

Announcement no. 8-2009

18 August 2009

## **Profit announcement for the second quarter and first half-year of 2009**

**In the second quarter of 2009, Netop Solutions felt the impact of the global economic recession in the form of a slowdown in IT investments in its core markets. Expectations for improved earnings for the full year 2009 are retained and the company maintains its guidance for a profit in the second half-year, although it will be lower than previously anticipated.**

- In the second quarter of 2009, we continued our efforts to strengthen and optimise our distribution channel, and the closer relationships to business partners and customers have given us a better insight into our markets. Management remained focused on the final part of the turnaround process initiated in 2008, but after an anticipated revenue improvement in the first quarter of 2009, Netop Solutions experienced a dramatic market slowdown in the second quarter as a direct consequence of the global economic recession. By focusing on process and cost optimisation, we reduced our cost base by around 30%, and in the second half-year additional efforts will be made to reduce the cost base by around 10–15%.
- In Q2 2009, revenue totalled DKK 21.6 against DKK 23.5m in Q2 2008, while H1 revenue totalled DKK 47.7m in 2009 against DKK 40m in H1 2008. Revenue in the second quarter fell significantly short of expectations, and during the period Netop Solutions felt a dramatic slowdown in all markets and within all segments. Management believes this slowdown was owing to the reluctance of many organisations and businesses to make IT investments in the midst of a global economic recession. It is not our impression that business was being lost to the competition but rather that the total volume of business in the market dropped significantly.
- The Q2 Administration revenue was DKK 8.3m, compared with DKK 17.1m in Q2 2008. The Q2 Education revenue was DKK 10.8m against DKK 6.4m in the same period of last year, while revenue from Communication, which is a relatively new business area for Netop Solutions, amounted to DKK 1.2m. The Communication license model is based on the customer paying for the use of products in the form of regular payments under agreements made for an indefinite term, thereby generating a small but regular cash inflow for Netop Solutions.
- Revenue in the EMEA/APAC region was DKK 11.9m in Q2 2009, compared with DKK 17.6m in the same period of 2008. US revenue totalled DKK 9.7m against DKK 5.9m in Q2 2008.
- EBITDA was a loss of DKK 13.8m in Q2 2009, against a loss of DKK 6.2m in the same period of last year. EBIT was a loss of DKK 16.9m in Q2 2009, compared with a loss of DKK 7.6m in the year-earlier period. Netop Solutions recorded a net loss of DKK 15.6m in Q2 2009 against a DKK 6.2m loss in Q2 2008.

- Management has found it necessary to revise the guidance for 2009: Full-year revenue is expected to increase, while the outlook for a significantly improved EBIT performance is retained, although revenue growth will be at a lower level than previously anticipated. Management expects that market conditions will continue to be subject to significant uncertainty during the remainder of 2009 and that Netop Solutions will continue to feel an impact from the global economic recession. Management remains confident that it is realistic to maintain the guidance for an operating profit (EBITDA) in the second half of 2009, although it will be lower than previously anticipated.

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## About Netop Solutions A/S

*Netop develops and sells software solutions enabling swift, stable and secure transfer of video, screen images, sound and data over the Internet. The company has three core business areas: Administration, Education and Communication. Netop's unique and cost-saving Administration solutions makes work easier for IT professionals through Remote Control and IT Asset Management. Netop's market-leading Education solutions for classroom management and corporate e-learning help students and teachers achieve optimum results through virtual teaching. Netop's Communication solutions, including unified communications, allow customers, business partners and colleagues to meet easily and safely in virtual space through video conferences, chat, audio and file sharing over the Internet. Netop has 152 employees and subsidiaries in the USA, the UK, China, Romania and Switzerland. The company sells its solutions to public and private sector customers in more than 80 countries. Netop Solutions A/S is listed on NASDAQ OMX Copenhagen and is a component of the SmallCap+ index. Netop generated revenue of DKK 92.1m in 2008. For more information, go to [www.netop.com](http://www.netop.com).*

**Translation In the event of any inconsistency between this document and the Danish language version, the Danish language version shall be the governing version.**

## Financial highlights and key ratios

	DKKm	H1 2009	H1 2008	Q2 2009	Q2 2008	2008
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### Financial highlights

