

# CONTENTS

## COMPANY DETAILS

Company details	4
Group structure	5

## STATEMENT & REPORT

Statement by Management & Board of Directors	8
Independent auditors report	10

## MANAGEMENT'S REVIEW

Key figures & ratios for the group	14
Management review	15

## CONSOLIDATED & PARENT COMPANY FINANCIAL STATEMENT JANUARY 1<sup>ST</sup> – DECEMBER 31<sup>ST</sup>

Accounting policies	20
Income statement	23
Balance sheet	24
Cash flow statement	27

## 2010 IN NUMBERS

Income statement for the period January 1 <sup>st</sup> - December 31 <sup>st</sup>	31
Assets	32
Liabilities	33
Cash flow statement for the period January 1 <sup>st</sup> - December 31 <sup>st</sup>	34

NOTES	37
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Annual Report 2010

# COMPANY DETAILS



## COMPANY DETAILS

### COMPANY NAME

GlobalConnect A/S  
Hørskættens 3  
DK - 2630 Taastrup  
Denmark

Website: [www.globalconnect.dk](http://www.globalconnect.dk)

CVR no.: 26 75 97 22

Established: January 1<sup>st</sup> 1998

Registered office: Taastrup

Financial year: January 1<sup>st</sup> – December 31<sup>st</sup>

### BOARD OF DIRECTORS

Niels Ravn, Chairman  
Lisbeth Zibrandtsen  
Michael Potter  
Niels Zibrandtsen, CEO  
Allan Koch  
Ole Mørk Lauridsen

### MANAGEMENT

Niels Zibrandtsen, CEO  
Claus Dindler, VP Sales

### AUDITORS

BDO Statsautoriseret revisionsaktieselskab  
Havneholmen 29  
DK - 1561 København V  
Denmark

### BANK

Nordea Bank Danmark A/S  
Strandgade 3  
DK - 1401 København K  
Denmark

# GROUP STRUCTURE

SUBSIDIARIES	Share capital	Share capital	Ownership
		in tDKK at closing rate	
SuperTel A/S	6.250.000 DKK	6.250	100%
PointZero A/S	500.000 DKK	500	100%
GlobalConnect GmbH	25.000 EUR	187	100%
<b>Associated companies</b>			
Fyns Optiske Net A/S	1.500.000 DKK	1.500	50%
GigaContent A/S	1.500.000 DKK	1.500	50%

The following companies are consolidated:

## Subsidiaries

SuperTel A/S

PointZero A/S

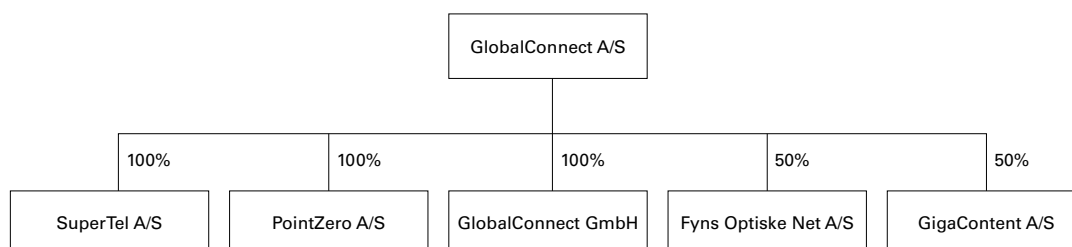
GlobalConnect GmbH

Following companies are not consolidated, but recognised at the value of each enterprise's equity under the equity method:

## Associated companies

Fyns Optiske Net A/S

GigaContent A/S



## General

ZS Invest A/S is per January 1<sup>st</sup> 2010 transferred to GlobalConnect A/S by a tax-free merger.

Shares in PointZero A/S were acquired August 1<sup>st</sup> 2010 and included in consolidation by that date.



Annual Report 2010

# STATEMENT & REPORT

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# STATEMENT BY MANAGEMENT & BOARD OF DIRECTORS

The Board of Directors & Management have prepared the 2010 Annual Report of GlobalConnect A/S. The Annual Report was considered and adopted today.

The annual report has been carried out in accordance with the Danish Financial Statements Act.

We consider the accounting policies used appropriate and in our opinion the consolidated financial statement and the financial statement of the parent company provide relevant

information for assessing the financial position of the Group and the Parent company. In our opinion the financial statement gives a true and fair view of the result, assets, liabilities, financial position and cash flow of the Group and the Parent company for the period January 1<sup>st</sup> – December 31<sup>st</sup> 2010.

We recommend that the Annual Report is adopted at the annual general meeting.

Taastrup, March 23<sup>rd</sup> 2011

## BOARD OF DIRECTORS



Niels Ravn  
Chairman



Niels Zibrandtsen



Michael Potter



Lisbeth Zibrandtsen



Ole Mørk Lauridsen



Allan Koch

## MANAGEMENT



A handwritten signature in black ink, appearing to read 'Niels Zibrandtsen'.

**Niels Zibrandtsen**  
CEO



A handwritten signature in black ink, appearing to read 'Claus Dindler'.

**Claus Dindler**  
VP, Sales



A handwritten signature in black ink, appearing to read 'Uwe Horn'.

**Uwe Horn**  
CFO



A handwritten signature in black ink, appearing to read 'Peter Olsen'.

**Peter Olsen**  
CTO



A handwritten signature in black ink, appearing to read 'Jørn Grankvist'.

**Jørn Grankvist**  
CMO



A handwritten signature in black ink, appearing to read 'Steen Pedersen'.

**Steen Pedersen**  
COO



A handwritten signature in black ink, appearing to read 'Claus Lund'.

**Claus Lund**  
CRO



A handwritten signature in black ink, appearing to read 'Oliver Beck'.

**Oliver Beck**  
CEO GlobalConnect GmbH

# 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 the parent company financial statements of GlobalConnect A/S for the financial year January 1<sup>st</sup> – December 31<sup>st</sup> 2010, which comprise summary for significant accounting policies, income statement, balance sheet statement, statement of changes in equity and cash flow statement and notes for the Group as well as the Parent Company and cash flow statement for the Group. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

### **THE BOARD OF DIRECTORS & BOARD OF EXECUTIVES' RESPONSIBILITY FOR THE ANNUAL REPORT**

The Board of Directors and Board of Executives are responsible for the presentation and preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act. This Responsibility includes: designing, implementing and maintaining internal control relevant for the presentation and preparation of the Financial Statements that give a true and fair view, free from material

misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **AUDITOR'S RESPONSIBILITY AND BASIS OF OPINION**

Our responsibility is to express an opinion on the Financial Statements based on our audit. We have conducted our audit in accordance with Danish Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's presentation and preparation of 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 appropriate-

ness 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 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 qualifications.

## **OPINION**

In our opinion, the Financial Statements give a true and fair view of the Company's financial position on December 31<sup>st</sup> 2010 and of the results of the Company's operations and cash flow for the financial year January 1<sup>st</sup> – December 31<sup>st</sup> 2010 in accordance with the Danish Financial Statements Act.

