Tel: +45 39 15 52 00
koebenhavn@bdo.dk
www.bdo.dk

BDO Statsautoriseret revisionsaktieselskab
Havneholmen 29
DK-1561 Copenhagen V
CVR-no. 20 22 26 70

GLOBALCONNECT A/S

ANNUAL REPORT

2014

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 13 April 2015

____
Chairman of the Meeting

CVR NO. 26 75 97 22

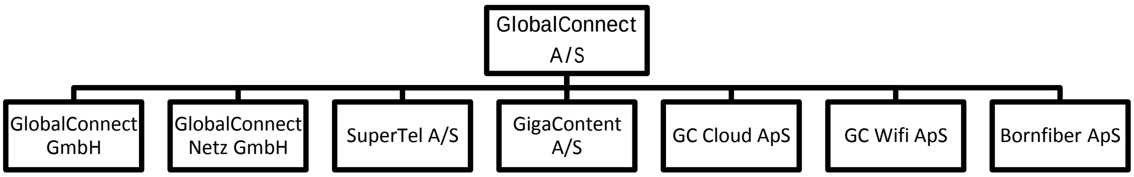
CONTENTS

	Page
Company Details	
Company Details	2
Group Structure	3
Statement and Report	
Statement by Management and Board of Directors	4
Independent auditor's report	5-6
Management's Review	
Key Figures and Ratios	7
Management's Review	8-12
Consolidated and Parent Company Financial Statements 1 January - 31 December	
Accounting Policies	13-19
Income Statement	20
Balance Sheet	21-22
Cash Flow Statement	23
Notes	24-34

COMPANY DETAILS

Company name	GlobalConnect A/S Hørskætten 3 2630 Taastrup Website: www.globalconnect.dk CVR No.: 26 75 97 22 Established: 1. januar 1998 Registered office: Taastrup Financial year: 1. januar - 31. december
Board of Directors	Niels Zibrandtsen, chairman Niels Ravn Lisbeth Zibrandtsen Michael Allen Potter Claus Føns Dindler Ole Hvelplund Lars Monrad-Gylling
Management	Christian Holm Christensen, CEO Pernille S. Ravn, Director Thomas Norling Kielgast, Director
Auditor	BDO Statsautoriseret revisionsaktieselskab Havneholmen 29 DK-1561 København V

GROUP STRUCTURE



STATEMENT BY BOARD OF DIRECTORS AND BOARD OF EXECUTIVES

Today the board of directors and board of executives have discussed and approved the Annual Report of GlobalConnect A/S for the year 1 January - 31 December 2014.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion the Consolidated Financial Statements and Parent Company Financial Statements give a true and fair view of the Group's and the Company's financial position at 31 December 2014 and of the results of the Group's and the Company's operations and cash flows for the financial year 1 January - 31 December 2014.

The management's review includes in our opinion a fair presentation of the matters dealt with in the review.

We recommend that the Annual Report be approved at the Annual General Meeting.

Taastrup, 27 March 2015

Board of Executives

Christian Holm Christensen, CEO	Pernille S. Ravn, Director	Thomas Norling Kielgast, Director

Board of Directors

Niels Zibrandtsen Chairman	Niels Ravn	Lisbeth Zibrandtsen
Michael Allen Potter	Claus Føns Dindler	Ole Hvelplund
Lars Monrad-Gylling		

INDEPENDENT AUDITOR'S REPORT

To the shareholders of GlobalConnect A/S

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS AND PARENT COMPANY FINANCIAL STATEMENTS

We have audited the consolidated financial statements and parent company financial statements of GlobalConnect A/S for the financial year 1 January to 31 December 2014 which comprise a summary of significant accounting policies, income statement, balance sheet, cash flow statement and notes for the group as well as for the parent company. The consolidated financial statements and parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

Board of Directors and Board of Executives Responsibility for the Consolidated Financial Statements and Parent Company Financial Statements

The board of directors and board of executives are responsible for the preparation of the consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as the board of directors and board of executives determine is necessary to enable the preparation of the consolidated financial statements and parent company financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

The audit has not resulted in any qualification.

Opinion

In our opinion, the consolidated financial statements and parent company financial statements give a true and fair view of the group's and the parent company's financial position at 31 December 2014 and of the results of the group's and the parent company's operations and the group's cash flows for the financial year 1 January to 31 December 2014 in accordance with the Danish Financial Statements Act.

INDEPENDENT AUDITOR'S REPORT

STATEMENT ON THE MANAGEMENT’S REVIEW

Pursuant to the Danish Financial Statements Act, we have read the management’s review. We have not performed any further procedures in addition to the audit of the consolidated financial statements and parent company financial statements. On this basis, it is our opinion that the information provided in the management’s review is consistent with the consolidated financial statements and parent company financial statements.

Copenhagen, 27 March 2015

BDO Statsautoriseret revisionsaktieselskab

Torben Bjerre-Poulsen
State Authorised Public Accountant

KEY FIGURES AND RATIOS FOR THE GROUP

	2014 mDKK	2013 mDKK	2012 mDKK	2011 mDKK	2010 mDKK
Income statement					
Net revenue	477	502	433	440	398
Gross profit	296	316	250	289	271
Resultat before depreciations (EBITDA)	189	186	128	195	185
Operating profit (EBIT)	65	83	45	120	115
Financial income and expenses, net	-39	-24	-14	-16	-17
Profit for the year	24	64	22	75	72
Balance sheet					
Balance sheet total	1.976	1.828	1.675	1.538	1.396
Equity	567	566	524	524	477
Cash flows					
From operating activities	313	106	78	248	99
From investment activities	-176	-226	-183	-168	-135
From financing activities	-43	131	102	-80	6
Average number of employees	193	175	172	139	132
Key figures					
Gross margin	62,1	62,8	57,8	65,7	68,3
Profit margin	13,6	16,5	10,3	27,3	28,8
Rate of return	3,4	4,7	2,8	8,2	8,3
Equity ratio (solvency ratio)	28,7	31,0	31,3	34,1	34,1
Return on equity	4,6	10,7	5,9	20,9	22,0

The key figures are prepared in accordance with the guidance of The Danish Financial Analyst's Society's "Recommendation & Key Figures". Reference is made to survey of principal figures and key figures concerning the formula for calculation of individual key figures.

MANAGEMENT'S REVIEW

Principal activities

GlobalConnect A/S is an independent fibre infrastructure based service provider, offering efficient and secure data networking and data centre solutions. The digitisation and requirement for efficient communication within companies, the public sector and the state adds value for all in the society – and GlobalConnect benefits from this fast growing trend. GlobalConnect covers all of Denmark, Northern Germany and part of Sweden with more than 13,000 km of high-speed optical fibre network and 13,000 m2 data centres. GlobalConnect acts also as turnkey supplier of international lines and services via partnering with other telecommunication operators outside the company's area of own coverage.