Revenue		47.7	40.0	21.6	23.5	92.1
Gross profit		46.8	39.8	20.9	23.4	91.6
Operating loss before depreciation and amortisation (EBITDA)		(26.9)	(18.5)	(13.8)	(6.1)	(38.3)
Operating loss (EBIT)		(33.4)	(21.4)	(16.9)	(7.6)	(49.9)
Net financials		0.3	1.1	(0.5)	(0.9)	(8.0)
Loss before tax		(33.2)	(20.4)	(17.4)	(8.5)	(57.9)
Loss for the period		(29.8)	(15.1)	(15.6)	(6.2)	(48.7)
Comprehensive income		(30.2)	(14.6)	(15.1)	(7.9)	(42.7)

### Balance sheet, end of period

Non-current assets		106.1	69.6	106.1	69.6	108.7
Current assets		44.0	98.4	44.0	98.4	73.8
Total assets		150.0	167.9	150.0	167.9	182.4
Assets less cash		128.0	106.0	128.0	106.0	134.3
Share capital		21.0	19.3	21.0	19.3	21.0
Equity		115.3	153.1	115.3	153.1	145.9
Non-current liabilities		14.9	0.9	14.9	0.9	15.3
Current liabilities		19.9	14.8	19.9	14.8	21.2

### Cash flows

From operating activities		(25.0)	(22.7)	(14.4)	(12.7)	(40.7)
From investing activities		(0.7)	0.6	(0.3)	0.3	8.9
Of which invested in property, plant and equipment		(0.4)	0.6	(0.1)	0.3	(1.0)
From financing activities		(0.4)	-	(0.1)	-	(4.1)
Total cash flows		(26.1)	(22.2)	(14.8)	(12.4)	(36.0)

### Nøgletal

Financial ratios						
EBITDA margin	%	(56)	(46)	(64)	(26)	(42)
Operating margin (EBIT margin)	%	(70)	(54)	(78)	(32)	(54)
Equity ratio	%	77	91	77	91	82
Return on equity	%	(23)	(15)	(12)	(38)	(31)
Share-related ratios						
Earnings per share, EPS	DKK	(7.1)	(3.9)	(3.7)	(1.6)	(12.1)
Diluted earnings per share, EPS-D	DKK	(7.1)	(3.9)	(3.7)	(1.6)	(12.1)
Net asset value per share	DKK	27.4	39.8	27.4	39.8	34.7
Cash flow per share, CFPS	DKK	(6.2)	(5.9)	(3.5)	(3.3)	(8.9)
Number of shares, end of period (nominal value of DKK 5) (thousands)		4,209	3,850	4,209	3,850	4,209
Avg. number of shares (nominal value of DKK 5) (thousands)		4,209	3,850	4,209	3,850	4,030
Share price, end of period	DKK	15.0	66.0	15.0	66.0	35.0
Dividend per share	DKK	-	-	-	-	-
Price earnings, P/E	DKK	(2.1)	(8.4)	(4.1)	(10.3)	(2.9)

Average number of employees		134	96	136	96	138
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This interim report for the second quarter and the first half-year of 2009 has been prepared in accordance with IAS 34 and additional Danish requirements on the presentation of financial statements by listed companies. The interim report is unaudited. Ratios have been calculated in accordance with "Recommendations & Financial Ratios 2005" issued by the Danish Society of Financial Analysts.

## **Business performance**

Netop Solutions' total revenue was DKK 21.6m in Q2 2009, compared with DKK 23.5m in Q2 2008. Management does not consider this to be satisfactory, but the global economic downturn has had a more severe impact on our business partners and customers than previously expected.

It is our impression that we did not lose business to the competition but rather that the performance was a result of the global economic recession and the temporary halt to IT investments imposed by many organisations and businesses. Management expects that IT investments will re-emerge again, potentially triggering a ketchup effect as organisations, businesses and schools still have the same need for Netop Solutions products.

Our important market in the USA was hard hit in the second quarter of 2009. The education segment in particular felt the effects of deferred IT investments. We are working to get a share of the major stimulus packages which have been introduced by the US government to help the US education sector and which will translate into a higher intake of orders in the education area in the second half of 2009.