## **STATEMENT ON THE MANAGEMENT'S REVIEW**

The Board of Directors and Board of Executives are also responsible for the preparation of a Management's Review that includes a fair review in accordance with the Danish Financial Statements Act.

The audit has not included the Management's Review. Pursuant to the Danish Financial Statements Act we have, however, read the Management's Review. We have not performed any

further procedures in addition to the audit of the Financial Statements.

On this basis, it is our opinion that the information in the Management's Review is consistent with the Financial Statements.

Copenhagen March 23<sup>rd</sup> 2011

BDO Statsautoriseret revisionsaktieselskab



Torben Bjerre-Poulsen  
State-authorised public accountant



Annual Report 2010

# MANAGEMENT **REVIEW**

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## KEY FIGURES & RATIOS FOR THE GROUP

(Group, mDKK)	Group 2010 mDKK	Group 2009 mDKK	Group 2008 mDKK	Group 2007 mDKK	Group 2006 mDKK
<b>Income statement</b>					
Net revenue	397,9	377,4	368,0	284,0	256,9
Gross profit	271,9	257,8	223,1	172,1	162,3
Result before depreciations (EBITDA)	185,1	172,1	136,1	111,3	116,4
Operating profit (EBIT)	114,8	109,1	72,2	59,6	72,9
Financial income and expenses, net	-16,5	-13,8	-16,7	-12,8	-7,5
Profit for the year	71,6	70,1	39,7	47,0	50,1
<b>Balance sheet</b>					
Balance sheet total	1.396,0	1.356,8	1.309,6	1.119,0	992,3
Equity	476,5	416,5	361,2	340,3	320,7
<b>Cash flows</b>					
From operating activities	98,6	119,3	78,2	225,4	40,6
From investing activities	-135,0	-77,4	-225,7	-178,9	-154,4
Hereof investment in intangible and tangible fixed assets	-111,2	-111,9	-213,6	-163,9	-154,5
From financing activities	-5,9	-6,5	148,0	-43,9	113,1
<b>Key figures in %</b>					
Gross margin (gross profit as % of revenue)	68,3	68,3	60,6	60,6	63,2
Profit margin (operating profit as % of net revenue)	28,8	28,9	19,6	21,0	28,4
Rate of return (operating profit as % of average balance sheet total)	8,3	8,8	6,1	6,0	8,4
Equity ratio (equity as % of assets, end of year)	34,1	30,7	27,6	30,4	32,3
Return on equity (profit before tax as % of average equity)	22,0	17,7	11,3	14,2	17,0
Average number of employees	132	140	142	102	80

# MANAGEMENT REVIEW

In spite of the difficult macroeconomic market conditions, GlobalConnect Group achieved a very satisfying financial result in 2010. GlobalConnect improves continuously its position as supplier of telecommunication services for wholesale and direct customers in Denmark and Northern Germany.

Still the Danish telecommunication market has been under high pressure from the financial crisis. Nevertheless, the Group's revenues have been increased by 5% and the Group also improved EBITDA by 8%. This performance is based on GlobalConnect's good market position and focus on operations.

In order to cover new key strategic regions GlobalConnect managed to develop new services and to expand the geographical coverage in Denmark and Germany.

In the summer of 2010 GlobalConnect acquired the hosting company PointZero A/S. This acquisition will strengthen GlobalConnect's telehousing services to customers on Funen, and at the same time possibly improve revenues in our associated companies Fyns Optiske Net A/S and GigaContent A/S. The cooperation with Energi Fyn A/S on these two associated companies has been further strengthened in 2011 and is very satisfactory.

## FINANCIAL DEVELOPMENTS

The Group's result and financial development are regarded as very satisfactory by management. Despite the challenging macroeconomic

development, the Group's net revenues increased to DKK 398 mill. (2009: DKK 377 mill.) and EBITDA to DKK 185 mill. (2009: DKK 172 mill.). The positive development of EBITDA is a result of growth in Germany and at the same time focus on cost control.

GlobalConnect presents positive net earnings before tax of DKK 98 mill. (EBT) (2009: DKK 95 mill.). Net earnings after tax are DKK 72 mill. (2009: DKK 70 mill.) and equity increased by 14% to DKK 477 mill.

As a positive consequence of the Group's increasing order intake, recurring revenue of DKK 1.1 billion is now secured.

## ACHIEVEMENTS IN 2010

During 2010 GlobalConnect has further strengthened its position within duct, fibre, transmission, Internet, IP telephony and collocation capacity to be the preferred alternative provider of network solutions in Denmark and Northern Germany.

The rapid growth in data capacity in Denmark led to an increased build-out of high-capacity fibre network, so that GlobalConnect can maintain its high requirements for Carrier Class services requested by GlobalConnect's customers. Both the company's Carrier Ethernet solutions and telehousing facilities have been further built out in Denmark and Germany. Thus GlobalConnect is an essential service provider of these services.

GlobalConnect's subsidiary ZS Invest A/S was merged into GlobalConnect A/S on January 1<sup>st</sup> 2010.

## ORGANISATION

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.

GlobalConnect has focus on the health of our employees; thus in 2010 we opened a gym for employees. Moreover we have an active staff association, focus on healthy food and are offering an attractive pension and health insurance.

## CUSTOMERS

In 2010 GlobalConnect experienced a continued positive development in the number of customers in spite of the difficult socio-economic situation.

## MARKET

GlobalConnect has participated in hearings of the National IT and Telecom Agency on developments on the Danish telemarket. The regulatory regime is highly unpredictable, which is why the market is experiencing declining investments and thus decreasing development of new telecommunication services. This is an

essential element in the increased challenges in Denmark as a global leading society of knowledge.


Competition on the mobile market is still intense, which requires further build-out of the next generations of mobile network. GlobalConnect is following these activities closely.

Part of the power utility companies has formed a joint marketing company, which is intended for the private market. The main purpose of the joint company is to improve its market position towards the former monopolist. Still the former monopolist has a form of control through the size of its market share, revenue and profit; therefore the market expects a further regulation from the National IT and Telecom Agency. The power utility companies have closed their networks for access from other operators.

The service provider ELRO is offering nationwide WiMax services, enabling mobile data and telephony. These services are in some areas in competition with the copper services of the former monopolist.

## SOCIAL RESPONSIBILITY

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.



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. Furthermore, GlobalConnect is working on exerting influence on the legislators in order that the economically inexpedient laws are being overruled by environmental economic laws. GlobalConnect considers a cooperation between the public authorities and the industry as very important.

### **RESEARCH AND DEVELOPMENT**

GlobalConnect is much involved in encouraging investments and supports research within the next generation of the IT-society by taking active part in 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 industry and knowledge industry. This work has among others led to cooperation with Google.

### **PRICE RISKS**

The price level of the Group's product offerings 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 majority of all contracts concludes over a longer period of time than a single financial year.

### **CURRENCY RISKS**

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 for the euro.

It is the Group's policy only to cover commercial currency risks. This is primarily done by forward exchange transactions to hedge expected turnover and purchases within the next 12 months.

### **INTEREST RISKS**

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

### **ENVIRONMENT**

The Group has no special environmental issues and is working on optimising the use of energy in order to contribute to minimising of the global CO2 emissions and the succeeding global climate changes.