Development in activities and financial position

The financial year 2014 has been another exciting year for GlobalConnect with satisfying EBITDA and a positive customer intake. The GC group has during 2014 initiated further efficiency programme including implementing a new enterprise resource planning platform, giving management new tools for optimisation of operation. The year would have been significantly more net profit positive if a ruling in The Danish Institute of Arbitration had not been against GlobalConnect's accounting principles for financial leasing (IRU). The accounting principles applied by GlobalConnect are in accordance with the international IFRS and GAAP recommendation. Therefore, the ruling by The Danish Institute of Arbitration will be challenged as it will have major negative impact on the telecommunication society's normal practice and its accounting principles. The normalised result for 2014 met the expectations and is considered satisfying by the management.

The result for 2014 is businesswise reflecting that there have been no major one-off deals during 2014 and this can be seen in the slight decrease in revenue. Consequently, the 2014 result is the first result in which the sales of services - based on recurring business - surpass the value of sales of dark fibre. This shift has been anticipated by GlobalConnect and has been reflected in a strategic shift of focus towards the B2B-market and a more subscription based business. This strategic shift of focus will provide GlobalConnect with a stable platform to expand its business and services on, however, revenue will be a focus area going forward. The growth of GlobalConnect is expected to continue due to the increased demand for value added services, cloud services, security solutions and outsourcing. And the exponential growth in bandwidth demands as well as demand for datacentre services create continued optimism for further growth.

The rapid growth in the demand for data capacity in Denmark led to an increased build-out of high-capacity fibre-based network solutions. The expansion includes the operation of more than 1,000 x 10Gbit/s ports, mainly due to an increased digitalisation of the businesses in Denmark, especially within the enterprise market. In 2014 GlobalConnect implemented the first 100 Gbit interfaces in the network to offload the backbone. We expect 1 Gbit/s and 10 Gbit/s services to become the de-facto standard for the B2B customers. As GlobalConnect owns and operates its own "thick" fibre infrastructure, we can continue to fulfil the demands from the customers for more bandwidth. On the data centre side further build-out and customer intake took place in 2014, making GlobalConnect the largest data centre operator in Denmark. GlobalConnect expects further build-out of data centre capacity during 2015.

The German market is still a highly important market for GlobalConnect to operate in, and from a commercial, demographical and geographical point of view even more attractive than the Danish market. The acquisition in 2013 of a duct system from Hamburg to Berlin via Hannover, including a city network in Hannover, has been built out during 2014 and is now operational. Investments into the German infrastructure, including Mecklenburg-Vorpommern, have remained high during 2014 and are, with the existing infrastructure in Schleswig-Holstein, addressing a market of 20 million inhabitants.

The GC Group has raised additional access to capital via its corporate bond. The bond performed well in the market. GlobalConnect has been working towards having mortgage bond funding of fibre-based infrastructure and we see an increasing understanding of the views, we present.

MANAGEMENT'S REVIEW

Development in activities and financial position (continued)
Apart from the ruling by the arbitration, management regards the Group's result and financial development as satisfactory. The Group's net revenue was DKK 477 mill. (2013: DKK 502 mill.) and EBITDA DKK 189 mill. (2013: DKK 186 mill.). Capital expenditures reached DKK 176 mill. (2013: DKK 226 mill.).

The GlobalConnect Group presents positive earnings before tax (EBT) of DKK 26 mill. (2013: DKK 58 mill.), net earnings after tax of DKK 24 mill. (2013: DKK 64 mill.), the equity is DKK 567 mill.

GlobalConnect participates in hearings from the Danish Business Authority (Teleforum), The Danish IT Industry Association (ITB), the Telecom Association (TI) on development in the Danish tele-market. The regulatory barriers in Denmark have become more predictable and the regulator has started to intervene with slightly more regulation to overcome the former incumbent’s increasing market share. However, with the past regulatory lack we recommend a more fierce regulation to bring back the stability in the telecommunication market in Denmark.

The possible merger between Telia and Telenor in Denmark will probably create less competition in the market and thereby increase in consumer prices. Bundling of products between cable, mobile telephony and fixed net services will be more prevalent as the two companies already operate and provide products in all categories. A separation or competitive regulation to force the two companies to divest or sell certain business areas could be a possible outcome.

Competition within fixed networks is untenable, which is why the market is experiencing continued declining investments and thus receding development of new telecommunication services. In 2014 the Danish tele-market, and the tele-operators found it very difficult to obtain attractive profit margins compared to other countries. In GlobalConnect's opinion this is a "market failure" as described in the EU regulations, directive recommendations. GlobalConnect is expecting a more focused and stable regulation of the tele-market, enabling increased competition. Competition and innovation is an important element in the digitisation of Denmark. This is the foundation for a successful knowledge-based society.

Competition in the mobile market remains intense both in Denmark and in Germany, and GlobalConnect is following the market closely. Despite the possible future consolidation by Telenor and Telia on the Danish market, GlobalConnect expects that the technology development combined with the market demands will require further build-out of next generations of mobile networks. On the German market we follow the developments after the consolidation of Kabel Deutschland and Vodafone and O2 and E-plus as well.

In Denmark, a number of the power utility companies have made fibre infrastructure primarily addressing the private market. However, a number of the power utilities have experienced weak customer intake and have had to make significantly write offs on the infrastructure and created a peculiar competitive situation. During 2014 TREFOR entered into an agreement with TDC (the former incumbant) whereby TDC de facto took over the operation of TREFOR’s transmission infrastructure including the services for the private consumers. This collaboration will take away further customers from the power utility joint owned content provider Waoo, and cement the lack of cooperation between the power utilities within this business area.

In 2014, GlobalConnect experienced a significant and positive development in the number of customers and incoming orders.

Significant events after the end of the financial year
At year-end 2014 GlobalConnect acquired a fibre network on Bornholm from the municipality-owned power utility Østkraft and at the same time received commitment from the Danish State of 60 mill DKK for CAPEX investments for the broadband build-out on the island. GlobalConnect takes over all private, public and business customers. The acquisition price for the complete network was DKK 148 millions.

Significant events after the end of the financial year (fortsat)

In connection with the bankruptcy of ELRO, the estate filed an arbitration case against GlobalConnect claiming repayment of IRU payments based on special privileges of the Danish insolvency act. As an IRU is financial lease and this is specified as being outside the Danish insolvency act, the case was based on legal advice deemed a minor risk. Much to the surprise of GlobalConnect as well as the entire industry, the Danish Institute of Arbitration in Denmark made a ruling against GlobalConnect. This has a significant impact on the net profit of GlobalConnect 2014. It is the view of GlobalConnect that the ruling is so fundamentally wrong and against normal business procedures within the telecommunication industry so that GlobalConnect will challenge the arbitration ruling and try to take it into court instead.

Special risks

The price level of the Group's products is based on supply and demand on the Danish and international telecommunications and data market and is not exposed to particularly price-related risks. The majorities of all contracts cover a longer period of time than a single financial year.