In response to the Q2 performance, we have launched additional activities to trim our costs, including a temporary salary reduction for all employees with effect from 1 July 2009. In the short term, this will result in a reduction of payroll costs of around 5.5%. The voluntary salary reduction will be in effect for a period of 12 months. In addition, we will continue the ongoing projects to trim our cost base, and Management expects that we will achieve additional cost savings of up to 15% from the current level in the second half-year of 2009.

The activities launched within sales, distribution and marketing will be intensified to ensure that our products and solutions are placed and positioned correctly and adapted to the different markets in different geographies and segments and to ensure that we will be much better positioned than the competition once the global economic recession begins to fade and IT investments return to normal.

## **Developing the sales and marketing organisation**

In a move to strengthen our position in the Chinese market, we signed a partnership agreement with one of the world's largest hardware manufacturers, Lenovo, in the second quarter of 2009. Together, our two companies will offer software and hardware solutions for China's educational institutions and provide the best possible IT support for China's schools, high schools and universities. As a result of the partnership, Netop's Education Class Room Management solutions will be available with all Lenovo PCs sold to Chinese educational institutions in the future, and Management expects to enhance our company's position in the important Chinese educational market as this partnership grows.

In April 2009, Netop Solutions hosted a successful event for business partners in the EMEA/APAC region (Europe, Middle-East, Africa and Asia-Pacific) under the heading "The Sky's the Limit". A similar event was held for our business partners in the USA in the first quarter of 2009. These events were part of our strategy to form even closer bonds with our business partners and end-customers in an effort to ensure that our products and solutions are tailored to the individual markets. Netop Solutions has subsequently received positive feedback from the business partners who participated in the events and who are now much better equipped to sell Netop's products and solutions to the customers.

In the second quarter, our marketing organisation was busy supporting the sales function through telemarketing campaigns, the launching of a new business partner portal, the introduction of a German website and participation at different conferences, including the "Service Desk Show" in London and the "Interop Trade Show" and the "National Educational Computing Conference" in the USA, and other activities. We have received positive feedback from business partners and customers on the activities and new initiatives within product development and distribution that were introduced in 2008 and early 2009.

## Business areas

Netop Solutions' business areas include Administration, Education and Communication. Unless otherwise indicated, the growth rates below are based on reported financial data.

### *Administration*

Our Administration solutions are focused on remote control and asset management and consequently on generating cost savings and efficiency enhancements for businesses and organisations, two very sought-after qualities in a market characterised by global economic downturn. In the second quarter of 2009, we launched "Netop ProtectOn Pro", a new software application that provides schools, libraries and businesses with an affordable and comprehensive solution ensuring that computers connected to the Internet run reliably. The new application is the first piece of software to offer a combination of hard disk protection through remote management and comprehensive Internet application controls and management of networked computers. The Q2 Administration revenue was DKK 8.3m, compared with DKK 17.1m in Q2 2008.

A new version of PrintLimit Pro, enabling savings of up to 70% on printing costs as well as waste elimination, was launched in June 2009. The new version contains a large number of improvements, including support for Linux platforms and optimised user-friendliness.

### *Education*

Our Education solutions comprise classroom management and corporate e-learning. This segment, which has the USA as its primary market, was hard hit in the second quarter of 2009. The Q2 Education revenue was DKK 10.8m, compared with DKK 6.4m in Q2 2008.

### *Communication*

Our Communication solutions are focused on communication tools for unified communications (UC) and secure collaboration. The market for UC solutions continues to report strong growth, despite the fact that many businesses have introduced a stop to IT investments. Our Communication revenue fell short of expectations at DKK 1.2m in Q2 2009 but we are confident that the continuing interest in Communication products will be reflected in our full-year performance.

We launched a new and improved version of Netop Live Guide in the second quarter of 2009, which will help businesses and other organisations provide better online customer service. One click is all it takes for visitors on our customers' websites to open a direct line to employees and communicate in real time using audio, video and chat. Netop Live Guide therefore helps organisations communicate with their customers, enabling them to better sell their products and services and quickly resolve any problems that may arise without requiring numerous telephone calls or e-mails.

