interest expenses, subsidiaries	-	-
74	366		Other interest expenses	1,234	187
74	**663**			**1,234**	**187**
244	22		Exchange loss	10,328	3,407
-	5,209		Value adjustment in respect of guaranteed share price	5,209	-
318	**5,894**		**Total financial expenses**	**16,771**	**3,594**

NOTES

PARENT COMPANY				GROUP	
2007 DKK '000	2008 DKK '000	Note		2008 DKK '000	2007 DKK '000
		10	**Tax for the year**		
1,572	4,149		Current tax	22	-
16	(369)		Deferred tax	(9,122)	1,040
(104)	10		Prior-year taxes	(71)	(165)
1,484	**3,789**		**Total tax for the year**	**(9,171)**	**875**
			Analysis of tax for the year:		
1,484	3,789		Tax on profit from ordinary activities	(9,171)	875
-	-		Tax on items recognised directly in equity	-	-
1,484	**3,789**		**Total tax for the year**	**(9,171)**	**875**
			Analysis of tax on profit from ordinary activities:		
(5,377)	3,684		25% tax of profit from ordinary activities before tax	(14,479)	(7,715)
-	-		Non-capitalised deferred tax in other tax jurisdictions	6,027	4,984
(34)	-		Change in tax value of tax losses carried forward	-	(195)
			Tax effect of:		
(36)	(28)		Non-taxable income	(28)	(36)
6,822	-		Non-deductible writedowns	-	-
213	123		Non-deductible expences	(620)	4,002
(104)	10		Prior-year taxes	(71)	(165)
1,484	3,789			(9,171)	875
(6,9%)	**25,7%**		**Effective tax rate**	**15,8%**	**(2,8%)**
		11	**Earnings per share**		
			Net profit for the year	(48,746)	(31,734)
			Average no. of shares (1,000)	4,030	3,850
			Average no. of treasury shares (1,000)	(81)	(51)
			Average no. of shares in circulation (1,000)	**3,949**	**3,799**
			Average dilutive effect of outstanding share options	-	-
			Diluted av. no. of shares in circulation (1,000)	**3,949**	**3,799**
			Earnings per share (EPS) of DKK 5 each	(12.10)	(8.35)
			Diluted earnings per share (EPS-D) of DKK 5 each	(12.10)	(8.35)

NOTES

12 INTANGIBLE ASSETS

Goodwill

As at 31 December 2008, 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 2008 was distributed on the cash-generating units Danware Security A/S, GenevaLogic Holding AG and Danware Data A/S. Goodwill in those units amounted to DKK 2,000 thousand, DKK 31,022 thousand and DKK 12,956 thousand, respectively, 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 individual cash-generating units. 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 2009–13.

A common feature of all cash-generating units is that the most important parameters are revenue. EBITDA, applied working capital, expected investment in property, plant and equipment as well as growth assumptions.

All tests conducted to determine indicators of impairment applied the same discounting rate for the calculation of the recoverable amount. The discounting rate applied for 2008 was 11.32%. The rate is applied on a pre-tax basis and reflects the risk-free rate of interest for the entire company plus a company-specific risk premium.

Management believes that apart from the DKK 2,000 thousand goodwill impairment loss on Danware Security A/S, changes in the applied discounting rate and other basic assumptions will not result in any further need for impairment write-downs in respect of the 2008 financial year.

Goodwill - Danware Security A/S

Danware Security A/S has developed the NetOp Desktop Firewall. The product is a part of the Education business area, but expectations for the product have been lowered.

The company's budgeted cash flow for 2009–2013 was based on realisted costs and on management's expectations for future revenue.

The carrying amount of goodwill amounts to DKK 2,000 thousand, but the present value of expected future net cash flows is estimated to be extremely low relative to the carrying amount of goodwill.

The weighted average growth rate applied to extrapolate the expected future net cash flows for the post-2013 years is estimated to be negative at 10%. Accordingly, the growth rate is expected to be substantially lower than the average growth rates of the company's markets. Combined with the fact that the future net cash flows are also expected to be low and has thus made a write off goodwill to DKK 0.

NOTES

12 INTANGIBLE ASSETS

Goodwill - Genevalogic Holding AG

Effective 1 July 2008, Netop acquired the company GenevaLogic Holding AG and its subsidiary businesses. See note 25. Applying the purchase method, the company identified goodwill at a total carrying amount of DKK 31,022 thousand.