## **FUTURE EXPECTATIONS**

In the near future, GlobalConnect will keep focus on continuously securing and developing the existing market position by customer driven growth. Furthermore, a build-out of GlobalConnect's telehousing facilities will be expected. For Germany infrastructure improvements in Schleswig-Holstein and Mecklenburg-Vorpommern will be conducted and the company is going to support the build-out of the next generation mobile network of the mobile operators in Northern Germany.

GlobalConnect will improve the support and product portfolio for its partners, improving their competitive edge.

## **POST BALANCE SHEET EVENTS**

No events have occurred from the balance sheet date until the date of signature that could change the assessment of the company's financial position as of December 31<sup>st</sup> 2010.

Annual Report 2010

CONSOLIDATED & PARENT COMPANY  
**FINANCIAL STATEMENT**  
JANUARY 1ST - DECEMBER 31ST

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# ACCOUNTING POLICIES

The annual report of GlobalConnect A/S for 2010 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C.

## CHANGE IN ACCOUNTING POLICIES

The accounting policies have been changed in the following areas as a consequence of changes in company laws:

- Own shares, recognised at value tDKK 0.

In accordance with regulations in Danish Financial Statements Act concerning change of practice to restate, comparative information is not corrected for the period 2006-2008. Practice changes are recognised directly in equity using equity method.

The accumulated effect of practice changes constitutes a reduction of the share capital on December 31<sup>st</sup> 2009 amounting to tDKK 13.865.

Except for the above areas, the accounting policies are consistent with the policies applied last year.

## GENERAL ABOUT RECOGNITION OR 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 write-down, 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 not flow to 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 on the difference between cost and nominal amount.

The recognition or 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 should be estimated 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.



## **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 unfavorable 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 unfavorable development is realised.

Investments in associates are measured in the balance sheet at the proportional share of the value of the enterprises, calculated under the accounting policies of the parent company and eliminating proportionally any unrealised intercompany gains and losses. The proportional share of the results of the associates is recognised in the income statement after elimination of the proportional share of internal gains and losses.

## **FOREIGN CURRENCIES**

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 ex-

change adjustments are recognised directly in the equity.

Accounts receivable, payable 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 receivable or payable 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 the 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.

## **DERIVATIVE FINANCIAL INSTRUMENTS**

Derivative financial instruments are initially recognised in the balance sheet at cost price and subsequently measured at fair value. Positive and negative fair value adjustments of derivative financial instruments are included in receivables and liabilities, respectively.

Change in the fair value of derivative financial instruments classified as and meeting the criteria for hedging the fair value of a recognised asset or a recognised liability, are recognised in the profit and loss account together with changes in the fair value, if any, of the hedged asset or the hedged liability.

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

Changes in the fair values of derivative financial instruments, applied for the purpose of hedging net investments in independent subsidiaries or associates, are recognised directly in equity.

## **INCOME STATEMENT**

### **NET REVENUE**

The net revenue consists of goods or services provided during the year and recognised in the income statement if supply 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 less 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.

### **COSTS 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.

### **DEVELOPMENT COSTS**

General developments costs are expensed on a current basis.

### **OTHER EXTERNAL EXPENSES**

Other external expenses consist of sales and development costs, costs for office premises and administration costs.

### **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.

### **INVESTMENTS IN SUBSIDIARY ENTERPRISES AND ASSOCIATES**

The income statement of the parent company recognises the proportional share of the results of each subsidiary enterprise after full elimination of internal gains/loss and deduction of amortisation of goodwill.

The consolidated income statement and the parent company income statement recognise

the proportional share of the results of each associate after elimination of the proportional share of internal gains/loss and deduction of amortisation of goodwill.

### **FINANCIAL INCOME AND EXPENSES IN GENERAL**

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 assets, 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 ON PROFIT FOR THE YEAR**

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 can be attributed to the profit for the year, and is recognised directly in the equity by the portion that can be attributed to entries directly to the equity.

GlobalConnect A/S is jointly taxed with wholly owned Danish and foreign subsidiary 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 com-

panies are included in the tax-on-account scheme.

### **FINANCIAL LEASE**

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 write-downs 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.

### **BALANCE SHEET**

#### **INTANGIBLE FIXED ASSETS**

The cost price of other intangible assets include purchase price for materials used and services rendered.

Other intangible fixed assets are valued at cost less accumulated amortisation. The amortisa-

tion basis is allocated according to the straight-line method over the expected useful life as follows:

- Other intangible fixed assets 5-10 years

The main rule in the Danish legislation regarding depreciations over a 5-year-period is not followed in cases where the useful lifetime of an asset is estimated to be longer.

### TANGIBLE FIXED ASSETS

The company changed its view upon the lifetime of the company's assets, so that the lifetime is consistent with the in 2005 updated announcement published by The National IT and Telecom Agency.

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

The depreciation basis consists of cost price less expected scrap value.

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

Cost comprises purchase price and cost directly related to the purchase. Plant and equipment constructed for own purposes are stated as cost. Cost consists of own labor, materials, parts purchased and services rendered by sub-suppliers or contractors, as well as overheads,

and capitalised interest for the period of construction. The depreciation basis, which is recorded as purchase price reduced by any scrap value, is determined using the straight-line method over the useful lives of the assets as follows:

Fibre	20 years
Duct	40 years
Sea cable	15 years
Transmission equipment	10 years
Other fixtures and equipment	3-10 years
Housing	15 years
Leasehold improvement	10 years

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

Profit or loss on disposal of tangible fixed assets shall be calculated as the difference between the selling price less selling expenses and the carrying amount at the time of the sale. Profit or loss is recognised in the profit and loss account under depreciation.

### FIXED ASSET INVESTMENTS

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

Investments in subsidiary enterprises and associates 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 and associates 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 and associates 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 deficit.

## **INVENTORY**

Inventories are valued at the lower of first-in-first-out (FIFO) cost or purchase-price or net realisable value, if this price is lower i.e. due to unsalable goods. The initial cost for merchandise as well as raw materials includes purchase and freight costs.

Cost price of manufactured goods as well as raw materials and consumables includes purchase price for materials, labor and applicable indirect cost of sales.

## **ACCOUNT RECEIVABLES**

Accounts receivable 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 as discounting factor.

## **ACCRUALS**

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

## **DIVIDEND**

Proposed dividends are recognised as a liability at the time of the adoption at the extraordinary general meeting (time of declaration). The expected payment of dividend for the year is recognised as a separate item under the equity capital.

## **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 unit.

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 would be applicable when the deferred tax is expected to crystallise as current tax. The tax rate applied for the current year is 25%.

## LIABILITIES

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less transaction 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 which include debt to suppliers, affiliates and associates and other debt are

measured at amortised cost which usually corresponds to the 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.

## 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, corporation tax paid, and payment of dividend to shareholders.

### 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.

## **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include bank overdraft and liquid funds.

## **SEGMENT DETAILS**

Information is provided on the business segments and geographical markets. Segment information follows the Group's accounting practices, risks and internal financial management principles.