## Events after the balance sheet date

In the second quarter of 2009, Medianet informed us that in continuation of the distributor agreement made in 2008 they wished to sell the rights in the software to Netop Solutions to the effect that Netop Solutions would take over all rights in the Communication product. Medianet and Netop Solutions have different views of the terms on which the original agreement was made. Moreover, we believe that the products forming part of the agreement have not been consistent with the quality promised. Netop Solutions will inform the market when this matter has been resolved.

## Financial review

### Revenue

Netop Solutions generated Q2 revenue of DKK 21.6m, compared with DKK 23.5m in Q2 2008. The revenue setback was mainly attributable to the financial crisis and the resulting general sentiment of strong reluctance to buy new software among Netop Solutions' customers.

Revenue split by product:

DKKm	Q2 2009	%	Q2 2008	%	2008
Administration	8.3	38.4	17.1	72.8	54.5
Education	10.8	50.0	6.4	27.2	32.2
Communication	1.2	5.6	-	-	2.0
Other	1.3	6.0	-	-	3.4
Total	21.6	100	23.5	100	92.1

The Q2 Administration revenue was DKK 8.3m, compared with DKK 17.1m in Q2 2008.

The Q2 Education revenue was DKK 10.8m, compared with DKK 6.4m in Q2 2008. The DKK 3.1m improvement was mainly due to the increased sales resulting from the acquisition of GenevaLogic.

Revenue by geographical market:

DKKm	Q2 2009	%	Q2 2008	%	2008
USA	9.7	44.9	5.9	25.1	31.8
EMEA/APAC	11.9	55.1	17.6	74.9	60.3
Total	21.6	100	23.5	100	92.1

Note:

EMEA/APAC: Europe, the Middle East, Africa and Asia

The US dollar weakened throughout the second quarter of 2009. The volatility affected US revenue negatively by around DKK 0.7m in Q2 2009 relative to the average USD/DKK exchange rate prevailing in Q2 2008.

**Costs**

Costs are developing as planned – both in the original Netop activities and in the acquired activities.

The higher costs relative to 2008 were attributable to the activities acquired.

Costs of production, external costs, staff costs and impairment charges totalled DKK 38.4m in Q2 2009, an increase of DKK 7.3m relative to Q2 2008. Total costs amounted to DKK 81.1m in H1 2009 against DKK 61.4m in the year-earlier period.

*Production costs* (2% of revenue) were DKK 0.9m in Q2 2009, compared with DKK 0.1m in Q2 2008.

*External costs* (68% of revenue) were up by DKK 3.2m in the second quarter relative to the same period of 2008.

*Staff costs* (92% of revenue) were DKK 19.9m in Q2 2009, compared with DKK 11.5m in Q2 2008. Staff costs in H1 2009 were up by DKK 8.1m relative to the same period of 2008, primarily as a result of the acquired activities in Genevalogic and Medianet.

*Impairment charges* (14% of revenue) were DKK 3.1m in Q2 2009, compared with DKK 1.5m in Q2 2008. The twofold increase in impairment charges was attributable to the acquisition of Genevalogic.

### **Income**

EBITDA was a loss of DKK 13.8m in Q2 2009 against a loss of DKK 6.1m in the same period of last year.

EBIT was a loss of DKK 16.9m in Q2 2009 against a loss of DKK 7.6m in Q2 2008.

*Net financial items* amounted to a loss of DKK 0.5m in Q2 2009, primarily triggered by exchange rate adjustments.

This brought the *pre-tax loss* for Q2 2009 to DKK 17.4m, compared with a DKK 8.5m loss in Q2 2008. The pre-tax loss for the first half-year was DKK 33.2m, compared with a loss of DKK 20.3m in H1 2008.

### **Balance sheet**

At 30 June 2009, total assets amounted to DKK 150.0m, with cash accounting for DKK 22.0m. Equity stood at DKK 115.3m (corresponding to an equity ratio of 77%), compared with DKK 153.1m at 30 June 2008.

### **Cash flows**

*Operating activities* generated a cash outflow of DKK 14.4m in Q2 2009, compared with an outflow of DKK 12.7m in the year-earlier period. In the second quarter of 2009, the cash flow per share (CFPS) was an outflow of DKK 3.5. Operating activities generated a cash outflow of DKK 25.0m in H1 2009, compared with a cash outflow of DKK 22.7m in H1 2008. The H1 2009 cash flow per share (CFPS) was an outflow of DKK 6.2.