The budget for the companies' cash flow for 2009–2013 is based on budgets and business plans for the coming five-year period.

The budgets and the business plans are based on the business combination strategy approved by management and the exploitation of synergies in the Netop Group.

The rate of growth applied in the impairment test for 2009–2013 was on average 6% per annum, while the terminal value after the five-year period was fixed somewhat lower, at 2%.

xxNedskrivningstesten viser, at der ikke er noget nedskrivningsbehov for den regnskabsmæssige værdi af goodwill optaget pr. 31/12 2008. Dette understøttes også af det faktum at selskabet er tilkøbt den 1. juli 2007 til markedspris, og derfor vurderer ledelsen at indregnede regnskabsmæssige værdier stadig er eller meget tæt på dagsværdi ultimo 2008.

Goodwill - Danware Data A/S

The rights for M-Net were acquired by Danware Data A/S in 2006, comprising programs for software distribution, asset management, software metering and inventory.

The company's budgeted cash flow for 2009–2013 was based on realised costs and revenue for 2008 and on management's expectations for future revenue.

The carrying amount of goodwill amounts to DKK 12,956 thousand, and the present value of expected future net cash flows is estimated to exceed the carrying amount of goodwill. Accordingly, the impairment test does not indicate any impairment in respect of 2008.

The weighted average growth rate applied to extrapolate the expected future net cash flows for the post-2013 years is estimated at 2% which is substantially lower than the anticipated growth rate of 9% for 2009 - 2013.

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 five years.

The recognised development costs of DKK 5,546 thousand in respect of completed projects relate to Danware Data A/S' acquisition of M-Net in 2006. The products developed on the M-Net platform were launched and brought to market in 2008, which is the reason why the related value has been transferred from development costs of work in progress to development costs.

The category of development projects in progress comprises development and testing of new software expected to be launched in 2009.

The value of the recognised development costs and development projects in progress has been compared with the budgets for software sales. This comparison has not resulted in any adjustment of the recognised value of development projects in respect of 2008.

NOTES

12 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 tested for impairment with no resulting indications of impairment.

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.

In the 2008 financial year, the company identified software for internal use that is no longer in use. Accordingly, the value in use is nil. As a result, an impairment loss of DKK 1,377 thousand has been recognised.

Customer relations

The acquisition of GenevaLogic (see note 25) requires that assets not recognised in the pre-acquisition balance sheet must be identified and recognised at fair value at the date of acquisition. Using the purchase method, identified customer relations were measured and recognised at DKK 15,000 thousand.

On identification and valuation of customer relations at the date of acquisition, the valuation was not final. Netop does not expect any change to this situation, and for the purpose of determining the final value, customer relations have been tested for impairment on the basis of revenue budgets relating to various acquired customer categories and contribution margins.

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.

Management assesses that the impairment test has tested and verified the identified value at the date of acquisition and thus that there are no indications of impairment.

NOTES

PARENT COMPANY				GROUP	
	DKK '000	Note			DKK '000
Goodwill	Acquired licences			Acquired licences	Goodwill
		12	**Intangible assets**		
-	-		Cost at 1 January 2007	21,437	20,667
-	-		Additions	841	-
-	-		Cost at 31 December 2007	22,278	20,667
-	-		Amortisation and write-downs at 1 January 2007	6,474	1,396
-	-		Amortisation	3,812	-
-	-		Write-downs	-	4,315
-	-		Amortisation and write-downs at 31 December 2008	10,286	5,711
-	-		**Carrying amount at 31 December 2007**	11,992	14,956
-	-		Cost at 1 January 2008	22,278	20,667
-	-		Correction cost/amotisation	(1,286)	(5,711)
-	-		Additions, acquisition of enterprises	10,193	31,022
-	-		Additions	2,000	-
-	-		Transfers	(5,024)	-
-	-		Cost at 31 December 2008	28,161	45,978
-	-		Amortisation and write-downs at 1 January 2008	10,286	5,711
			Correction cost/amotisation	(1,286)	(5,711)
-	-		Amortisation	4,380	-
			Write-downs	-	2.000
			Transfers	(2,863)	-
-	-		Amortisation and write-downs at 31 December 2008	10,517	2,000
-	**-**		**Carrying amount at 31 December 2008**	**17.644**	**43.978**
-	-		Amortisation period	3-5 years	-