## **KEY FIGURES AND RATIOS**

The key figures are prepared in accordance with the guidance of The Danish Financial Analysts' 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.



# ARGONITE®

## FYLDNING

Nominal tryk ved 15°C: 200 bar  
Blanding (Volume): 50%Ar/50%N<sub>2</sub>  
www.mak-21.com/2100-12

## TRANSPORT INFORMATION

Beskyttelseshætten skal være monteret under transport af flasken.

UN 1981  
CLASS/DIV 2.2  
ADR/RID ITEM NO. 2.1a  
IMDG side 2141

## INSPEKTION

Genopfyld med ARGONITE® ved tryk mindre end 190 bar, 15°C

Tryk (bar)	Genopfyldt ARGONITE®	Navn/Dato

# ARGONITE®

## FYLDNING

- Nominal tryk ved 15°C
- Blanding (Volume)
- Se fyldprocedure MA-01-8008-0100-12

## TRANSPORT INFORMATION

Beskyttelseshætten skal være monteret under transport af flasken.

- UN 1981
- CLASS/DIV 2.2
- ADR/RID ITEM NO. 2.1a
- IMDG side 2141

## INSPEKTION

Genopfyld med ARGONITE® ved tryk mindre end 190 bar, 15°C

Tryk (bar)	Genopfyldt ARGONITE®



Annual Report 2010

# 2010 **IN NUMBERS**

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# INCOME STATEMENT

## JANUARY 1<sup>ST</sup> - DECEMBER 31<sup>ST</sup>

	Note	Group 2010 tDKK	Group 2009 tDKK	Parent 2010 tDKK	Parent 2009 tDKK
<b>Net revenue</b>	1	<b>397.900</b>	<b>377.362</b>	<b>349.073</b>	<b>339.396</b>
Production costs		-96.634	-87.799	-87.045	-75.606
Other external costs		-29.391	-31.815	-22.003	-29.439
<b>Gross profit</b>		<b>271.875</b>	<b>257.748</b>	<b>240.025</b>	<b>234.351</b>
Staff costs	2	-86.743	-85.690	-81.432	-80.396
<b>Profit before depreciation (EBITDA)</b>		<b>185.132</b>	<b>172.058</b>	<b>158.593</b>	<b>153.955</b>
Depreciation, amortisation and write-down of tangible assets	3	-70.363	-62.937	-62.488	-52.326
<b>Operating profit (EBIT)</b>		<b>114.769</b>	<b>109.121</b>	<b>96.105</b>	<b>101.629</b>
Income from investments in subsidiaries		0	0	13.315	5.716
Income from investments in associates		1.121	1.336	1.121	1.336
Other financial income	4	2.889	7.636	2.494	7.068
Other financial costs	5	-20.520	-22.788	-22.231	-24.512
<b>Profit before tax (EBT)</b>		<b>98.259</b>	<b>95.305</b>	<b>90.804</b>	<b>91.237</b>
Tax	6	-26.701	-25.159	-19.246	-21.091
<b>Profit for the year</b>		<b>71.558</b>	<b>70.146</b>	<b>71.558</b>	<b>70.146</b>

### Proposed distribution of profit

Reserves for revaluation	-1.124	-412
Allocation to reserve for net revaluation under the equity method	14.436	-4.104
Dividend for the financial year	20.680	8.000
Retained profit	37.566	66.662
<b>Total</b>	<b>71.558</b>	<b>70.146</b>

## ASSETS

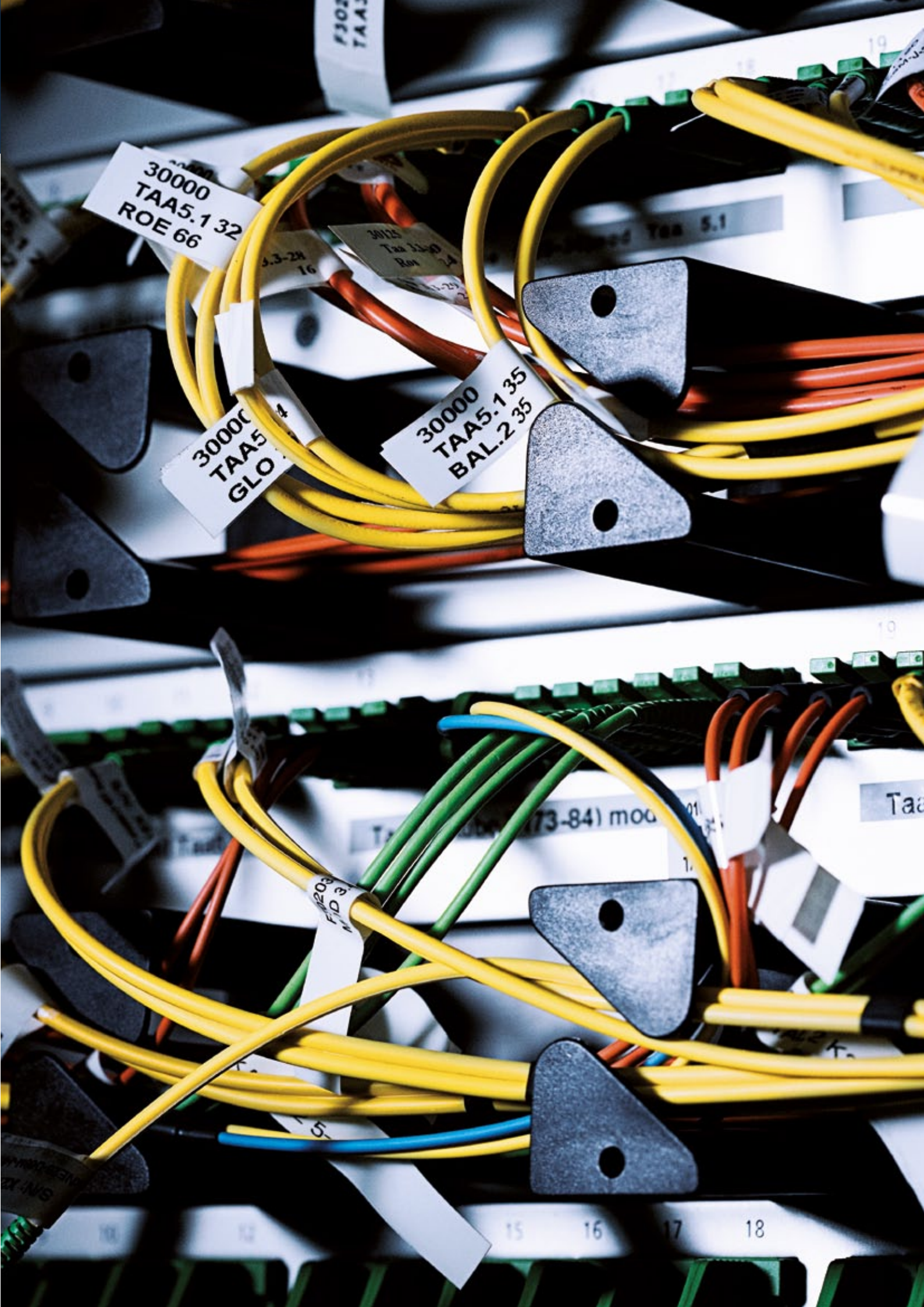
		<b>Group</b>	<b>Group</b>	<b>Parent</b>	<b>Parent</b>
		2010	2009	2010	2009
	Note	tDKK	tDKK	tDKK	tDKK
Consolidated goodwill		3.399	5.575	0	0
Prepayments regarding rights to use and licenses		30.040	29.107	29.092	26.248
<b>Intangible fixed assets</b>	<b>7</b>	<b>33.439</b>	<b>34.682</b>	<b>29.092</b>	<b>26.248</b>
Land & buildings		9.396	9.822	7.033	0
Tangible assets under construction		16.880	12.155	16.880	12.155
Fibre/duct		890.648	864.256	890.431	864.256
Other fixtures and equipment		102.458	99.967	101.088	98.762
Facility housing		107.343	102.025	104.994	98.069
Leasehold improvements		2.034	1.511	1.815	1.387
<b>Tangible assets</b>	<b>8</b>	<b>1.128.759</b>	<b>1.089.736</b>	<b>1.122.241</b>	<b>1.074.629</b>
Investments in subsidiaries	9	0	0	38.380	25.955
Investments in associates	9	32.035	30.915	32.035	30.915
Receivables regarding financial leases	10	67.680	28.286	34.303	28.286
Deposits		2.780	2.581	2.544	2.883
<b>Fixed assets investments</b>		<b>102.495</b>	<b>61.782</b>	<b>107.262</b>	<b>88.039</b>
<b>FIXED ASSETS</b>		<b>1.264.693</b>	<b>1.186.200</b>	<b>1.258.595</b>	<b>1.188.916</b>
Inventories		17.567	15.756	17.566	15.690
<b>Inventories</b>		<b>17.567</b>	<b>15.756</b>	<b>17.566</b>	<b>15.690</b>
Trade receivables		88.783	77.087	76.323	58.197
Amounts due from subsidiaries		5.647	7.166	15.929	16.701
Other receivables		1.282	16.998	30	14.283
Deferred tax asset		0	5.413	0	0
Prepayments & accrued income		8.709	8.238	7.471	6.999
<b>Accounts receivables</b>		<b>104.421</b>	<b>114.902</b>	<b>99.753</b>	<b>96.180</b>
Cash at banks		9.340	39.987	31	35.952
<b>Cash and cash equivalents</b>		<b>9.340</b>	<b>39.987</b>	<b>31</b>	<b>35.952</b>
<b>CURRENT ASSETS</b>		<b>131.328</b>	<b>170.645</b>	<b>117.350</b>	<b>147.822</b>
<b>ASSETS</b>		<b>1.396.021</b>	<b>1.356.845</b>	<b>1.375.945</b>	<b>1.336.738</b>