The main part of GlobalConnect's activities is settled in Danish currency (DKK), but due to activities abroad, the result, cash flow and equity are to some extent influenced by exchange and interest rate developments of the Euro. - It is the Group's policy to cover only commercial currency risks. This is primarily done by forward exchange transactions to hedge expected turnover and purchases within the next 12 months.

The Group is mainly funded through equity, prepayments from customers and external funding. Interest risks on interest-bearing debt are partly hedged by financial instruments.

Environmental situation

GlobalConnect has no special environmental issues, but is working on optimising its consumption of energy in order to contribute to minimising the global CO2 emissions and the resulting global climate changes. Such efforts could be strengthened further through easier terms on which waste heat may be supplied to district heating systems as part of the Community Social Responsibility. GlobalConnect is aware that the Danish government is working on changing the interpretation of the law, allowing reuse of heat from cooling systems.

Research and development activities

GlobalConnect aims at applying the newest technologies and is interested in encouraging investments in the next generation of the IKT-community through active participation in selected professional and industrial bodies and boards. GlobalConnect works together with research institutions and development companies in order to support the development of disciplines within the telecommunications and knowledge industry. This work has among others led to cooperation with a number of foreign companies to intensify the knowledge development and innovation interest in Denmark.

Future expectations

The Group is still focused on securing and developing its current market position through controlled growth based on an increased focus on processes and reporting. Such measures are expected to increase profitability and strengthen the competitiveness. In Denmark we continue working to increase the range of products and services in order to improve the satisfaction of our customers. Furthermore, a build-out of GlobalConnect's data centre facilities is expected in order to meet the increasing demand. In Germany we will use the recent acquisitions to further improve the infrastructure for Mecklenburg-Vorpommern and Schleswig-Holstein and to increase our focus on the B2B market.

GlobalConnect will continue to improve support and product portfolio for our partners, improving their competitive edge.

Civic responsibility
GlobalConnect makes it possible for all employees to develop their competences in order to make a difference through their personal commitment and diversity. We strive to find a reasonable balance between work and leisure and to ensure equal rights to everybody, regardless of gender, ethnic background, etc.

Number of employees was 198 for the Group as per 31st December 2014. GlobalConnect indirectly activates a significant number of employees at its subcontractors due to its continued strong build-out, with more than 1,000 km new infrastructure per year.

The policy of GlobalConnect A/S is to strive to support diversity and ensure equal rights for everybody, regardless of gender, ethnic background etc. All decisions as for employment, promotion, dismissal, wages and other working conditions are based on relevant and objective criteria.

GlobalConnect aims at, at any time, to have positions filled with the best qualified persons, independent of gender, ethnic background, citizenship, physical performance etc. The representation will follow the qualification. We aim at making sure that any position can be applied for on equal terms independent of gender, ethnic background, physical performance etc. The target is to have equal representation in case of same qualifications.

As part of the GlobalConnect business model, GlobalConnect operates an organisation based on a so-called Cloud Management where tasks and management are changed rapidly based on satellite projects. Therefore, we aim at having equal representation where possible regardless of gender, ethnic background, citizenship, physical performance etc., and thus counteracting any discrimination in GlobalConnect. Status of the gender distribution of the Board of Directors in GlobalConnect A/S is 16% women and 16% with non EU citizenship. In the Cloud Management system, we have 9% representation of women and 18% with foreign EU citizenship.

GlobalConnect's policies and reporting within this area are based on the UN's Global Compact's ten principles within the areas of human rights, labour (rights), environment and anti-corruption.

GlobalConnect's vision is to be the alternative network service provider in the field of tele- and data communication. Therefore, it is evident for GlobalConnect to involve ourselves in society and the way in which it functions. It is important for GlobalConnect that our surroundings perceive us as socially responsible and committed. GlobalConnect is working on improving the Community Social Responsibility in contrary to the Corporate Social Responsibility, in order for the state, the public sector and private corporations to make a joint effort for a better society.

Therefore, GlobalConnect's strategy is to develop nationwide coverage of the fibre infrastructure in Denmark and to offer data communication for all Danes via the infrastructure. We will contribute to a cleaner technology and more efficient energy consumption in society through the provision of our products and services. At the same time, we are reducing our own CO2 emission as well as the Group's other environmental loading. Purchasing products under appropriate and safe conditions and safeguarding that they are being disposed of in an environmentally sound way is further encouraging this.

GlobalConnect wants to be known as a company, focusing on skilful leadership, employee satisfaction, motivation and a sound environment; at the same time, we are developing the competences of our employees, in order for them to make a difference by their personal commitment and diversity. Further, our staff policy comprises anti-corruption rules, prohibition on child labour and compulsory labour and non-discrimination regardless of gender, age and ethnic background. Also, employees have the right to organise and to elect trade union representatives among them.

In 2014 the level of absence in GlobalConnect due to illness has been 4.8 working days per employee compared to 6.8 working days as an average reported by the Confederation of Danish Industry from its member organisations.

Civic responsibility (continued)

GlobalConnect has formed a working environment committee with representatives from management as well as employees. The committee brings up relevant environmental subjects in order to secure a perennially optimal working environment for the daily work by the employees. GlobalConnect has focus on the health of our employees. The aim is to focus on keeping our employees fit and healthy and to create an environment where the employees are aware of the well-being and Long Term Health status of their colleagues. We offer exercise facilities to employees in our offices in Denmark and Germany. Moreover, we have an active staff association, focus on healthy food and we are offering an attractive pension scheme and health insurance. Furthermore, GlobalConnect makes demands on suppliers within health, security and working environment.

GlobalConnect is continuously working to exert influence on the legislators so that environmental economic sound laws are overruling the economically inexpedient laws within the boundaries of Community Social Responsibility. GlobalConnect considers cooperation between public authorities and the industry very important.

In 2014 GlobalConnect has once more chosen to support socially disadvantaged children, giving them access to the digital world by computers as donations. Furthermore, we are working on new projects in cooperation with the children's IT Foundation. We have been sponsors for the cycling team Rynkeby, who donates to Børnecancerfonden, a foundation working to support research to fight cancer and treatment of children with cancer. Last but not least, GlobalConnect is working on a project called "Geeks without Frontiers". The aim of this project is to expand the coverage of telecommunication in developing countries.

ACCOUNTING POLICIES

The annual report of GlobalConnect A/S for 2014 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, big enterprises.

The Annual Report is prepared consistently with the accounting principles used last year.

General information on recognition and measurement

Income is recognised in the income statement as and when it is earned, including recognition of value adjustments of financial assets and liabilities. Any costs, including depreciation, amortisation and writedown, are also recognised in the income statement.

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

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

The initial recognition measures assets and liabilities at cost. Subsequently, assets and liabilities are measured as described in the following for each item.

Certain financial assets and liabilities are measured at amortised cost, recognising a constant effective interest over the term. Amortised cost is stated at initial cost less any deductions and with addition/deduction of the accumulated amortisation of the difference between cost and nominal amount.