NOTER

PARENT COMPANY				GROUP	
	DKK '000	Note			DKK '000
Development costs	Development projects in progress			Development costs	Development projects in progress
		12	**Intangible assets (continued)**		
-	-		Cost at 1 January 2007	1,142	5,574
-	-		Additions	-	1,690
-	-		Cost 31. december 2007	1,142	7,264
-	-		Amortisation and write-downs 1 January 2007	685	-
-	-		Amortisation	305	-
-	-		Amortisation and write-downs 31 December 2007	990	-
-	-		**Carrying amount at 31 December 2007**	**153**	**7,264**
-	-		Cost 1 January 2008	1,142	7,264
-	-		Additions	-	776
-	-		Transfers	6,021	(5,639)
-	-		Cost 31 December 2008	7,163	2,401
-	-		Amortisation and write-downs 1 January 2008	990	-
-	-		Amortisation	246	-
-	-		Transfers	381	-
-	-		Amortisation and write-downs 31 December 2008	1,617	-
-	**-**		**Carrying amount at 31 December 2008**	**5,546**	**2,401**
-	-		Amortisation period	5 years	-

NOTES

PARENT COMPANY				GROUP	
	DKK '000	Note			DKK '000
Customer relations	Software internal use			Customer relations	Software internal use
		12	**Property, plant and equipment**		
-	-		Cost at 1 January 2008	-	-
-	-		Addition acquisition of enterprises	15,000	430
-	-		Additions	-	278
-	-		Disposals	-	(5,131)
-	-		Transfers	-	5,435
-	-		Cost at 31 December 2008	15,000	1,012
-	-		Amortisation and write-downs at 1 January 2008	-	-
-	-		Amortisation	1,500	946
-	-		Disposals	-	(3,754)
-	-		Transfers	-	3,304
-	-		Amortisations and writedowns 31 December 2008	1,500	496
-	**-**		**Carrying amount at 31 December 2008**	**13,500**	**516**
-	-		Amortisation period	5 years	3-5 years

NOTES

PARENT COMPANY				GROUP	
	DKK '000	Note			DKK '000
Other fixt. and fittings, tools and equip-ments	Land and buildings			Land and buildings	Other fixt. and fittings, tools and equip-ments
		13	**Other non-current assets**		
126	36,194		Cost at 1 January 2007	36,194	13,024
-	-		Additions	-	528
-	-		Disposals	-	(1,136)
126	36,194		Cost at 31 December 2007	36,194	12,416
125	5,275		Amortisations and write-downs 31 December 2007	5,275	8,031
1	1,099		Write-downs for the year	1,099	1,134
-	-		Disposals	-	259
126	6,374		Amortisations and write-downs 31 December 2007	6,374	9,424
-	**29,820**		**Carrying amount at 31 December 2007**	**29,820**	**2,992**
126	36,194		Cost at 1 January 2008	36,194	12,416
-	-		Addition acquisition of enterprises	-	1,279
-	-		Additions	-	1,007
(58)	(36,194)		Disposals	(36,194)	(1,412)
-	-		Transfers	-	(792)
68	**-**		**Cost 31 December 2008**	**-**	**12,498**
126	6,374		Amortisations and write-downs 1 January 2008	6,374	9,424
-	824		Amortisation	824	1,600
(58)	(7,198)		Disposals	(7,198)	(964)
-	-		Transfers	-	(822)
68	-		Amortisations and write-downs 31 December 2008	-	9,238
-	**-**		**Carrying amount at 31 December 2008**	-	**3,260**
3-5 years	20-50 years		Amortisation period	20-50 years	3-5 years

NOTES

PARENT COMPANY			GROUP
DKK '000	Note		DKK '000
			Conversion of leased premises
	13	**Current assets (continued)**	
		Cost at 1 Januar 2007	355
		Cost at 31 December 2007	355
		Amortisations and write downs 1 Januar 2007	20
		Amortisation	56
		Amortisations and write downs 31 December 2007	76
		Carrying amount at 31 December 2007	**279**
		Cost at 1 Januar 2008	355
		Additions acquisition of enterprises	12
		Disposals	(84)
		Cost at 31 December 2008	283
		Amortisations and write downs 1 Januar 2008	76
		Amortisation	60
		Disposals	(9)
		Amortisations and write downs 31 December 2008	127
		Carrying amount at 31 December 2008	**156**
		Amortisation period	5 years