## LIABILITIES

		<b>Group</b>	<b>Group</b>	<b>Parent</b>	<b>Parent</b>
	Note	2010	2009	2010	2009
		tDKK	tDKK	tDKK	tDKK
Share capital		2.542	2.542	2.542	2.542
Reserve for revaluations		23.339	24.463	23.339	24.463
Reserves for net revaluations under the equity method		0	0	18.902	4.430
Proposed dividend for the financial year		20.680	8.000	20.680	8.000
Retained earnings		429.966	381.497	411.064	377.067
<b>Equity</b>	<b>11</b>	<b>476.527</b>	<b>416.502</b>	<b>476.527</b>	<b>416.502</b>
Provision for deferred tax	12	175.701	169.647	182.066	169.647
Other provision for liabilities		4.762	4.762	4.762	4.762
<b>Provision for liabilities</b>		<b>180.463</b>	<b>174.409</b>	<b>186.828</b>	<b>174.409</b>
Prepayments received		194.668	164.506	172.321	142.244
Debts to bank		262.500	290.023	262.500	287.500
Other long-term liabilities		3.151	110	3.151	110
<b>Long-term liabilities</b>	<b>13</b>	<b>460.319</b>	<b>454.639</b>	<b>437.972</b>	<b>429.854</b>
Current portion of long-term liabilities	13	55.778	70.659	55.778	67.209
Derivative financial instruments		17.314	12.469	17.314	12.469
Debt to bank		67.850	102.012	67.840	102.012
Trade payables		27.278	18.055	24.004	15.714
Amounts due to subsidiaries		2.301	2.782	22.439	33.853
Corporate tax		15.031	6.672	7.014	0
Other liabilities		33.327	41.079	29.077	36.498
Accruals and deferred income		59.833	57.567	51.152	48.218
<b>Short-term liabilities</b>		<b>278.712</b>	<b>311.295</b>	<b>274.618</b>	<b>315.973</b>
<b>Liabilities</b>		<b>739.031</b>	<b>765.934</b>	<b>712.590</b>	<b>745.827</b>
<b>Equity and liabilities</b>		<b>1.396.021</b>	<b>1.356.845</b>	<b>1.375.945</b>	<b>1.336.738</b>
<b>Contingencies etc.</b>	14				
<b>Fee to auditors appointed by the General Meeting</b>	15				
<b>Financial instruments</b>	16				
<b>Related parties</b>	17				

## CASH FLOW STATEMENT JANUARY 1<sup>ST</sup> - DECEMBER 31<sup>ST</sup>

	Group		Parent	
	2010	2009	2010	2009
Note	tDKK	tDKK	tDKK	tDKK
Result of the year	71.558	70.146	71.558	70.146
Reversed depreciations of the year	70.364	62.937	62.488	52.326
Costs of prepaid rights	3.127	2.698	3.127	2.627
Profit from affiliates	-1.120	-1.336	-14.435	-7.051
Adjustments for provision of bad debts	-6.540	0	-6.535	0
Contingencies	0	-1.403	0	-1.403
Contribution regarding joint tax	0	0	0	149
Reversed tax on profit for the year	26.701	25.160	19.246	21.091
Corporate tax paid	-6.875	-7.021	0	0
Change in Inventory	-1.811	-1.511	-1.885	-1.529
Change in account receivables	-4.257	-7.486	-5.221	-12.284
Change in short-term portion of long-term debt	-14.881	-691	-11.652	7.302
Change in account payables	9.217	-31.663	8.283	-26.077
Change in other debt	-40.129	11.066	-39.169	12.610
Change in intercompany balances	0	-1.564	-12.187	-8.450
Dividend paid in the financial year	-6.724	0	-6.724	11.172
<b>Cash flows from operating activities</b>	<b>98.630</b>	<b>119.332</b>	<b>66.894</b>	<b>120.629</b>
Purchase and sale of intangible fixed assets	-3.960	432	-5.971	-5.723
Purchase and sale of tangible fixed assets	-107.274	-112.332	-102.637	-104.278
Purchase and sale of financial fixed assets	-199	-396	-655	-10.552
Change in receivables regarding financial lease	-23.524	34.904	1.407	34.904
<b>Cash flows from investment activities</b>	<b>-134.957</b>	<b>-77.392</b>	<b>-107.856</b>	<b>-85.649</b>
Change in long-term liabilities	5.680	-7.133	5.041	-187
Increase of share capital	0	586	0	586
<b>Cash flows from financial activities</b>	<b>5.680</b>	<b>-6.547</b>	<b>-5.041</b>	<b>399</b>
<b>Change in cash</b>	<b>-30.647</b>	<b>35.393</b>	<b>-35.921</b>	<b>35.379</b>
Cash as of January 1 <sup>st</sup>	39.987	4.594	35.952	575
<b>Cash as of December 31<sup>st</sup></b>	<b>9.340</b>	<b>39.987</b>	<b>31</b>	<b>35.954</b>



