

Annual Report **2010**



Contents

A word from the Group CEO	2
Structure and ownership	3
Financial highlights	4
Management's review	5
Statement by the Board of Directors and the Executive Board	15
Independent Auditors' Report	16
Accounting policies	17
Income statement	22
Balance sheet – assets	23
Balance sheet – equity and liabilities	24
Statement of changes in equity	25
Cash flow statement	26
Notes	27

A word from the Group CEO

Following the merger of the Norwegian company Nordito AS (BBS AS and Teller AS) and the Danish company PBS Holding A/S (PBS A/S and PBS International A/S), we launched the new Group in the autumn of 2010 under the name Nets.

With Nets, we have created a strong Nordic supplier of payment, card and information services, with over 2,100 employees. Nets' vision is to become the market leader in the Nordic region and Northern Europe, and the merger has equipped us well for the international challenges we know lie ahead.

In recent years, we have seen an elimination race taking place in Europe between the suppliers of payment, card and information systems, and the winners will be those who have the capacity to consolidate their position while at the same time creating growth in new markets. Through the merger, Nets has achieved the presence that is prerequisite for realising this vision.

International customers are looking for a single supplier who can handle payments in all the markets in which they operate. This places the demand on us to be able to process payments in a uniform and cost-effective manner, using SEPA-approved solutions, in the markets where our customers do business and require our services.

An improved payments platform in market terms, particularly in Norway and Denmark, opens up the perspective for Nets to provide better support to our customers, domestically as well as in the Nordic and European markets. We will preserve Nets' position in Norway and Denmark, and Nets will continue to serve as the focal point for the joint development of the payment infrastructures in both Norway and Denmark. The merger will also provide Nets with a springboard to strengthen our market position in the rest of the Nordic region and in Northern Europe.

Nets supplies efficient and secure payment solutions that provide a competitive option for banks, companies and merchants that seek a northern European partner to process payment, card and information solutions.



As both an acquirer of cards and a supplier of services to card issuers, we can handle the whole spectrum of payment card services. We can also help improve the efficiency of our customers' value chains, allowing them to better focus on their core business.

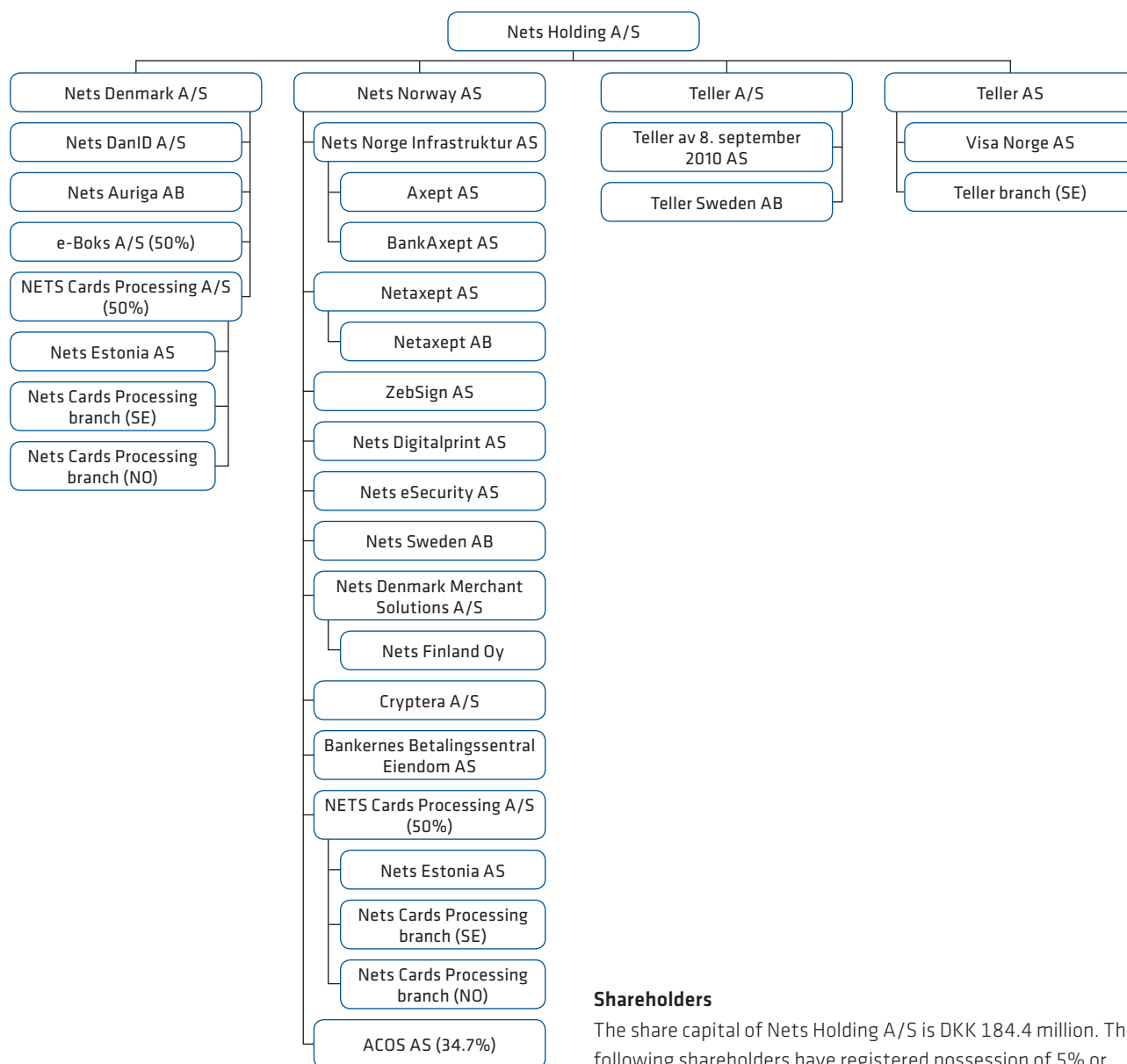
Nets handles payment transactions in eight countries. In addition to our partnership with the Nordic banks, our cross-border agreements with international merchants also contribute to an increase in our transaction volume.