NOTES

PARENT COMPANY DKK '000	Note		GROUP DKK '000 Investment in associates
	14	**Investments in associates**	
2,355		Cost at 1 January 2007	1,580
2,355		Cost at 31 December 2007	1,580
-		Adjustments at 1 January 2007	(715)
(1,955)		Impairment write-downs for the year	-
-		Share of profit/loss for the year	(467)
(1,955)		Adjustments at 31 December 2007	1,182
400		**Carrying amount at 31 December 2007**	**398**
2,355		Cost at 1 January 2008	1,580
2,355		Cost at 31 December 2008	1,580
(1,955)		Adjustments at 1. januar 2008	(1,182)
(1,955)		Adjustments 31. december 2008	(1,182)
400		**Carrying amount at 31 December 2008**	**398**

DKK '000				NETOP SOLUTIONS GROUP'S SHARE			
Name and registered address	Interest held	Revenue	Net profit/ (loss)	Assets	Liabilities	Equity	Net profit/ (loss)
EnoLogic A/S, Aalborg 2007	50%	42	(934)	861	65	398	(467)
Enologic A/S, Aalborg 2008 (unaudited)	50%	25	-	810	13	398	-

NOTES

PARENT COMPANY				GROUP	
2007 DKK '000	2008 DKK '000	Note		2008 DKK '000	2007 DKK '000
		15	**Deferred tax**		
(317)	(333)		Deferred tax at 1 January	357	1,395
-	-		Deferred tax, acquisition of subsidiaries	(5,030)	-
-	-		Lowering of Danish corporate tax rate	(941)	272
34	-		Change, deferred tax in prior years	-	(76)
(50)	369		Deferred tax in the year	9,122	(1,234)
(333)	**36**		**Deferred tax at 31 December**	**3,508**	**357**
			Deferred tax concerns:		
-	-		Intangible assets	(5,471)	(1,975)
(333)	36		Property, plant and equipment	104	(197)
-	-		Receivables	694	478
-	-		Other payables		(364)
-	-		Share-based payment	17	-
-	-		Tax loss	14,191	7,399
			Write-down of tax loss	(6,027)	(4,984)
(333)	**36**		**Deferred tax at 31 December**	**3,508**	**357**
			Breakdown of deferred tax stated in the balance sheet:		
	36		Deferred tax, assets	8.082	357
	-		Deferred tax, liabilities	(4.574)	-
(333)	**36**			**3.508**	**357**

The temporary differences have mainly arisen in connection with the acquisition of GenevaLogic Holding AG. See note 25. The recognised value of the tax loss derives from the aggregate financial results of 2007 and 2008 from the Danish companies that are taxed jointly with Netop Solutions A/S. Management believes it is likely that the deferred tax assets coming from tax loss carry forward can be realised within 3-5 years. Realised losses in foreign subsidiaries are not included in the deferred tax, however, as 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.

This is explained by the implementation of a revised strategy implemented in connection with the appointment of a new management, which increased the focus on sales through a new sales model that was fully implemented in the USA in Q4 2008 and is expected to be implemented in the EMEA/APAC regions in Q1 2009. In addition, the cost base has been reduced by 25%. Based on these two factors, the company expects to turn recent years' losses into profitable operations during the summer of 2009. Taxable losses realized in foreign subsidiaries are not included in the calculated deferred tax asset. It is assessed less likely that the losses can be used against future taxable income within period of limitation in the countries where the losses are realized. The taxable value of the non-capitalized deferred taxes in the foreign tax jurisdictions amounts in total DKK 11,6 million

NOTES

PARENT COMPANY				GROUP	
2007 DKK '000	2008 DKK '000	Note		2008 DKK '000	2007 DKK '000
		16	**Trade receivables**		
-	-		**Trade receivables**	19,597	23,889
-	-		**Impairment losses for the year recognised in the income statement**	**1,935**	**1,579**

Receivables are written down for impairment if the value based on an individual assessment of the individual debtor's ability to pay deteriorates, for example due to a suspension of payment, bankruptcy, etc. Write-downs are recognised at estimated net realisable value. The carrying amount of receivables written down to net realisable value based on an individual assessment amounted to DKK 19,597 thousand (2007: 23,889 thousand).

A provision account is used to reduce the carrying amount of other receivables, the values of which are impaired due to risk of loss. Based on historical experience, amounts are recognized in the provision account when a receivable has been overdue for more than three months and no plan for payment has been entered into with the debtor.