Annual Report 2010

# NOTES

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## (1) NET REVENUE

	Group 2010 tDKK	Group 2009 tDKK	Parent 2010 tDKK	Parent 2009 tDKK
<b>Revenue distributed on products</b>				
Fibre - use and maintenance, transmission	245.890	267.272	266.062	209.711
Letting out of premises and telehouses incl. power	34.763	35.606	33.167	27.538
Sale of ducts and fibre systems	83.690	45.952	33.431	41.460
Other revenue	33.557	28.533	16.413	60.686
	<b>397.900</b>	<b>377.363</b>	<b>349.073</b>	<b>339.395</b>
<b>Net revenue distributed by type</b>				
Recurring revenue	301.824	302.878	252.942	267.592
Once-off sales of goods and services	96.076	74.485	96.131	71.803
	<b>397.900</b>	<b>377.363</b>	<b>349.073</b>	<b>339.395</b>
<b>Net revenue distributed geographically</b>				
Domestic	297.445		281.035	
Abroad	100.455		68.038	
	<b>397.900</b>		<b>349.073</b>	

## NON-CASH TRANSACTIONS

Infrastructure/capacity swap. In areas with several providers of infrastructure it is the practice to arrange for the exchange of telecommunication services. In this way, excess capacity in one's own network can be traded for products with another provider for mutual benefit. Since SWAP deals involve assets of the same value and nature, GlobalConnect has chosen not to include identical values of exchanged services and goods in the company's financial report. In 2010 GlobalConnect A/S entered into non-cash transactions at a market value not exceeding DKK 3 mill.

## (2) STAFF COSTS

	Group 2010 tDKK	Group 2009 tDKK	Parent 2010 tDKK	Parent 2009 tDKK
Average number of employees	132	140	125	133
Wages and salaries	76.510	75.221	71.201	69.927
Pensions	9.960	10.183	9.960	10.183
Other social security costs	273	286	271	286
	<b>86.743</b>	<b>85.690</b>	<b>81.432</b>	<b>80.396</b>

Total remuneration for the Board of directors and management for the financial year amounts to tDKK 5.566.

### (3) DEPRECIATION, AMORTISATION AND WRITE-DOWN FOR FIXED ASSETS

	Group 2010 tDKK	Group 2009 tDKK	Parent 2010 tDKK	Parent 2009 tDKK
<b>Intangible fixed assets</b>				
Right of use	176	226	0	0
Goodwill	2.075	3.691	0	0
Licenses	2.237	2.967	0	0
	<b>4.488</b>	<b>6.884</b>	<b>0</b>	<b>0</b>
<b>Tangible assets</b>				
Leasehold improvements	329	305	300	290
Land & buildings	430	430	430	0
Fibre/duct	35.746	27.276	35.714	27.276
Other fixtures and equipment	15.939	14.724	14.778	13.470
Facility housing	13.431	13.318	11.266	11.290
	<b>65.875</b>	<b>56.053</b>	<b>62.488</b>	<b>52.326</b>
<b>Depreciations, amortisation and write-down of fixed assets in total</b>	<b>70.363</b>	<b>62.937</b>	<b>62.488</b>	<b>52.326</b>

### (4) OTHER FINANCIAL INCOME

	Group 2010 tDKK	Group 2009 tDKK	Parent 2010 tDKK	Parent 2009 tDKK
Bank	0	550	0	1
Subsidiaries	108	250	329	509
Trade receivables	596	177	76	0
Cash discounts received	3	0	0	0
Currency adjustment	526	583	433	482
Interests regarding financial lease agreements	1.571	6.074	1.571	6.074
Cash discounts	85	2	85	2
	<b>2.889</b>	<b>7.636</b>	<b>2.494</b>	<b>7.068</b>

### (5) OTHER FINANCIAL COSTS

	Group 2010 tDKK	Group 2009 tDKK	Parent 2010 tDKK	Parent 2009 tDKK
Interest regarding financial leasing	156	24	0	0
Bank	19.306	21.644	19.306	21.644
Bank loans	0	163	0	0
Trade payables	32	57	17	50
Loan costs	0	167	0	0
Subsidiaries	1.889	1	1.889	2.191
Interest corporate tax	1	94	0	6
Currency adjustments	1.025	638	1.019	621
	<b>20.520</b>	<b>22.788</b>	<b>22.231</b>	<b>24.512</b>

## (6) TAX OF THE YEAR

	<b>Group</b>	<b>Group</b>	<b>Parent</b>	<b>Parent</b>
	2010	2009	2010	2009
	tDKK	tDKK	tDKK	tDKK
Calculated tax on taxable income of the year	15.181	5.752	6.825	0
Adjustment of tax previous years	0	2	0	0
Adjustment of deferred tax	11.520	19.405	12.421	21.091
	<b>26.701</b>	<b>25.159</b>	<b>19.246</b>	<b>21.091</b>

## (7) INTANGIBLE FIXED ASSETS

Amounts in tDKK	Group		Parent company	
	Prepayments regarding rights to use and licenses	Consolidated goodwill	Prepayments regarding rights to use and licenses	Goodwill
Cost January 1 <sup>st</sup> 2010	54.952	11.359	40.722	0
Additions of the year	5.971	0	5.971	0
Disposals of the year	-3.127	-100	-3.127	0
<b>Cost December 31<sup>st</sup> 2010</b>	<b>57.796</b>	<b>11.259</b>	<b>43.566</b>	<b>0</b>
Depreciations January 1 <sup>st</sup> 2010	25.343	5.785	14.474	0
Depreciations regarding disposals of the year	0	0	0	0
Depreciations of the year	2.413	2.075	0	0
<b>Depreciations December 31<sup>st</sup> 2010</b>	<b>27.756</b>	<b>7.860</b>	<b>14.474</b>	<b>0</b>
<b>Carrying amount December 31<sup>st</sup> 2010</b>	<b>30.040</b>	<b>3.399</b>	<b>29.092</b>	<b>0</b>