In the summer of 2010, Nets launched a new digital signature, NemID, which enables all Danes to access both public-sector companies and private service providers in Denmark using a common and secure signature solution. This is a unique example of public and private sector collaboration which, along with the growth of BankID in Norway, will stimulate the digitisation of our domestic markets.

Nets is now the leading supplier of payment, card and information services in the Nordic region, and we are well equipped to develop our business in Northern Europe.

Rune Fjeldstad
Group CEO

Structure and ownership



Business foundation

The objective of Nets Holding A/S, to be pursued through its subsidiaries, is to develop, sell and operate systems and services in the market for payment cards, payment services and associated information, as well as any other business associated with these activities.

Shareholders

The share capital of Nets Holding A/S is DKK 184.4 million. The following shareholders have registered possession of 5% or more of the share capital:

- Danmarks Nationalbank, Copenhagen, Denmark
- Danske Bank A/S, Copenhagen, Denmark
- DnB NOR Bank ASA, Oslo, Norway
- Nordea Bank Danmark A/S, Copenhagen, Denmark.

The following shareholders hold more than 2%, but less than 5% of the share capital:

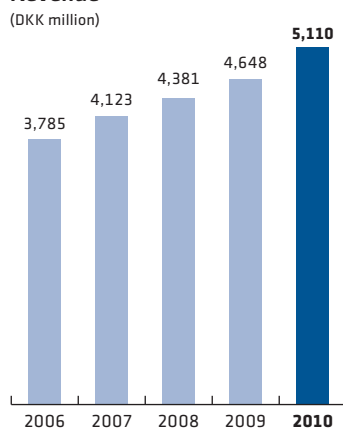
- Fokus Bank, Trondheim, Norway
- Jyske Bank A/S, Silkeborg, Denmark
- Nordea Bank Norge ASA, Oslo, Norway
- SpareBank 1 SMN, Trondheim, Norway
- SpareBank 1 SR-Bank, Stavanger, Norway
- Sydbank A/S, Aabenraa, Denmark.

Financial highlights

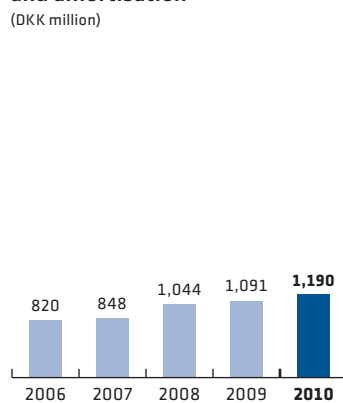
(DKK million)	2010	2009	2008	2007 *	2006 *
Consolidated income statement					
Revenue	5,110	4,648	4,381	4,123	3,785
Profit before impairment losses and amortisation	1,190	1,091	1,044	848	820
Operating profit	719	747	712	542	523
Interest income and expense and similar items, net	20	201	234	-8	11
Net profit for the year	533	751	717	412	372
Consolidated balance sheet at 31 December					
Total assets	6,144	6,372	5,226	5,568	4,039
Investments in property, plant and equipment	155	186	132	158	133
Investments in intangible assets	124	360	218	457	1,097
Equity	1,842	1,862	1,449	1,104	895
Consolidated cash flows					
Cash flow from operating activities	784	1,443	1,357	-	-
Cash and cash equivalents at 31 December	1,687	2,001	1,282	1,217	-
Financial ratios (%) - consolidated					
Operating margin	14	16	16	13	14
Return on investment	1,295	366	321	126	110
Acid test ratio	93	99	94	91	90
Solvency ratio	30	29	28	20	22
Return on equity	29	45	56	41	45
Employees					
Number of employees	2,122	2,096	1,856	1,757	1,673
Revenue per employee (DKK thousand)	2,408	2,218	2,360	2,347	2,262
Earnings per employee (DKK thousand)	251	358	386	234	222