The recognition and measurement takes into account predictable losses and risks arising before the year-end reporting and which prove or disprove matters that existed at the balance sheet date.

The carrying amount of intangible and tangible fixed assets is reviewed annually to determine if there is any indication of impairment in excess of the amount reflected by normal amortisation or depreciation. If this is the case, write-down should be made to the lower recoverable amount.

Derivative financial instruments

The initial recognition measures derivative financial instruments in the balance sheet at cost price and subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in receivables and liabilities, respectively.

Changes in the fair value of derivative financial instruments, classified as and meeting the criteria for hedging the fair value of a recognized asset or a recognized liability, are recognized in the income statement together with changes in the fair value, if any, of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments, classified as and meeting the conditions of hedging future assets and liabilities, are recognized in receivables or liabilities and in equity. If the future transaction results in recognition of assets or liabilities, amounts are transferred, which were recognized in the equity, from the equity and are recognized in the cost price for the asset or the liability, respectively. If the future transaction results in income or expenses, amounts are transferred, which were recognized in the equity, to the income statement in the period where the hedged influences the income statement.

For derivative financial statements, if any, which do not meet the conditions for treatment as hedging instruments, changes in the fair value are recognized currently in the income statement.

Changes in the fair value of deriviate financial instruments, applied for the purpose of hedging net investments in independent subsidiaries, are recognised directly in equity.

ACCOUNTING POLICIES

Consolidated financial statements

The consolidated financial statements include the parent company GlobalConnect A/S and its subsidiary enterprises in which GlobalConnect A/S directly or indirectly holds more than 50% of the voting rights or in any other way has a controlling influence. Enterprises in which the group holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are considered associates, see the group structure.

The consolidated financial statements consolidate the financial statements of the parent company and the subsidiary enterprises by combining uniform accounts items. Intercompany income and expenses, shareholdings, internal balances and dividend, and realised and unrealised gains and losses arising from transactions between the consolidated enterprises are fully eliminated in the consolidation.

New acquired or established enterprises are recognised in the consolidated financial statements from the time of acquisition. Sold or wound up enterprises are recognised in the consolidated income statement up to the time of disposal. Comparative figures are not adjusted for new acquired, sold or wound up enterprises.

Investments in subsidiary enterprises are set off by the proportional share of the subsidiary enterprises' market value of net assets and liabilities at the acquisition date.

Positive differences between acquisition value and market value of acquired and identified assets and liabilities, inclusive of provision for liabilities for restructuring, are recognised in intangible fixed assets as goodwill and amortised systematically in the income statement under an individual assessment of the useful life, however, not more than 20 years. Negative differences which correspond to an expected unfavourable development in the enterprises are recognised as negative goodwill under accruals in the balance sheet and recognised in the income statement as and when the unfavourable development is realised.

INCOME STATEMENT

Net revenue

The net revenue consist of goods or services provided during the reay and is recognised in the income statement of delivery and risk transfer to purchaser have taken place before the end of the year and if the income can be measured reliably and is expected to be received. The net revenue is recognised exclusive of VAT, duties and after discounts related to the sale.

The percentage of completion method is used to determine revenues from work performed for the account of third party.

The value of transactions, in which rights or ownership in GlobalConnect's network are exchanged for rights or ownership of corresponding monetary or technical value in networks owned by third party (SWAPS), are not included in the income statement or the balance sheet. The market value of the exchanged assets is stated in a note.

In cases where the Company acts as lessor and leases part of its network on contracts lasting more than 15 years and where all substantial risks and benefits connected to the transfer of ownership are transferred to the lessee, the profit, calculated as the difference between the cost price and the net present value of the future incoming leasing payments and the non-secured scrap value at the end of the contract period, is shown in the income statement.

The net present value of future incoming leasing payments and scrap values with deduction of writedowns on potential unattainable leasing payments are shown in the balance sheet as a financial asset.

Received leasing payments are divided into interest, which are shown in the income statement, and repayments which are set off against the financial leasing receivable.

ACCOUNTING POLICIES

Cost of sales
Costs of sales are recognised concurrently with the related income and include purchase and cost price for sold goods during the year. Raw material, consumables and indirect production costs are included in the cost price.

Other external costs
Other external expenses consist of sales and development costs, marketing expenses, administration cost, costs for office premises, loss on trade debtors, operational lease expenses etc.

General development costs which cannot be related to a specific project are expensed as they arise.

Staff costs
Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company's employees. Repayments from public authorities are included in staff costs.

Results of subsidiary enterprises
The proportional share of results of subsidiaries after full elimination of intercompany profits/losses and deduction of amortised goodwill is recognised in the company's income statement.

Financial income and expenses
Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial securities, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

Tax
The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in equity by the portion that may be attributed to entries directly to the equity.

The company is jointly taxed with Danish group enterprises. The current Danish corporation tax is distributed between the jointly taxed Danish companies in proportion to their taxable income, and with full distribution with refund regarding taxable losses. The jointly taxed companies are included in the tax-on-account scheme.

BALANCE SHEET

Intangible fixed assets
Acquired goodwill is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the expected useful life which is estimated to 5 years.

Patents and licences are measured at the lower of cost less accumulated amortisation or the recoverable amount. Patents are amortised over the residual patent term and licences are amortised over the term of the agreement, however, no more than 8 years.

Development costs comprise costs, including wages and salaries, and amortisation, which directly or indirectly can be related to the company's development activities and which fulfil the criteria for recognition.

ACCOUNTING POLICIES

Tangible fixed assets

Land and buildings, technical plants and equipment, working plants and furniture are valued at cost less accumulated depreciations. Land is not depreciated.

The depreciation base is cost less estimated residual value after end of useful life.

Fibre and transmission equipment, other fixtures and operating equipment are valued at cost less accumulated depreciation.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

The change to the business model over recent years towards much more direct sales has increased the internal time spend relating to the expansion of the company's network considerably. As from the financial year 2014, the indirect time spend therefore has been stated and capitalised with extended accuracy as additions to fixed assets.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value as follows:

	Useful life
Fibre	20 years
Ducts	40 years
Sea cables, housing and transmission equipment	10-15 years
Other fixtures and equipment	3-10 years
Leasehold improvements	10 years
Buildings	20 years

Leases, which do not fulfil the requirements of financial leasing, are expensed on a current basis. The total commitment is disclosed in the notes to the financial report.

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Fixed asset investments

Investments in subsidiary enterprises are measured in the parent company balance sheet under the equity method.

Investments in subsidiary enterprises are measured in the balance sheet at the proportional share of the enterprises' carrying equity value, calculated in accordance with the parent company's accounting policies with deduction or addition of unrealised intercompany profits or losses and with addition or deduction of the residual value of positive or negative goodwill calculated in accordance with the acquisition method.

Net revaluation of investments in subsidiary enterprises is transferred under the equity to reserve for net revaluation under the equity value method to the extent that the carrying amount exceeds the acquisition value. The acquisition method is used on purchase of subsidiary enterprises, see description above under consolidated financial statements.