## (8) TANGIBLE FIXED ASSETS

Amounts in tDKK	Group			
	Land & buildings	Tangible assets under construction	Fibre/duct	Other fixtures and equipment
Cost January 1 <sup>st</sup> 2010	13.056	12.155	1.074.676	168.947
Additions of the year	0	16.880	78.204	18.078
Disposals of the year	0	-12.155	-18.395	0
<b>Cost December 31<sup>st</sup> 2010</b>	<b>13.056</b>	<b>16.880</b>	<b>1.134.485</b>	<b>187.025</b>
Revaluations January 1 <sup>st</sup> 2010	0	0	21.995	111
Revaluations assets sold	0	0	0	0
Depreciation of revaluations	0	0	-701	-37
<b>Revaluations December 31<sup>st</sup> 2010</b>	<b>0</b>	<b>0</b>	<b>21.294</b>	<b>74</b>
Depreciations January 1 <sup>st</sup> 2010	3.230	0	232.169	68.745
Depreciations regarding disposals of the year	0	0	-2.083	0
Depreciations of the year	430	0	35.045	15.896
<b>Depreciations December 31<sup>st</sup> 2010</b>	<b>3.660</b>	<b>0</b>	<b>265.131</b>	<b>84.641</b>
<b>Carrying amount December 31<sup>st</sup> 2010</b>	<b>9.396</b>	<b>16.880</b>	<b>890.648</b>	<b>102.458</b>

**(8) TANGIBLE FIXED ASSETS (continued)**

Amounts in tDKK	Parent company			
	Land & buildings	Tangible assets under construction	Fibre/duct	Other fixtures and equipment
Cost January 1 <sup>st</sup> 2010	10.693	12.155	1.074.205	159.026
Additions of the year	0	16.880	78.204	17.104
Disposals of the year	0	-12.155	-18.395	0
<b>Cost December 31<sup>st</sup> 2010</b>	<b>10.693</b>	<b>16.880</b>	<b>1.134.014</b>	<b>176.130</b>
Revaluations January 1 <sup>st</sup> 2010	0	0	21.995	111
Revaluations assets sold	0	0	0	0
Depreciation of revaluations	0	0	-701	-37
<b>Revaluations December 31<sup>st</sup> 2010</b>	<b>0</b>	<b>0</b>	<b>21.294</b>	<b>74</b>
Depreciations January 1 <sup>st</sup> 2010	3.230	0	231.946	60.375
Depreciations regarding disposals of the year	0	0	-2.083	0
Depreciations of the year	430	0	35.014	14.741
<b>Depreciations December 31<sup>st</sup> 2010</b>	<b>3.660</b>	<b>0</b>	<b>264.877</b>	<b>75.116</b>
<b>Carrying amount December 31<sup>st</sup> 2010</b>	<b>7.033</b>	<b>16.880</b>	<b>890.431</b>	<b>101.088</b>
Amounts in tDKK	Group		Parent company	
	Facility housing	Leasehold improvement	Facility housing	Leasehold improvement
Cost January 1 <sup>st</sup> 2010	166.077	3.707	163.728	3.405
Additions of the year	18.189	728	18.189	728
Disposals of the year	0	0	0	0
<b>Cost December 31<sup>st</sup> 2010</b>	<b>184.266</b>	<b>4.435</b>	<b>181.917</b>	<b>4.133</b>
Revaluations January 1 <sup>st</sup> 2010	2.358	0	2.358	0
Revaluations assets sold	0	0	0	0
Depreciation of revaluations	387	0	-387	0
<b>Revaluations December 31<sup>st</sup> 2010</b>	<b>1.971</b>	<b>0</b>	<b>1.971</b>	<b>0</b>
Depreciations January 1 <sup>st</sup> 2010	68.015	2.086	68.015	2.018
Depreciations regarding disposals of the year	0	0	0	0
Depreciations of the year	10.879	315	10.879	300
<b>Depreciations December 31<sup>st</sup> 2010</b>	<b>78.894</b>	<b>2.401</b>	<b>78.894</b>	<b>2.318</b>
<b>Carrying amount December 31<sup>st</sup> 2010</b>	<b>107.343</b>	<b>2.034</b>	<b>104.994</b>	<b>1.815</b>
Hereof: Financially leased assets	<b>3.983</b>	<b>0</b>	<b>3.983</b>	<b>0</b>

## (9) FINANCIAL FIXED ASSETS

Amounts in tDKK	Group		Parent company	
	Subsidiaries	Associates	Subsidiaries	Associates
Cost January 1 <sup>st</sup> 2010	0	22.440	29.999	22.440
Additions of the year	0	0	994	0
Disposals of the year	0	0	500	0
<b>Cost December 31<sup>st</sup> 2010</b>	<b>0</b>	<b>22.440</b>	<b>30.493</b>	<b>22.440</b>
Revaluations January 1 <sup>st</sup> 2010	0	8.475	-4.044	8.475
Result of the year before depreciation on goodwill	0	1.120	13.351	1.120
Equity transactions	0	0	-1.420	0
<b>Revaluations December 31<sup>st</sup> 2010</b>	<b>0</b>	<b>9.595</b>	<b>7.887</b>	<b>9.595</b>
Depreciations on goodwill	0	0	0	0
<b>Carrying amount December 31<sup>st</sup> 2010</b>	<b>0</b>	<b>32.035</b>	<b>38.380</b>	<b>32.035</b>

Investment in subsidiaries are specified as follows (tDKK):

Name	Equity	Result of the year	Ownership	Parent company	
				Equity	Result
SuperTel A/S	4.942	-2.391	100	4.942	-2.391
GlobalConnect GmbH	30.980	17.813	100	30.980	17.813
PointZero Hosting ApS	782	-312	100	782	-312
Goodwill				1.676	-1.795
				<b>38.380</b>	<b>13.315</b>

Investments in associates are specified as follows (tDKK):

Name	Equity	Result of the year	Ownership	Group & Parent company	
				Equity	Result
Fyns Optiske Net A/S	37.172	3.128	50	18.586	1.564
GigaContent A/S	26.898	-586	50	13.449	-293
Correction 2009				0	-150
				<b>32.035</b>	<b>1.121</b>

## (10) RECEIVABLES REGARDING FINANCIAL LEASE

	Group	Group	Parent	Parent
	2010	2009	2010	2009
	tDKK	tDKK	tDKK	tDKK
<b>Gross receivable from financial lease</b>				
Amounts due within one year (2011)	8.908	6.339	6.262	6.339
Amounts due between 1 and 5 years	37.373	25.051	25.051	25.051
Amounts due after 5 years	40.962	25.051	18.788	25.051
	<b>87.243</b>	<b>56.441</b>	<b>50.101</b>	<b>56.441</b>
Future interest payments, not earned	-20.977	-24.308	-20.977	-24.308
	<b>66.266</b>	<b>32.133</b>	<b>29.124</b>	<b>32.133</b>
<b>Net investments regarding financial lease</b>				
Amounts due within one year (2011)	5.720	3.008	3.074	3.008
Amounts due between 1 and 5 years	30.041	13.205	17.719	13.205
Amounts due after 5 years	30.505	15.919	8.331	15.919
	<b>66.266</b>	<b>32.132</b>	<b>29.124</b>	<b>32.132</b>
Net present value of non-guaranteed scrap values	10.336	8.735	10.336	8.735
	<b>76.602</b>	<b>40.867</b>	<b>39.460</b>	<b>40.867</b>
<b>Accumulated write-down reservations for bad debts on receivable minimum lease</b>				
Provision January 1 <sup>st</sup>	-12.581	-13.578	-12.581	-13.578
Provision of the year	3.659	997	7.424	997
	<b>-8.922</b>	<b>-12.581</b>	<b>-5.157</b>	<b>-12.581</b>
<b>Receivable regarding financial lease</b>	<b>67.680</b>	<b>28.286</b>	<b>34.303</b>	<b>28.286</b>