-	-	Provision account 01.01	3,022	1,902
-	-	Losses incurred during the year	(212)	(77)
-	-	Reversed provisions	(572)	-
-	-	Provisions for year in cover of losses	2,544	1,198
-	**-**	**Provision account at 31 December**	**4,783**	**3,022**

A total of DKK 551 thousand was recognised in respect of impaired receivables in the financial year (2007: DKK 13 thousand).

NOTES

PARENT COMPANY					GROUP	
2007 DKK ‘000	2008 DKK ‘000	Note			2008 DKK ‘000	2007 DKK ‘000
		17	**Other receivables**			
-	553		Prepayments		2,266	377
-	3,364		Other receivables		3,743	1,237
-	**3,917**				**6,009**	**1,594**
			Specified as follows			
-	3,917		0-1 years		6,009	1.594
-	-		> 1 year		-	-
	3,917				**6,009**	**1,594**

Other receivalbes stated above principally comprise VAT receivables.

		18	**Share capital**			
19,252	19,252		Share capital at 1 January		19,252	19,252
-	1,794		Additions		1,794	-
19,252	**21,046**		Share capital at 31 December		**21,046**	**19,252**
			The share capital consists of 4,209,108 shares of DKK 5 each			
			Changes in share capital			
			Share capital on formation	1 June 1992		
500	500		Bonus issue	23 April 2001	500	500
14,500	14,500		Capital increase	18 June 2001	14,500	14,500
4,200	4,200		Issuance of employee shares	Juli-August 2003	4,200	4,200
52	52		Issuance of employee	Juli/august 2003	52	52
-	1,794		Capital increase	1. juli 2008	1,794	-
19,252	**21,046**				**21,046**	**19,252**

The share capital was increased by 358,680 shares of DKK 5 in 2008.

The share capital has been fully paid up and no shares has special rights vested.

NOTES

SHARE CAPITAL (CONTINUED)	NUMBER OF SHARES		NOMINAL VALUE		PERCENTAGE OF SHARE CAPITAL	
	2008	2007	2008	2007	2008	2007
			DKK '000	DKK '000	%	%
Share capital (continued)						
1 January	50,636	50,957	255	255	1,3%	1,3%
Acquired	74,624	-	373	-	1,8%	-
Sold	-	(321)	-	(2)	-	-
Treasury shares at 31 December	**125,260**	**50,636**	**628**	**253**	**3,1%**	**1,3%**

Netop Solutions A/S has been authorised by the shareholders in general meeting to acquire treasury shares for a nominal value of up to DKK 1.925 thousand, equal to 10% of the share capital. The company has acquired treasury shares to partially cover incentive programme

In 2008, Netop Solutions A/S acquired treasury shares with a total nominal value of DKK 373 thousand in several transactions for the purpose of partially covering incentive programmes. The shares acquired in 2008 were acquired at an average price of DKK 55.50 each, for an aggregate purchase price of DKK 4,142 thousand.

The share capital has been fully paid up.

No dividends were paid in 2008 in respect of the 2007 financial year.

PARENT COMPANY				GROUP	
2007	2008			2008	2007
DKK '000	DKK '000	Note		DKK '000	DKK '000
		19	**Provisions**		
-	-		Price guarantee at 1 January	-	-
-	(10,000)		Annual adjustment	(10,000)	-
	(10,000)		Price guarantee at 31 December	(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.

NOTES

20 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 five per cent of the Group's employees 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 95% 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 685 thousand (2007: DKK 0 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 is only in 2008, after the acquisition of GenevaLogic Holding AG (see note 25) was effected, that Netop has become required to recognise this type of obligation in the consolidated financial statements.

NOTES

PARENT COMPANY	GROUP 2008 DKK '000	GROUP 2007 DKK '000
Note 20		
The following has been recognised in the consolidated income statement:		
Defined contribution plans	1,428	636
Defined benefit plans	184	-
	1.612	636
The costs are recognised in the following income statement items:		
Production costs	385	134
Development costs	675	248
Distribution costs	327	153
Administrative expenses	225	102
	1,612	636
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	-
Pension costs recognised in the income statement		
Pension costs concerning current financial year	184	-
Total amount recognised for defined benefit plans	**184**	-
The average assumptions for the actuarial calculations at the balance sheet date were:		
Discount rate	3,25%	-
Estimated return on plan assets	3,25%	-
Future rate of pay increase	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.