There was a cash outflow from *investing activities* of DKK 0.3m in Q2 2009, compared with an inflow of DKK 0.3m in the year-earlier period.

Cash flows from *financing activities* generated an outflow of DKK 0.4m in H1 2009 attributable to treasury share purchases.

Accordingly, there was a total cash outflow of DKK 14.8m in Q2 2009 compared with an outflow of DKK 12.4m in the year-earlier period. In H1 2009, there was a total cash outflow of DKK 26.1m.

### **Outlook**

One of our primary goals for 2009 will be to generate revenue growth, while maintaining tight cost management. In light of the economic recession, Management now recognises that revenue growth will not reach the anticipated level. However, Management remains optimistic with respect to the full-year performance as business procedures and processes have been optimised throughout 2008 and in the first half of 2009, thereby poising the company 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 well suited to this end, as they are designed to reduce costs in connection with travel and meeting activities.

Our sales organisation is in place and we have completed the consolidation of our development department from the previous four locations in Denmark to one combined location in Romania without experiencing any negative impact on product development. Finally, we expect business combination synergies to feed through in 2009, thereby achieving a cost reduction of about 30% relative to the overall cost base in July 2008.

Management has found it necessary to revise the guidance for 2009 as follows: Full-year revenue is expected to increase, while the outlook for a significantly improved EBIT performance is retained. Management expects that market conditions will continue to be subject to significant uncertainty during the remainder of 2009 and that Netop Solutions will continue to feel an impact from the global economic recession. Management remains confident that it is realistic to maintain the guidance for an operating profit (EBITDA) in the second half of 2009, although it will be lower than previously anticipated.

### **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.*

### **Investor presentation**

Netop Solutions will host an investor and analyst presentation on 19 August 2009 at 11 a.m. at Danske Bank. Representing Netop Solutions will be Kurt Groth Bager, CEO, and Claus Finderup Grove, CFO. To register for the presentation, contact Mette Lunde of Danske Bank on tel. +45 45 12 80 40 or by e-mail to metlu@danskebank.dk

### **Announcements in 2009**

19 January	Despite generating top-line growth, Netop Solutions A/S issues profit warning for FY 2008
10 March	Annual Report 2008
7 April	Notice to convene the Annual General Meeting of Netop Solutions A/S
27 April	Major shareholder announcement – Blank proxies issued to the Board of Directors of Netop Solutions A/S
28 April	Profit announcement for the first quarter of 2009
30 April	Minutes of the Annual General Meeting
6 May	Major shareholder announcement – Companies affiliated with the PFA Group no longer hold more than 5% of the share capital of Netop Solutions A/S

### **Financial calendar 2009**

17 November	Profit announcement for the third quarter of 2009
31 December	End of the 2009 financial year

## Appendices

The financial statements of the Netop Solutions Group comprise the parent company Netop Solutions A/S, Netop Business Solutions A/S (100%), Danware Security A/S (100%), Netop Tech Ltd., Netop Tech GmbH, Genevalogic Holding AG, which has the subsidiaries Genevalogic Langenthal Ltd., Genevalogic Portland Inc. and Genevalogic UK Ltd. Genevalogic.

Statement by the Board of Directors and the Management Board

Income statement

Balance sheet

Statement of changes in equity

Cash flow statement

Quarterly income statement

## Statement by the Board of Directors and the Management Board

The Board of Directors and the Management Board today considered and adopted the interim report of Netop Solutions A/S for the period 1 April – 30 June 2009.

The interim report is presented in accordance with IAS 34 on interim financial reporting and additional Danish disclosure requirements for listed companies. The interim report is presented in accordance with the same accounting policies as were applied in the 2008 annual report, including with the International Financial Reporting Standards as adopted by the EU.

We consider the accounting policies to be adequate, the accounting estimates to be reasonable and the overall presentation of the interim report to be appropriate. In our opinion, the interim report gives a true and fair view of the Group's assets and liabilities, financial position and significant risk and uncertainty factors at 30 June 2009 and of the results of the Group's operations and cash flows for the period 1 April – 30 June 2009.