## (11) EQUITY

	Group					
	Share capital	Revaluation reserve	Net re-valuation under the equity method	Proposed dividend for the year	Retained profit	Total
Equity January 1 <sup>st</sup> 2010	2.542	38.328		8.000	381.497	430.367
Change of policy		-13.865				-13.865
<b>Adjusted equity January 1<sup>st</sup> 2010</b>	<b>2.542</b>	<b>24.463</b>		<b>8.000</b>	<b>381.497</b>	<b>416.502</b>
Currency adjustment subsidiaries						0
Dividend paid				-8.000		-8.000
Proposed distribution of profit for the year		-1.124		20.680	52.002	71.558
Other adjustments					-3.533	-3.533
<b>Equity December 31<sup>st</sup> 2010</b>	<b>2.542</b>	<b>23.339</b>	<b>0</b>	<b>20.680</b>	<b>429.966</b>	<b>476.527</b>

	Parent company					
	Share capital	Revaluation reserve	Net re-valuation under the equity method	Proposed dividend for the year	Retained profit	Total
Equity January 1 <sup>st</sup> 2010	2.542	38.328	4.430	8.000	377.067	430.367
Change of policy		-13.865				-13.865
<b>Adjusted equity January 1<sup>st</sup> 2010</b>	<b>2.542</b>	<b>24.463</b>	<b>4.430</b>	<b>8.000</b>	<b>377.067</b>	<b>416.502</b>
Currency adjustment subsidiaries			36			36
Dividend paid				-8.000		-8.000
Proposed distribution of profit for the year		-1.124	14.436	20.680	37.566	71.558
Other adjustments					-3.569	-3.533
<b>Equity December 31<sup>st</sup> 2010</b>	<b>2.542</b>	<b>23.339</b>	<b>18.902</b>	<b>20.680</b>	<b>411.064</b>	<b>476.527</b>

## (11) SHARE CAPITAL

	2010 tDKK	2009 tDKK
<b>Share capital</b>		
2.542.280 A shares, in the denomination of DKK 1.	2.542	2.542
	<b>2.542</b>	<b>2.542</b>
<b>Changes in share capital during the last 5 years</b>		
Share capital January 1 <sup>st</sup> 2005	2.354	
New shares issued in 2005	16	
New shares issued in 2006	125	
New shares issued in 2007	30	
New shares issued in 2008	3	
New shares issued in 2009	14	
	<b>2.542</b>	

## (12) PROVISION FOR DEFERRED TAX

	Group 2010 tDKK	Group 2009 tDKK	Parent 2010 tDKK	Parent 2009 tDKK
<b>Provision for deferred tax</b>				
Provision for deferred tax comprises deferred tax on intangible fixed assets, tangible fixed assets, financial fixed assets, account receivables, provisions and derivative financial instruments				
Deferred tax January 1 <sup>st</sup> 2010	169.647	151.271	169.645	148.556
Adjustment of deferred tax	6.054	18.376	12.421	21.091
<b>Deferred tax December 31<sup>st</sup> 2010</b>	<b>175.701</b>	<b>169.647</b>	<b>182.066</b>	<b>169.647</b>
<b>Deferred tax</b>				
Intangible fixed assets	0	36	0	36
Tangible fixed assets	115.066	121.942	115.066	116.143
Financial fixed assets	65.811	54.594	65.811	54.594
Accounts receivables	-1.949	7.706	-1.949	7.706
Provisions	-1.191	-1.191	-1.191	-1.191
Tax losses to be carried forward	-6.365	-13.440	0	-7.641
Derivatives financial instruments	4.329	0	4.329	0
	<b>175.701</b>	<b>169.647</b>	<b>182.066</b>	<b>169.647</b>

**(13) LONG-TERM LIABILITIES** (amounts in tDKK)

	<b>Group</b>				
	1/1 2010 total debt	31/12 2010 total debt	Next years' instalment	31/12 2010 long-term debt	Remaining after 5 years
Debt to bank	315.243	287.500	25.000	262.500	162.500
Prepayments received	209.309	224.720	30.052	194.668	69.346
Other long-term debt	746	3.877	726	3.151	0
<b>Group total</b>	<b>525.298</b>	<b>516.097</b>	<b>55.778</b>	<b>460.319</b>	<b>231.846</b>

	<b>Parent company</b>				
	1/1 2010 total debt	31/12 2010 total debt	Next years' instalment	31/12 2010 long-term debt	Remaining after 5 years
Debt to bank	312.500	287.500	25.000	262.500	162.500
Prepayments received	184.453	202.373	30.052	172.321	69.346
Other long-term debt	110	3.877	726	3.151	0
<b>Parent company total</b>	<b>497.063</b>	<b>493.750</b>	<b>55.778</b>	<b>437.972</b>	<b>231.846</b>

#### (14) CONTINGENT LIABILITIES

	<b>Group</b>	<b>Group</b>	<b>Parent</b>	<b>Parent</b>
	2010	2009	2010	2009
	tDKK	tDKK	tDKK	tDKK
Lease commitments	15.771	11.233	15.054	10.748
Rent commitments	45.078	41.081	35.536	46.392
Guarantees to third party	3.255	3.455	3.255	3.455
Securities to the bank:				
Guarantee regarding subsidiary	0	0	1.000	0
Guarantee provided in tangible assets	328.000	328.000	328.000	328.000
Guarantee provided in subsidiary shares	0	0	0	500
Floating charge	60.000	60.000	60.000	60.000
Assignment in trade receivables	818	1.572	818	1.572
Assignment in receivables from financial leasing	23.967	19.476	23.967	19.476
	<b>476.889</b>	<b>464.817</b>	<b>467.630</b>	<b>470.143</b>

#### (15) FEE TO AUDITORS APPOINTED BY THE GENERAL MEETING

	<b>Group</b>	<b>Group</b>	<b>Parent</b>	<b>Parent</b>
	2010	2009	2010	2009
	tDKK	tDKK	tDKK	tDKK
<b>Fees in total</b>				
Statutory audit	539	473	270	250
Opinion tasks with assurance	215	0	215	0
Other accounting and tax services	609	224	269	224
	<b>1.363</b>	<b>697</b>	<b>754</b>	<b>474</b>

## **(16) FINANCIAL INSTRUMENTS**

The company's bank loans are recorded at market conditions.

The company's revenues are mainly in DKK and EUR. Cost of goods and other costs are mainly in DKK. Any unsettled balances in foreign currencies are contained in trade accounts receivables and trade accounts payable.

During the year the company has entered into interest forward instruments. As a consequence hereof a provision of tDKK 17.314 is recognised in the balance sheet as fair value adjustment.

## **(17) RELATED PARTIES**

GlobalConnect A/S' related parties include:

### **Controlling interests**

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

### **Ownership**

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  
Denmark

Paradigm Ventures LLC  
England