Subsidiary enterprises with a negative carrying equity value are measured to DKK 0 and any amounts due from these enterprises are written down by the parent company's share of the negative equity to the extent that it is deemed to be irrecoverable. If the carrying negative equity value exceeds accounts receivable, the residual amount is recognised under provision for liabilities to the extent that the parent company has a legal or actual liability to cover the subsidiary's negative balance.

ACCOUNTING POLICIES

Inventories
Inventories are measured at cost using the FIFO-principle. If the net realisable value is lower than cost, write-down is provided to the lower value.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct payroll costs and direct production costs.

The net realisable value of inventories is stated at sales price less completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price.

Receivables
Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by write-down to meet expected losses.

Cost price of financial leasing contracts is recorded at the lowest of market value and net present value of the future leasing payments. The net present value is calculated by the use of the leasing contracts internal interest rate or an approximation thereof as discounting factor.

Accruals, assets
Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Dividend
The expected payment of dividend for the year is recognised as a separate item under equity.

Other provisions for liabilities
Provisions for liabilities include the expected cost of warranty commitments, loss on work in progress, restructuring etc. and deferred tax.

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

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax resulting from changes in tax rates are recognised in the income statement, except from items recognised directly in equity.

ACCOUNTING POLICIES

Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the income statement over the term of loan.

Other liabilities are measured at amortised cost equal to nominal value.

Accruals recognised as liabilities include payments received regarding income in subsequent years.

The capitalised residual lease liability on finance lease contracts is also recognised as financial liabilities.

Other liabilities are measured at amortised cost equal to nominal value.

Foreign currency translation

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the income statement as a financial income or expense.

If the foreign exchange position is considered to hedge future cash flows, the unrealised exchange adjustments are recognised directly in the equity.

eceivables, payables and other monetary items in foreign currencies that are not settled on the balance sheet date are translated at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the exchange rate at the time of occurrence of the receivables or payables is recognised in the income statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.

On recognition of foreign subsidiaries that are not independent entities, but integrated entities, monetary items are translated at the exchange rate on the balance sheet date. Non-monetary items are translated at the rate at the time of acquisition or at the time of subsequent revaluation or writedown of the asset. The items of the income statement are translated at the rate on the transaction date, items derived from non-monetary items being translated at the historic rates of the non-monetary item.

The income statements of foreign subsidiary enterprises and associates fulfilling the criteria for being independent entities are translated at an average exchange rate for the month and balance sheet items are translated at the rate of exchange on the balance sheet date. Exchange differences arising from translation of equity of the foreign subsidiaries at the beginning of the year to the rates of the balance sheet date and from translation of income statements from average rate to the rates of the balance sheet date are recognised directly in the equity.

Exchange adjustment of intercompany accounts with foreign subsidiaries that are deemed to be an addition to or deduction from equity of independent subsidiaries are recognised directly in the equity.

ACCOUNTING POLICIES

CASH FLOW STATEMENT

The cash flow statement shows the company's cash flows for the year for operating activities, investing activities and financing activities in the year, the change in cash and cash equivalents of the year and cash and cash equivalents at beginning and end of the year.

Cash flows from operating activities:
Cash flows from operating activities are computed as the results for the year adjusted for non-cash operating items, changes in net working capital and corporation tax paid.

Cash flows from investing activities:
Cash flows from investing activities include payments in connection with purchase and sale of intangible and tangible fixed asset and fixed asset investments.

Cash flows from financing activities:
Cash flows from financing activities include changes in the size or composition of share capital and related costs, and borrowings and repayment of interest-bearing debt and payment of dividend to shareholders.

Cash and cash equivalents:
Cash and cash equivalents include bank overdraft and cash in hand.

KEY FIGURES

The key figures shown in the overview of key figures and ratios are calculated as follows:

Gross margin

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

Profit margin:

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

Rate of return:

$$\frac{Operating\ profit \times 100}{\text{Average balance sheet total}}$$

Equity ratio:

$$\frac{\text{Equity} \times 100}{\text{Assets, end of year}}$$

Return on equity:

$$\frac{\text{Profit before tax} \times 100}{\text{Average equity}}$$

The key figures are prepared in accordance with the guidance of The Danish Financial Analyst's Society's "Recommendation & Key Figures". Reference is made to survey of principal figures and key figures concerning the formula for calculation of individual key figures.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	Group 2014 DKK '000	Group 2013 DKK '000	Parent company 2014 DKK '000	Parent company 2013 DKK '000
NET REVENUE	1	**477.042**	**502.389**	**431.602**	**445.319**
Production costs		-121.907	-127.111	-113.650	-117.277
Other external costs		-58.806	-59.651	-48.208	-51.677
GROSS PROFIT		**296.329**	**315.627**	**269.744**	**276.365**
Staff costs	2	-107.000	-129.584	-91.675	-111.045
Profit before depreciation (EBITDA)		**189.329**	**186.043**	**178.069**	**165.320**
Depreciation, amortisation and write-down		-103.715	-103.277	-96.338	-94.299
Other operational costs	3	-20.585	0	-20.585	0
OPERATING PROFIT (EBIT)		**65.029**	**82.766**	**61.146**	**71.021**
Income from investments in subsidiaries	4	0	0	3.774	8.665
Other financial income	5	4.316	13.147	5.550	12.787
Other financial costs	6	-43.103	-37.453	-42.901	-37.305
PROFIT BEFORE TAX (EBT)		**26.242**	**58.460**	**27.569**	**55.168**
Tax	7	-2.435	5.783	-3.762	9.075
PROFIT FOR THE YEAR		**23.807**	**64.243**	**23.807**	**64.243**
GROUP SHARE OF PROFIT FOR THE YEAR		**23.807**	**64.243**		
PROPOSED DISTRIBUTION OF PROFIT					
Proposed dividend for the year				11.900	25.000
Reserves for net revaluations under the equity method				4.359	8.665
Reserve for revaluations				-1.088	-1.088
Retained earnings				8.636	31.666
TOTAL				**23.807**	**64.243**