The interim report is unaudited.

Birkerød, 18 August 2009

### Management Board

Kurt Bager  
CEO

Claus Finderup Grove  
CFO

### Board of Directors

Ib Kunøe  
Chairman

Max Møller

Hanne Jespersen Hansen

Henning Hansen

Jan Elbæk

Peter Schüpbach

Per Egon Rank

## Income statement

DKK '000	Note	H1 2009	H1 2008	Q2 2009	Q 2 2008
Revenue		47.650	39.951	21.590	23.491
Production costs		(857)	(145)	(673)	(45)
<b>Gross profit</b>		<b>46.793</b>	<b>39.806</b>	<b>20.917</b>	<b>23.446</b>
External expenses		(28.475)	(21.162)	(14.752)	(11.511)
Staff costs		(45.202)	(37.148)	(19.921)	(18.035)
Depreciation, amortisation and impairment		(6.520)	(2.938)	(3.075)	(1.501)
<b>Operating profit/loss (EBIT)</b>		<b>(33.404)</b>	<b>(21.442)</b>	<b>(16.831)</b>	<b>(7.601)</b>
Share of net profit/(loss) in associates					
Financial income		6.383	2.809	508	596
Financial expenses		(6.123)	(1.717)	(1.047)	(1.543)
<b>Loss from ordinary activities before tax</b>		<b>(33.144)</b>	<b>(20.350)</b>	<b>(17.370)</b>	<b>(8.548)</b>
Tax for the period		3.304	5.298	1.823	2.357
<b>Net loss for the period</b>		<b>(29.840)</b>	<b>(15.052)</b>	<b>(15.574)</b>	<b>(6.191)</b>
Proposed distribution of loss:					
Shareholders of Netop Solutions A/S		(29.840)	(15.052)	(15.574)	(6.191)
Minority interests		-	-	-	-
		<b>(29.840)</b>	<b>(15.052)</b>	<b>(15.574)</b>	<b>(6.191)</b>

<b>Earnings per share</b>					
Earnings per share (EPS)		(7.1)	(3.9)	(3.7)	(1.6)
Diluted earnings per share (EPS-D)		(7.1)	(3.9)	(3.7)	(1.6)

## Statement of comprehensive income

DKK '000		H1 2009	H1 2008	Q2 2009	Q2 2008
<b>Profit for the period</b>		(29,840)	(15,052)	(15.547)	(6,191)
Other comprehensive income:					
Exchange adjustments on translation of foreign units		(326)	426	432	(1,730)
<b>Other comprehensive income</b>		(326)	426	432	(1,730)
<b>Comprehensive income</b>		<b>(30,166)</b>	<b>(14,626)</b>	<b>(15.115)</b>	<b>(7,921)</b>
Allocated as follows:					
Shareholders of Netop Solutions A/S		(30,166)	(14,626)	(15.115)	(7,921)
Minority interests		-	-	-	-
		<b>(30,166)</b>	<b>(14,626)</b>	<b>(15.115)</b>	<b>(7,921)</b>

## Balance sheet

DKK '000		Note	30/6 2009	31/12 2008	30/6 2008
<b>ASSETS</b>					
<b>Non-current assets</b>					
<b>Intangible assets</b>					
Acquired licences			14,698	17,644	10,043
Goodwill			43,978	43,978	14,956
Completed development projects			4,982	5,546	-
Development projects in progress			2,401	2,401	7,417
Customer relations			12,000	13,500	-
Software for internal use			388	516	-
			<b>78,447</b>	<b>83,585</b>	<b>32,416</b>
<b>Property, plant and equipment</b>					
Land and buildings			-	-	29,271
Other fixtures, fittings, tools and equipment			2,269	3,260	1,959
Leasehold improvements			222	156	217
			<b>2,491</b>	<b>3,416</b>	<b>31,447</b>
<b>Other non-current assets</b>					
Investments in associates			400	398	398
Deposits			13,463	13,172	-
Deferred tax asset			11,251	8,082	5,309
			<b>25,114</b>	<b>21,652</b>	<b>5,707</b>
<b>Total non-current assets</b>					
			<b>106,052</b>	<b>108,653</b>	<b>69,570</b>
<b>Current assets</b>					
Trade receivables			19,143	19,597	23,027
Other receivables			2,796	6,009	2,375
Income taxes receivable			-	-	5,106
Prepayments			-	-	5,907
Cash			22,044	48,146	61,938
<b>Total current assets</b>					
			<b>43,983</b>	<b>73,752</b>	<b>98,353</b>
<b>TOTAL ASSETS</b>					
			<b>150,035</b>	<b>182,405</b>	<b>167,923</b>