NOTES

PARENT COMPANY				GROUP	
2007 DKK '000	2008 DKK '000	Note		2008 DKK '000	2007 DKK '000
		21	**Income taxes payable**		
(6,772)	(4,844)		Income taxes payable at 1 January	(4,844)	(6,608)
(104)	-		Tax payable regarding prior years	-	(165)
2,032	4,844		Income taxes paid in the year	4,844	1,929
(4,844)	0		**Income tax receivable at 31 December**	-	**(4,844)**
		22	**Other liabilities**		
-	-		Non-current liabilities	-	-
1,868	1,260		Current liabilities	10,746	6,701
1,868	**1,260**		**Total**	**10,746**	**6,701**
			Other liabilities specifed after origin		
-	-		Staff costs	6,465	5,270
123	-		VAT	-	224
1,745	1,260		Other liabilities	4,280	1,207
1,868	**1,260**		**Total**	**10,746**	**6,701**
		23	**Non-cash operating items**		
-	69		Share-based payment	69	145
-	-		Regulation of pension liabilities	(315)	-
1,918	824		Amortisation	11,556	11,884
-	(13,326)		Gain/loss on the sale of non-current assets	(12,502)	-
-	-			**3,602**	-
1,918	**(12,433)**			**2,410**	**(12,029)**
		24	**Changes in working capita**		
-	(3,364)		Changes in receivables	3,726	772
-	-		Change in fair value adjustment of hedge instruments		(676)
(140)	73		Changes in trade and other payables	(5,977)	(749)
(140)	**(3.291)**			**(2,251)**	**(653)**

NOTES

ACQUSITIONS				
Note		Carrying amount prior to acquisition	Fair value adjustment	Fair value at date of acquisition
		DKK '000	DKK '000	DKK '000
25	**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	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			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

NOTE

Note	ACQUSITIONS	Carrying amount prior to acquisition	Fair value adjustment	Fair value at date of acquisition
25	**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	11	-	11
	Current liabilities	(1,462)	-	(1,462)
	Net assets acquired	17	-	17
	Calculated goodwill			-
	Total cost			17
	Cash acquired			(11)
	Net cash flow impact			6
	Components of total acquisition costs			
	Cash			17
	Direct acquisition costs			-
				17

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

The preliminary 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.

NOTER

PARENT COMPANY				GROUP	
2007 DKK '000	2008 DKK '000	Note		2008 DKK '000	2007 DKK '000
		26	**Cash**		
73,277	30,834		Cash and deposits with banks	48,146	84,114
73,277	**30,834**		**Cash at 31 December 2008 as per cash flow statement**	**48,146**	**84,114**

At 31 December 2008, a deposit of DKK 25,938 was made from the cash holdings arising from the sale of the property located at Bregnerødvej 127, DK-3460 Birkerød. The amount was released in February 2009 when a clear title had been registered.

NOTES

27 CAPITAL MANAGEMENT AND DERIVATIVE FINALCIAL INSTRUMENTS

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 monitors the risks the Group is exposed to and aligns policies to hedge such risks. At the end of 2007, the Group hedged its USD-denominated position by way of forward currency contracts. This method of hedging has not been discontinued, but the Group was not party to any current contract at the balance sheet date.

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 2008, the company invoiced approximately 20% of its sales in Danish kroner, 30% in euros, 38% in US dollars, 7% in pound sterling and the remaining 5% in various other currencies. The company's main commercial currency exposure is thus primarily to sales in euros and US dollars. Management believes that the euro exposure does not imply any noteworthy risk, for which reason this exposure is not hedged. With respect to US dollars, the Group assesses its exposure on an ongoing basis, using forward currency contracts as a means of hedging.

Having same-currency revenue and costs, the Group mainly hedges its foreign exchange risk by way of derivative instruments. A sensitivity analysis shows that had the USD-DKK exchange rate been 10% lower, at 4.50, revenue would have been DKK 3.3 million lower and EBIT DKK 0.5 million higher. Had the USD-DKK exchange rate been 10% higher, at 5.50, revenue would have been DKK 3.0 million higher and EBIT would have been DKK 0.5 million lower. Value adjustment of investments in foreign group undertakings using functional currencies other than Danish kroner is taken directly to equity. Related foreign exchange risks are not hedged. The Group believes that continuous exchange rate hedging of such long-term investments would be suboptimal in an overall risk and cost context.