* Key figures for the years 2007-2006 have been restated due to the merger of 1 January 2009 of PBS Holding A/S and Nordito AS. The key figures have been restated due to the merging of the companies' annual reports (proforma).

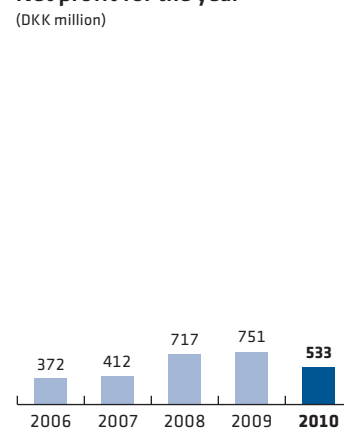
Revenue



Profit before impairment losses and amortisation



Net profit for the year



Management's review

Merger

The most important event for Nets in 2010 was the completion of the merger between the Norwegian company Nordito AS (BBS AS and Teller AS) and the Danish company PBS Holding A/S (PBS A/S and PBS International A/S). PBS Holding A/S as the continuing company changed its name to Nets Holding A/S on 8 September 2010.

Strategy

Nets will be the leading northern European supplier of payment, card and information services. In order to achieve this objective, Nets has drawn up a three-phase strategy plan. The plan defines what remains to be done in order for the various phases of the merger to be considered successfully completed:

- **Phase 1:** Secure the foundation of the merger
- **Phase 2:** Strengthen our position in Northern Europe
- **Phase 3:** Create a favourable position that will maximise the strategic opportunities.

As part of the first phase, a central task in the previous year was to work on setting up the common business, with a common vision, culture and set of values. Building this foundation takes time, and the work of realising the synergies and opportunities that this merger will provide, will continue in the years to come. We have established a common pan-Nordic organisation to ensure that we are able to meet our customers' needs and expectations.

We will create an efficient operation, with a reduction in unit costs and, thus, improved competitiveness. At the same time, our customers need to feel that our services are improving, and that our operations are stable.

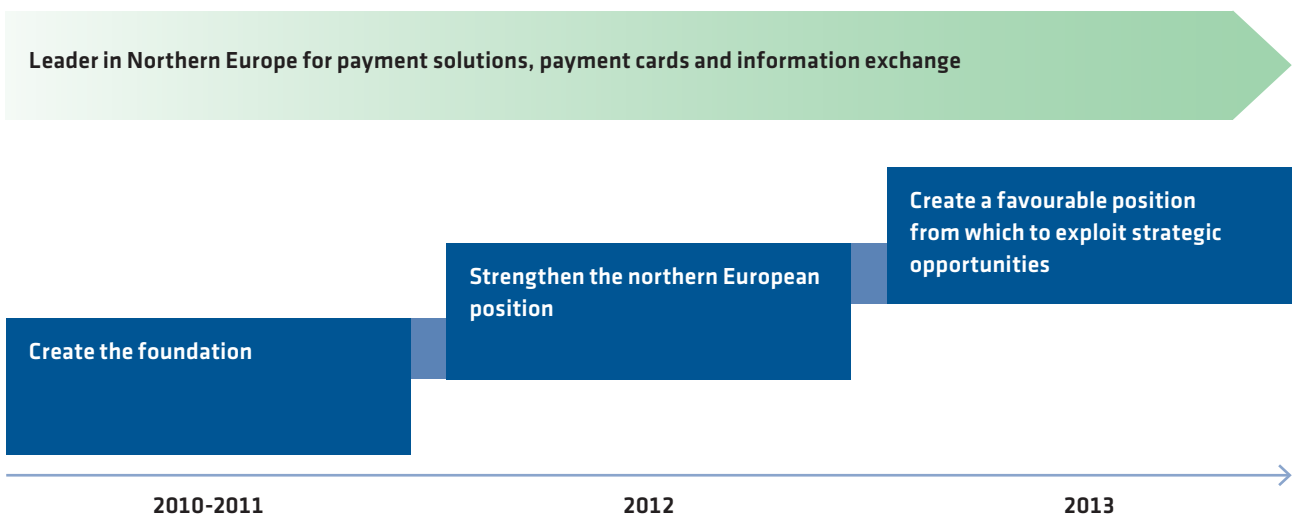
Work on the second phase of the strategy plan has also begun. Our skills, and our position as a market leader in the Nordic region, are the result of more than four decades of experience in developing a financial infrastructure.