## Balance sheet

DKK '000	Note	30 June 2009	31 Dec. 2008	30 June 2008
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital		21,046	21,046	19,252
Exchange adjustment reserve		5,588	5,914	307
Retained earnings		88,683	118,963	133,557
Proposed dividend		-	-	-
<b>Total equity</b>		<b>115,317</b>	<b>145,923</b>	<b>153,116</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Deferred tax		4,200	4,574	835
Provisions		10,000	10,000	-
Pension obligations		685	685	-
Debt related to acquisition of group enterprise		-	-	103
<b>Total non-current liabilities</b>		<b>14,885</b>	<b>15,259</b>	<b>938</b>
<b>Current liabilities</b>				
Debt related to acquisition of group enterprise		-	7	672
Trade payables		3,943	6,692	6,680
Other payables		10,782	10,746	5,221
Deferred income		5,135	3,778	1,295
<b>Total current liabilities</b>		<b>19,833</b>	<b>21,223</b>	<b>13,868</b>
<b>Total liabilities</b>		<b>34,745</b>	<b>36,482</b>	<b>14,806</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>150,035</b>	<b>182,405</b>	<b>167,923</b>

## Statement of changes in equity

DKK '000	Share capital	Exchange adjustment reserve	Retained earnings	Reserve for share-based payment	Total reserves	Proposed dividend	Total
<b>Equity at 1 January 2008</b>	<b>19,252</b>	<b>(119)</b>	<b>148,463</b>	<b>146</b>	<b>148,490</b>	<b>-</b>	<b>167,742</b>
<b>Changes in equity in the first half-year of 2008</b>							
Comprehensive income for the period	-	426	(15,052)	-	(14,626)	-	(14,626)
<b>Equity 30 June 2008</b>	<b>19,252</b>	<b>307</b>	<b>133,411</b>	<b>146</b>	<b>133,864</b>	<b>-</b>	<b>153,116</b>
<b>Equity 1 July 2008</b>	<b>19,252</b>	<b>307</b>	<b>133,411</b>	<b>146</b>	<b>133,864</b>	<b>-</b>	<b>153,116</b>
<b>Changes in equity in the second half-year of 2008</b>							
Capital increase	1,794	-	21,879	-	21,879	-	23,673
Acquisition of treasury shares	-	-	(4,141)	-	(4,141)	-	(4,141)
Share-based payment	-	-	-	1,362	-	-	-
Comprehensive income for the period	-	5,607	33,694	-	-	-	(26,725)
<b>Equity at 31 December 2008</b>	<b>21,046</b>	<b>5,914</b>	<b>117,455</b>	<b>1,508</b>	<b>124,877</b>	<b>-</b>	<b>145,923</b>
<b>Equity at 1 January 2009</b>	<b>21,046</b>	<b>5,914</b>	<b>117,455</b>	<b>1,508</b>	<b>124,877</b>	<b>-</b>	<b>145,923</b>
<b>Changes in equity in the first half-year of 2009</b>							
Acquisition of treasury shares	-	-	(440)	-	(440)	-	(440)
Comprehensive income for the period	-	(326)	(29,840)	-	(30,166)	-	(30,166)
<b>Equity at 30 June 2009</b>	<b>21,046</b>	<b>5,588</b>	<b>87,175</b>	<b>1,508</b>	<b>94,271</b>		<b>115,317</b>