Recognised transactions

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

CURRENCY RISK 31 DECEMBER 2008

DKK '000

Currency	Payment/ maturity	Receivable	Cash	Debt	Hedged through forward exchange contracts	Net position
USD	< 1 year	1,570	829	428	-	1,971

CURRENCY RISK 31 DECEMBER 2007

DKK '000

Currency	Payment/ maturity	Receivable	Cash	Debt	Hedged through forward exchange contracts	Net position
USD	< 1 year	5,188	7,614	406	8,896	3,500

NOTES

CAPITAL MANAGEMENT AND DERIVATIVE FINANCIAL INSTRUMENTS

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.

The Group's floating rate cash and cash equivalents were such that, other things being equal, a one percentage point drop in the level of interest rates relative to the actual interest rates during the year would have lifted the profit for the year and equity by DKK 0.7m (2007: DKK 1.0m). An increase in interest rates would have a corresponding, positive effect. This sensitivity assessment is based on the Group's average cash holdings of DKK 66m during 2008.

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.

Liquidity risk
The Group aims to have sufficient cash resources to allow it to continue to operate adequately in case of unforeseen fluctuations in cash.

This objective is believed to be achieved by way of cash reserves from prior years and the proceeds from the IPO in 2001. Cash resources amounted to a total of DKK 48m at year-end 2008.

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 note 16.

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

The largest credit risk is in the MOW segment, in which trade receivables represented 56% of the Group's overall receivables at 31 December 2008 (74% at 31 December 2007).

The Group's impairment losses at 31 December 2008 were related exclusively to financial assets categorised as receivables from sales and service. See note 16 for the historical developments of this item.

NOTES

28 RELATED PARTY TRANSACTIONS:

Netop Solutions A/S has no related parties exercising control. Netop Solutions A/S's related parties exercising a significant influence comprise 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 that Netop Solutions A/S trades on the same terms and conditions as apply to the company's trading partners.

Purchases made by the Netop Solutions Group were as follows:	**2008**	**2007**
Atea A/S (Chairman Ib Kunøe):		
Purchase of IT equipment from Atea A/S, tDKK	584	2,146
Sale of software to Atea A/S, tDKK	9,001	13,557
Receivables from Atea A/S, tDKK	3,444	11,455
Payable to Atea A/S, tDKK	11	47
Columbus IT Partner A/S (Chairman Ib Kunøe):	553	-
Purchase of software and consultancy services from Columbus IT Partner A/S	55	-
Payable to Columbus IT Partner A/S		
Philip & Partnere (Board member Henning Hansen)		
Legal assistance from Philip and Partners Law Firm, tDKK	880	402
Payable to Philip and Partners Law Firm, tDKK	28	45
DTM International A/S (Peter Grøndahl)		
Expansion and maintenance of CRM system and consultancy services from DTM International A/S, tDKK	875	1,368
Payable to DTM International A/S, tDKK	225	11

No losses have been incurred and no provisions for losses have been made for transactions or balances with related parties.

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 addition to the Board members elected by the company's employees, the following Board member was employed with the Group during the 2008 financial year:
Peter Grøndahl Nielsen (CEO, resigned on 5 February 2008)

Associated companies:

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

Netop Solutions A/S holds a 50% ownership interest in the associate Enologic A/S.

Transactions with Enologic A/S during the 2008 financial year involved only royalty payments of DKK 102 thousand (2007: DKK 78 thousand).

No losses have been incurred and no provisions for losses have been made for transactions or balances with related parties.

NOTES

29 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 2007 comprises 51,853 options. Each option entitles the holder to purchase one existing Danware 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 21,375 have lapsed and 11,125 have been exercised. Accordingly, 19,500 options were still outstanding at 31 December 2008.

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 10,847 options have lapsed. At 31 December 2008, 32,353 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.

Warrant Program 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.

29 SHARE OPTIONS- AND WARRANTS PROGRAM PLANS

Warrant Program 2008 – part of the purchase price of 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.

The warrants were fully vested at the date of grant, but the seller of GenevaLogic Holding AG cannot exercise the warrants granted until 24 months after 1 July 2008. The right ot exercise applies for a period of 12 months from 1 July 2010 and will lapse on 30 June 2011.