BALANCE SHEET 31 DECEMBER

ASSETS	Note	Group 2014 DKK '000	Group 2013 DKK '000	Parent company 2014 DKK '000	Parent company 2013 DKK '000
Development cost		10.535	1.436	10.534	1.435
Prepayments regarding rights to use and licenses		30.789	31.661	14.277	13.434
Consolidated goodwill		603	902	0	0
Intangible fixed assets	8	**41.927**	**33.999**	**24.811**	**14.869**
Land & buildings		29.482	29.306	27.117	26.941
Tangible assets under construction		105.766	59.673	31.049	20.489
Other fixtures and equipment		177.641	170.663	154.766	145.993
Leasehold improvements		4.963	5.268	2.657	2.948
Facility housing		131.258	133.992	127.789	130.523
Fibre/duct		1.124.327	1.111.123	1.088.650	1.075.446
Tangible fixed assets	9	**1.573.437**	**1.510.025**	**1.432.028**	**1.402.340**
Investments in subsidiaries		0	0	68.191	64.161
Deposits		4.138	3.856	3.730	3.449
Receivables regarding financial leases		71.600	77.093	33.382	35.503
Fixed asset investments	10	**75.738**	**80.949**	**105.303**	**103.113**
FIXED ASSETS		**1.691.102**	**1.624.973**	**1.562.142**	**1.520.322**
Inventories		**17.542**	**19.353**	**16.632**	**18.911**
Trade receivables		135.966	149.877	115.327	101.138
Amounts due from group companies		2.511	1.105	116.062	121.136
Other receivables		3.177	6.270	430	4.687
Income tax receivable		3.200	1.646	0	0
Prepayments & accrued income	11	15.422	12.198	13.555	9.297
Accounts receivable		**160.276**	**171.096**	**245.374**	**236.258**
Cash and cash equivalents		**106.598**	**12.622**	**100.609**	**4.902**
CURRENT ASSETS		**284.416**	**203.071**	**362.615**	**260.071**
ASSETS		**1.975.518**	**1.828.044**	**1.924.757**	**1.780.393**

BALANCE SHEET 31 DECEMBER

EQUITY AND LIABILITIES	Note	Group 2014 DKK '000	Group 2013 DKK '000	Parent company 2014 DKK '000	Parent company 2013 DKK '000
Share capital		2.542	2.542	2.542	2.542
Reserve for revaluations		18.913	20.001	18.913	20.001
Reserves for net revaluations under the equity method		0	0	10.102	5.832
Retained earnings		533.412	518.374	523.310	512.542
Proposed dividend for the financial year		11.900	25.000	11.900	25.000
EQUITY	12	**566.767**	**565.917**	**566.767**	**565.917**
Provision for deferred tax	13	156.017	168.109	159.258	168.172
Other provision for liabilities		4.762	11.762	4.762	11.762
PROVISIONS FOR LIABILITIES		**160.779**	**179.871**	**164.020**	**179.934**
Bonds & Bank debt		492.865	491.519	492.865	491.519
Prepayments received		121.338	143.220	103.671	127.019
Other long-term liabilities		14.125	24.128	14.125	24.128
Long-term liabilities	14	**628.328**	**658.867**	**610.661**	**642.666**
Current portion of long-term liabilities	14	196.717	201.353	193.581	198.570
Derivative financial instruments		23.929	23.929	23.929	23.929
Debt to financial institutions		156.843	0	150.000	0
Trade payables		66.343	57.756	53.371	50.961
Amounts due to group companies		4.398	0	5.608	0
Corporate tax		13.054	14.073	12.685	13.729
Other liabilities		73.095	37.022	71.014	36.681
Accruals and deferred income	15	85.265	89.256	73.121	68.006
Current liabilities		**619.644**	**423.389**	**583.309**	**391.876**
LIABILITIES		**1.247.972**	**1.082.256**	**1.193.970**	**1.034.542**
EQUITY AND LIABILITIES		**1.975.518**	**1.828.044**	**1.924.757**	**1.780.393**

Contingencies etc.	16
Related parties	17
Ownership	18
Fee to auditors appointed by the General Meeting	19

CASH FLOW STATEMENT

	Group		Parent company	
	2014	**2013**	**2014**	**2013**
	DKK '000	DKK '000	DKK '000	DKK '000
Profit for the year	23.807	64.243	23.807	64.243
Reversed depreciation of the year	99.733	103.277	95.187	94.299
Change in net present value of non-guaranteed scrap values	-1.231	0	-1.231	0
Profit from affiliates	0	0	-3.909	-8.665
Costs of prepaid rights	4.718	3.624	3.003	4.956
Amortised prepayments	-63.357	-36.998	-63.357	-36.998
Reversed tax on profit for the year	2.435	-5.783	3.762	-9.076
Other adjustments	-7.000	7.000	-7.000	7.000
Paid corporate tax	-15.546	-5.852	-13.720	-7.228
Change in inventory	1.811	-671	2.279	-444
Change in receivables	18.949	-26.485	-10.838	-22.292
Change in current liabilities (excl. bank, tax and dividend)	246.141	4.964	237.939	-1.469
Change in intercompany balances	2.992	-1.123	10.682	-76.046
CASH FLOW FROM OPERATING ACTIVITIES	**313.452**	**106.196**	**276.604**	**8.280**
Purchase and sale of intangible fixed assets	-13.500	-19.270	-13.499	-9.547
Purchase and sale of tangible fixed assets	-162.290	-207.876	-124.321	-139.436
Purchase and sale of financial assets	-282	708	-491	-14.501
CASH FLOWS FROM INVESTING ACTIVITIES	**-176.072**	**-226.438**	**-138.311**	**-163.484**
Proceeds from long-term lending	-20.536	147.270	-19.718	176.543
Dividend paid in the financial year	-22.868	-16.465	-22.868	-16.465
CASH FLOW FROM FINANCING ACTIVITIES	**-43.404**	**130.805**	**-42.586**	**160.078**
CHANGE IN CASH AND CASH EQUIVALENTS	**93.976**	**10.563**	**95.707**	**4.874**
Cash and cash equivalents 1 January	12.622	2.059	4.902	28
CASH AND CASH EQUIVALENTS 31 DECEMBER	**106.598**	**12.622**	**100.609**	**4.902**
Specification of cash and cash equivalents at 31 December:				
Cash and cash equivalents	106.598	12.622	100.609	4.902
CASH AND CASH EQUIVALENTS	**106.598**	**12.622**	**100.609**	**4.902**

NOTES

	Group 2014 DKK '000	Group 2013 DKK '000	Parent company 2014 DKK '000	Parent company 2013 DKK '000	Note
Net revenue					1
Segment details					
Fibre, rights of use, maintenance, transmission	306.973	315.262	297.736	311.193	
Letting out of premises and telehouses incl. power	81.981	88.590	81.981	77.209	
Sale of ducts and fibre systems	7.905	34.922	2.439	20.543	
Other revenue	80.183	63.615	49.446	36.374	
	477.042	**502.389**	**431.602**	**445.319**	
Domestic	346.073	347.083	375.497	360.444	
Abroad	130.969	155.306	56.105	84.875	
	477.042	**502.389**	**431.602**	**445.319**	
Staff costs					2
Average number of employees	193	175	179	152	
Wages and salaries	85.834	114.199	72.556	98.103	
Pensions	16.217	14.708	14.346	12.592	
Other social security costs	1.363	366	1.319	350	
Other staff costs	3.586	311	3.454	0	
	107.000	**129.584**	**91.675**	**111.045**	

An amount of DKK ('000) 20.914 has been deducted from wages and salaries which amount has been transferred to fixed assets.

The remuneration to the board of directors and management for the financial year amounts to DKK ('000) 9.553.