## Cash flow statement

DKK '000		Note	H1 2009	H1 2008	2008
Operating profit for the period			(33,404)	(21,442)	(49,885)
Adjustment for non-cash operating items:					
Share-based payment			-	-	69
Adjustment of pension obligations			-	-	(315)
Depreciation, amortisation and impairment			6,520	2,938	11,556
Profit/loss on sale of non-current assets			(84)	939	(12,502)
Change in deferred revenue			1,144	699	3,602
Cash flows from ordinary activities before change in working capital			(25,824)	(16,866)	(47,475)
Adjustments for change in working capital					
Change in receivables			3,667	(5,648)	3,726
Change in trade receivables and other debt			(3,247)	(1,309)	(5,977)
Cash generated from operations			(25,431)	(23,823)	(49,726)
Interest income received			464	2,798	3,936
Interest expenses paid			(74)	(1,717)	(725)
Cash flows from ordinary activities			(25,041)	(22,742)	(46,515)
Income tax paid			44	-	5,834
<b>Cash flows from operating activities</b>			<b>(24,997)</b>	<b>(22,742)</b>	<b>(40,681)</b>
Purchase of intangible assets			(7)	-	(3,227)
Disposal of intangible assets			-	-	1,189
Purchase of property, plant and equipment			(473)	2	(1,004)
Disposal of property, plant and equipment			108	565	41,500
Addition of financial assets			(293)	-	(12,525)
Acquisitions of subsidiaries and operations			-	-	(17,079)
<b>Cash flows from investing activities</b>			<b>(665)</b>	<b>567</b>	<b>8,854</b>
Debt financing:					
Shareholders:					
Dividends distributed					

Acquisition of treasury shares			(440)	-	(4,141)
Sale of treasury shares			-	-	-
<b>Cash flow from financing activities</b>			<b>(440)</b>	<b>-</b>	<b>(4,141)</b>
<b>Cash flows for the period</b>			<b>(26,102)</b>	<b>(22,175)</b>	<b>(35,968)</b>
Cash and cash equivalents at beginning of period			48,146	84,114	84,114
<b>Cash and cash equivalents at end of period</b>			<b>22,044</b>	<b>61,938</b>	<b>48,146</b>

## Notes

### Note 1 - Accounting policies

The interim report is presented in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU and additional Danish disclosure requirements for interim reports of listed companies.

The accounting policies are unchanged from the policies applied in the Annual Report 2008, to which reference is made.

A full description of the accounting policies is contained in the annual report for 2008.

## Note 2 - Segment information

In terms of management and reporting, Netop Solutions A/S is divided into four geographic business areas; USA, UK, DACH and MOW.

### Segment information – operations first half-year 2009

#### Business areas – primary segment

DKK '000			USA	EMEA / APAC	Group
External revenue			20.697	26.953	47.650
Operating profit (EBIT)			6.251	(27.693)	(21.442)
Profit/(loss) before tax			6.251	(26.601)	(20.350)
<b>Profit for the period</b>			<b>6.395</b>	<b>(36.235)</b>	<b>(29.840)</b>
Assets			10.249	139.786	150.035
Net property, plant and equipment and intangible asset investments			0	665	665
Depreciation and amortisation			(348)	(6.172)	(6.520)
Impairment			0	0	0
Investments in associates			0	400	400
Liabilities			(783)	(33.962)	(34.745)

### Segment information – operations first half-year 2008

#### Business areas – primary segment

DKK '000			USA	EMEA / APAC	KGroup
External revenue			11.700	28.251	39.951
Operating profit (EBIT)			(1.543)	(19.899)	(21.442)
Profit/loss before tax			(1.502)	(18.848)	(20.350)
<b>Profit for the period</b>			<b>(1.127)</b>	<b>(13.925)</b>	<b>(15.052)</b>
Assets			5.709	162.214	167.923
Net property, plant and equipment and intangible asset investments			0	(567)	(567)
Depreciation and amortisation			(18)	(2.920)	(2.938)
Impairment			0	0	0
Investments in associates			0	398	398
Liabilities			(585)	(14.221)	(14.806)

Netop Solutions A/S divides its operations into three main product areas: Administration, Education and Communication.

**Segment information – operations first half-year 2009**

**Main products – secondary segment**

DKK '000	Admini- stration	Education	Communi- cation	Other	Total
External revenue	22.397	20.742	1.978	2.533	47.650

**Segment information – operations first half-year 2008**

**Main products – secondary segment**

DKK '000	Admini- stration	Education	Communi- cation	Other	Total
External revenue	31,113	8,748	-	90	39,951