NOTES

29 WARRANTS, SHARE OPTIONS AND SHARES HELD

Number of shares	Board of directors	Manage-ment board	Executive officers	Other employ-ees	Total	Exercise price per warrant in DKK	Market value in DKK '000
Option plan 2003 (Granted on 27 June)							
1 January 2007			4,500	18,000	22,500	-	-
Exercised in 2007			-	0	0	-	-
Expired in 2007			-	(3,000)	(3,000)	-	-
Outstanding at 31 December 2007			**4,500**	**15,000**	**19,500**	**88**	**243**
1 January 2008						-	-
Exercised in 2008			-		-	-	-
Expired in 2008			-	-	-	-	-
Outstanding at 31 December 2008			**4,500**	**15,000**	**19,500**	**108**	**5**
Option plan 2004							
1 January 2007			4,500	27,853	34,353	-	
Exercised in 2007			-	-	-	-	
Expired 2007			-	-	-	-	
Outstanding at 31 December 2007			**4,500**	**27,853**	**32,353**	99	49
1 January 2008							
Exercised in 2008							
Expired 2008							
Outstanding at 31 December 2008							
Option plans, Total			**9,000**	**42,853**	**51,853**	**-**	**54**
Number of exercisable options at 31 December 2008			9,000	42,853	51,853	-	

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 2008 financial year.

29 WARRANTS, SHARE OPTIONS AND SHARES HELD

Number of shares	Other	Direktion	Executive officers	Other employees	Total	Exercise price per warrant in DKK	Market value in DKK '000	Markedsværdi i DKK 1.000
Warrant program 2008								
26. June 2008	-	-	20,562	-	-	20,562	-	-
Exercised warrants in 2008	-	-	-	-	-	-	-	-
Expired 2008	-	-	-	-	-	-	-	-
Outstanding at 31 December 2008		-	**20,562**	**-**	**-**	**20,562**	**72,95**	**25**
Warrant program 2008 Part of perchageprice Genevalogic Holding AG								
1 July 2008	71,736	-	-	-	-	71,736	-	-
Exercised warrants i 2006	-	-	-	-	-	-	-	-
Expired 2008	-	-	-	-	-	-	-	-
Outstanding at 31 December 2008	**71,736**	**-**	**-**	**-**	**-**	**71,736**	**69,70**	**102**
Warrantprograms, total	**71,736**		**20,562**			**92,298**	-	**127**
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 2008, the computation at 31 December 2008 was based on a dividend per share of 0% of the share price, a volatility of 44.3 and a risk-free interest rate of 2.2%.

The expected volatility is derived from the historical volatility of the Netop Solutions A/S share for the past two years. The risk-free interest rate is determined on the basis of the Danish benchmark government bond yield for the expected maturity of the warrants.

NOTES

NETOP SOLUTIONS SHARES HELD BY MANAGEMENT				
No. of shares of DKK 5 each	Shares held at 1 Januar	Acquired in 2008	Sold in 2008	Shares held at 31 December
Board of Directors:				
Ib Kunøe	-	-	-	-
Peter Schüpbach	-	-	-	-
Henning Hansen	-	-	-	-
Jan Elbæk	-	-	-	-
Per Egon Rank	594	-	-	594
Ole Haag	588	-	-	588
Charlotte Hellested Brøbeck	380	-	-	380
Total	**1,562**	-	**-**	**1,562**
Management board				
Kurt Groth Bager	-	-	-	-
Claus Finderup Grove	-	-	-	-
Total	-	-	**-**	-

NOTES

PARENT COMPANY				GROUP	
2007 DKK ‘000	2008 DKK ‘000	Note		2008 DKK ‘000	2007 DKK 000
		30	**Contractual obligations**		
			Future lease obligations specified accordingly:		
-	2,212		Land and buildings – falling due within one year	5,045	892
-	-		Other plant – falling due within one year	1,578	312
-	2,212			6,623	1,204
-	8,848		Land and buildings – falling due within five years	12,167	1,046
-	-		Other plant – falling due within five years	2,145	333
-	8,848			14,312	1,379
-	21,566		Land and buildings – falling due after five years	22,873	-
-	-		Other plant – falling due after five years	-	-
-	21,566			22,873	-
-	**32,626**			**43,808**	**2,583**
-	553		Costs of operating leases included in the income statement	4,017	1,757

The main liability comprises a lease for domicile offices at Birkerød, for which annual lease payments amount to DKK 2.3m subject to a 3% increase per annum. The agreement is non-terminable for 15 years, but the company has an option to buy back the property at a price of DKK 36.7 million on 1 October 2016. All or part of the property may be sub-let

31 CONTINGENT LIABILITIES:

The company has undertaken purchase obligations for an amount of DKK 30 million until April 2011, which on crystallisation would be settled 50% in cash and 50% in new shares.

32 POST BALANCE SHEET EVENTS

No material events have occurred after 31 December 2008.

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