Other operational costs 3

Other operational cost consists of net loss concerning verdict from the Institute of Arbitration, re. Management's review.

	Group 2014 DKK '000	Group 2013 DKK '000	Parent company 2014 DKK '000	Parent company 2013 DKK '000	Note
Income from investments in subsidiaries					4
Result of equity investments in group enterprises	0	0	3.774	8.665	
	0	**0**	**3.774**	**8.665**	

NOTES

	Group 2014 DKK '000	Group 2013 DKK '000	Parent company 2014 DKK '000	Parent company 2013 DKK '000	Note
Other financial income					**5**
Interest income from subsidiaries	0	0	2.780	1.453	
Other interest income	4.316	13.147	2.770	11.334	
	4.316	**13.147**	**5.550**	**12.787**	
Other financial costs					**6**
Interest to affiliated companies	0	0	0	150	
Other interest costs	43.103	37.453	42.901	37.155	
	43.103	**37.453**	**42.901**	**37.305**	
Tax					**7**
Calculated tax on taxable income of the year	14.522	19.381	12.676	16.542	
Tax adjustment relating to prior years	0	-36	0	0	
Adjustment of deferred tax	-12.087	-6.128	-8.914	-6.617	
Adjustm. of deferred tax due to change in tax rate	0	-19.000	0	-19.000	
	2.435	**-5.783**	**3.762**	**-9.075**	

Intangible fixed assets **8**

	Group: Development cost	Group: Prepayments regarding rights to use and licenses	Group: Consolidated goodwill
Cost at 1 January 2014	2.627	54.124	13.650
Additions	9.653	3.846	0
Disposals	-1.191	0	0
Cost at 31 December 2014	**11.089**	**57.970**	**13.650**
Amortisation at 1 January 2014	1.191	22.463	12.748
Reversal of amortisation of assets disposed of	-1.191	0	0
Amortisation	554	4.718	299
Amortisation at 31 December 2014	**554**	**27.181**	**13.047**
Carrying amount at 31 December 2014	**10.535**	**30.789**	**603**

NOTES

Note

Intangible fixed assets (continued) **8**

	Parent company	
	Development cost	Prepayments regarding rights to use and licenses
Cost at 1 January 2014	1.435	13.434
Additions	9.653	3.846
Cost at 31 December 2014	**11.088**	**17.280**
Amortisation	554	3.003
Amortisation at 31 December 2014	**554**	**3.003**
Carrying amount at 31 December 2014	**10.534**	**14.277**

Tangible fixed assets **9**

	Group		
	Land & buildings	Tangible assets under construction	Other fixtures and equipment
Cost at 1 January 2014	35.412	59.673	327.840
Additions	0	95.548	38.941
Disposals	0	-49.455	-142
Cost at 31 December 2014	**35.412**	**105.766**	**366.639**
Depreciation and write-down at 1 January 2014	6.106	0	157.177
Adjustment of depreciation prior years	-1.639	0	0
Depreciation	1.463	0	31.821
Depreciation and write-down at 31 December 2014	**5.930**	**0**	**188.998**
Carrying amount at 31 December 2014	**29.482**	**105.766**	**177.641**

NOTES

Note

Tangible fixed assets (continued) **9**

	Group		
	Leasehold improvements	**Facility housing**	**Fibre/duct**
Cost at 1 January 2014	9.087	275.384	1.476.915
Additions	164	13.728	64.432
Disposals	0	0	-1.175
Cost at 31 December 2014	**9.251**	**289.112**	**1.540.172**
Revaluation at 1 January 2014	0	810	19.191
Revaluation of the year	0	-387	-701
Revaluation at 31 December 2014	**0**	**423**	**18.490**
Depreciation and write-down at 1 January 2014	3.819	142.202	384.983
Reversal of depreciation of assets disposed of	0	0	-251
Depreciation	469	16.075	49.603
Depreciation and write-down at 31 December 2014	**4.288**	**158.277**	**434.335**
Carrying amount at 31 December 2014	**4.963**	**131.258**	**1.124.327**
Hereof financially leased assets:	0	38.356	16.337

	Parent company		
	Land & buildings	**Tangible assets under construction**	**Other fixtures and equipment**
Cost at 1 January 2014	33.047	20.489	284.100
Additions	0	31.049	36.358
Disposals	0	-20.489	0
Cost at 31 December 2014	**33.047**	**31.049**	**320.458**
Depreciation and write-down at 1 January 2014	6.106	0	138.107
Adjustment of depreciation prior years	-1.639	0	0
Depreciation	1.463	0	27.585
Depreciation and write-down at 31 December 2014	**5.930**	**0**	**165.692**
Carrying amount at 31 December 2014	**27.117**	**31.049**	**154.766**

NOTES

Note

Tangible fixed assets (continued) 9

	Parent company		
	Leasehold improvements	Facility housing	Fibre/duct
Cost at 1 January 2014	6.405	252.841	1.441.237
Additions	164	13.728	64.432
Disposals	0	0	-1.175
Cost at 31 December 2014	**6.569**	**266.569**	**1.504.494**
Revaluation at 1 January 2014	0	810	19.191
Revaluation of the year	0	-387	-701
Revaluation at 31 December 2014	**0**	**423**	**18.490**
Depreciation and write-down at 1 January 2014	3.457	123.128	384.982
Reversal of depreciation of assets disposed of	0	0	-251
Depreciation	455	16.075	49.603
Depreciation and write-down at 31 December 2014	**3.912**	**139.203**	**434.334**
Carrying amount at 31 December 2014	**2.657**	**127.789**	**1.088.650**
Hereof financially leased assets:	0	38.356	16.337

NOTES

	Note
Fixed asset investments	**10**

	Parent company Investments in subsidiaries
Cost 1 January 2014	58.329
Additions	210
Disposals	-450
Cost 31 December 2014	**58.089**
Revaluation 1 January 2014	5.832
Exchange adjustment at closing rate	-89
Revaluation and write-down for the year	3.909
Other adjustments	450
Revaluation 31 December 2014	**10.102**
Balance 31 December 2014	**68.191**
Carrying amount at 31 December 2014	**68.191**

Investments in subsidiaries (DKK '000)

Name	Equity	Result of year	Ownership as per cent
GlobalConnect GmbH	41.885	2.927	100
GlobalConnect Netz GmbH	228	48	100
SuperTel A/S	4.359	3.507	100
GigaContent A/S	20.907	-2.273	100
GC Cloud ApS	80	0	100
GC Wifi ApS	79	-1	100
Bornfiber ApS	50	0	100
Consolidated goodwill	603	-299	

Con E Com under liquidation A/S has been liquidated on October 10 2014. The Company has been consolidated 100% until this date.

NOTES

Note

Fixed asset investments (continued) 10

	Group		Parent company	
	2014	**2013**	**2014**	**2013**
	DKK '000	DKK '000	DKK '000	DKK '000
Receivables regarding financial lease				
Gross receivable from financial lease				
Amounts due within on year (2015)....	11.373	11.383	6.263	6.263
Amounts due between 1 and 5 years..	35.744	43.205	18.788	25.050
Amounts due after 5 years.............	29.795	33.813	0	0
	76.912	**88.401**	**25.051**	**31.313**
Future interest payment, not earned..	-18.436	-22.419	-9.132	-11.858
	58.476	**65.982**	**15.919**	**19.455**
Net investment regarding financial lease				
Amounts due within on year (2015)....	7.516	7.241	3.705	3.536
Amounts due between 1 and 5 years..	25.021	29.515	12.214	15.919
Amounts due after 5 years.............	25.939	29.048	0	0
	58.476	**65.804**	**15.919**	**19.455**
Net present value of non-guaranteed scrap values...............................	18.074	16.844	18.074	16.844
	76.550	**82.648**	**33.993**	**36.299**
Accumulated write-down reservations for bad debts on receivable minimum lease				
Provision 1 January......................	-5.555	-6.917	-796	-1.399
Provision of the year....................	605	1.362	185	603
Provision 31 December.................	**-4.950**	**-5.555**	**-611**	**-796**
Receivable regarding financial leasing.....................................	**71.600**	**77.093**	**33.382**	**35.503**

Prepayments & accrued income 11

This amount primarily consists of prepaid costs.

NOTES

	Note
Equity	**12**

	Group					
	Share capital	Reserve for revaluations	Reserves for net revaluations under the equity met	Retained earnings	Proposed dividend for the financial year	I alt
Equity 1 January 2014................	2.542	20.001	0	518.374	25.000	565.917
Dividend paid......	0	0	0	0	-22.868	-22.868
Foreign exchange adjustments.......	0	0	0	-89	0	-89
Transfers to/from other items........	0	0	0	2.132	-2.132	0
Proposed distribution of profit...............	0	-1.088	0	12.995	11.900	23.807
Proposed distribution of profit..............	**2.542**	**18.913**	**0**	**533.412**	**11.900**	**566.767**

	Parent company					
	Share capital	Reserve for revaluations	Reserves for net revaluations under the equity met	Retained earnings	Proposed dividend for the financial year	I alt
Equity 1 January 2014................	2.542	20.001	5.832	512.542	25.000	565.917
Dividend paid......	0	0	0	0	-22.868	-22.868
Foreign exchange adjustments.......	0	0	-89	0	0	-89
Transfers to/from other items........	0	0	0	2.132	-2.132	0
Proposed distribution of profit...............	0	-1.088	4.359	8.636	11.900	23.807
Equity 31 December 2014..	**2.542**	**18.913**	**10.102**	**523.310**	**11.900**	**566.767**

NOTES

Note

Equity (continued) 12

The share capital has remained unchanged for the last 5 years.

	2014 DKK '000	2013 DKK '000
Share capital		
Share capital is split in:		
A shares, 2.542.280 shares in the denomination of DKK 1	2.542	2.542
	2.542	**2.542**
Own shares		
Portfolio of own shares:		
A-shares, 216.788 shares in the denomination of DKK 1...........	217	217
	217	**217**
Own shares of capital %:..	8,5	8,5
	8,5	**8,5**

No own shares have been purchased or sold during the year.

	Group		Parent company	
	2014 DKK '000	**2013** DKK '000	**2014** DKK '000	**2013** DKK '000
Provision for deferred tax				
Deferred tax 1 January 2014...........	168.109	193.059	168.172	188.795
Deferred tax for the year, adjustment	-12.092	-27.447	-8.914	-25.617
Addition from merger...................	0	2.497	0	4.994
Deferred tax 31 December 2014.....	**156.017**	**168.109**	**159.258**	**168.172**
Deferred tax relates to:				
Intangible fixed assets..................	3.485	327	2.349	327
Tangible fixed assets....................	99.952	101.832	102.010	104.350
Fixed assets investments...............	52.215	63.149	50.682	60.694
Current assets............................	0	-1.715	0	-1.715
Provisions for liabilities.................	-1.048	-1.048	-1.048	-1.048
Tax losses to be carried forward.......	-3.852	0	0	0
Interest rate swap.......................	5.265	5.564	5.265	5.564
	156.017	**168.109**	**159.258**	**168.172**

13

NOTES

Note

Long-term liabilities **14**

	Group			
	1/1 2014 total liabilities	31/12 2014 total liabilities	Repayment next year	Debt outstanding after 5 years
Bonds & Bank debt	616.638	635.162	142.297	0
Prepayments received	209.360	165.659	44.321	26.461
Other long-term liabilities	34.222	24.223	10.099	95
	860.220	**825.044**	**196.717**	**26.556**

	Parent company			
	1/1 2014 total liabilities	31/12 2014 total liabilities	Repayment next year	Debt outstanding after 5 years
Bonds & Bank debt	616.638	635.162	142.297	0
Prepayments received	190.376	144.856	41.185	20.405
Other long-term liabilities	34.222	24.223	10.099	95
	841.236	**804.241**	**193.581**	**20.500**

Accruals and deferred income **15**

This amount primarily consists of accrued revenue in future years.

Contingencies etc. **16**

	Group		Parent company	
	2014	**2013**	**2014**	**2013**
	DKK '000	DKK '000	DKK '000	DKK '000
Lease commitments	9.449	13.910	8.647	12.716
Rent commitments	50.092	53.664	36.393	38.137
Guarantees to third party	4.970	4.739	4.970	4.739
Securities to the bank:				
Guarantee provided in tangible assets	358.210	358.500	358.210	358.500
Floating charge	60.000	60.000	60.000	60.000
	482.721	**490.813**	**468.220**	**474.092**

The Danish companies of the group are jointly and severally liable for tax on the group's jointly taxed income and for certain possible withholding taxes such as dividend tax.

NOTES

Note

Related parties 17

GlobalConnect A/S' related parties include:

Controlling interests

ZS Holding A/S, Hørskætten 3, 2630 Taastrup is the principal shareholder.

Other related parties with whom the company has had transactions

The Company's related parties with significant influence comprise of subsidiaries and the Board of Directors, Management and other managers as well as these persons' related family members. Related parties also include companies in which before-mentioned persons have significant interests.

Transactions with related parties

The Company has not had any significant transactions, which have not been agreed to on market terms.

Ownership 18

The following shareholders are recorded in the company's register of shareholders as owning more than 5% of the votes or the share capital:
ZS Holding A/S
Hørskætten 3
2630 Taastrup

Paradigm Ventures LLC
England

	Group		Parent company		Note
	2014	**2013**	**2014**	**2013**	
	DKK '000	DKK '000	DKK '000	DKK '000	
Fee to auditors appointed by the General Meeting					19
Statutory audit..........................	817	574	518	400	
Assurance engagements.................	290	371	290	371	
Other accounting and tax services.....	670	907	600	727	
	1.777	**1.852**	**1.408**	**1.498**	