The Nordic region and the payment infrastructure in Denmark and Norway is the foundation of our growth. The fact that we are now a single company strengthens our ability to meet international competition head-on and to create further growth for our company in both the Nordic region and in Northern Europe. In 2010, Nets handled just under six billion payment transactions, mainly on behalf of Nordic banks.

During the third phase, the primary target of our strategy plan will be to realise the final synergies, to transform Nets into an even more attractive strategic partner, and to exploit Nets' strategic opportunities in both the Nordic and the northern European markets.

Nets' position allows us to meet and adapt to the demands of the market. The merger has given Nets a broader and stronger product and service portfolio, as well as greater geographical coverage. This will improve Nets' ability to satisfy the requirements of our pan-Nordic and international customers and also to benefit from market trends and opportunities.

The vision



Finances

Profit for the year after tax was DKK 533 million, which is a decrease of DKK 218 million compared to 2009. This is due to the fact that profit in 2009 was positively affected by revenue of a one-off nature linked to the foreign exchange adjustment of shares. Profit in 2010 was also affected by the restructuring costs involved in establishing the new joint Nordic company. Profit for the year is in line with expectations.

Revenue

Consolidated revenues increased by 10% to DKK 5,110 million compared to 2009.

The company's revenues derive from the following five business areas:

- Cards
- Payment & Information Services
- Financial Acquiring
- Merchant Solutions
- eSecurity.

Revenues in Cards increased by 3% compared to 2009 and amounted to DKK 1,418 million, an increase of DKK 43 million. The stable growth in transactions using Dankort, BankAxept and the processing services of international payment cards continued, and 5 billion card transactions were processed on Nets' card platform, corresponding to an increase of 11% compared to 2009.

Revenues in Payment & Information Services increased by 4% compared to 2009 and amounted to DKK 2,079 million, which corresponds to an increase of DKK 86 million. This is primarily attributable to an increase in payments using Betalingservice in Denmark and eFaktura in Norway.

Revenues in Financial Acquiring increased by 12% compared to 2009 and amounted to DKK 505 million, corresponding to an increase of DKK 54 million. The growth is partly due to an influx of new customers and also to a 33% increase in the number of transactions.

Revenues in Merchant Solutions increased by 50% compared to 2009 and amounted to DKK 882 million, which corresponds to an increase of DKK 293 million. The increase is primarily due to acquisition activities in 2009, which will not have its full impact until 2010.

Revenues in eSecurity decreased by 6% compared to 2009 and amounted to DKK 226 million, corresponding to a decrease of DKK 14 million. The decrease in revenue was affected by development costs for NemID in 2009.

Costs

External costs increased by 13% compared to 2009 and amounted to DKK 2,433 million, which corresponds to an increase of DKK 284 million. The increase is due, on the one hand, to the increased business volume and, on the other hand, to restructuring costs arising from the merger and the costs of achieving our future strategic objectives.

Staff costs increased by 6% compared to 2009 and amounted to DKK 1,487 million, an increase of DKK 80 million. Pension agreements in the Norwegian subsidiaries were altered in 2010, which has resulted in a decrease in pension costs. Costs have been incurred for severance pay in conjunction with the merger.

Equity

Consolidated equity, including proposed dividends, amounted to DKK 1,842 million, which is equivalent to a solvency ratio of 30%. Proposed dividends amounted to DKK 400 million, compared to DKK 600 million in 2009.

Cash flow

In 2010, operating activities generated cash flow of DKK 784 million, compared to DKK 1,443 million in 2009.

Cards

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Nets handles card payments and related services for Nordic banks and financial institutions, and has a 30% share of the Nordic market for card processing. The Cards business area offers a range of services to card issuers and card acquirers. Cards services 17 million cards, administers 300,000 merchants, and has 230,000 terminals and all Nordic payment modules connected to its card platform.

Cards handles payment cards from eight European countries and, measured in terms of authorisations and financial transactions, the number of transactions in 2010 exceeded five billion. This makes Nets currently the fifth largest card processor in Europe and the largest in the Nordic region. A significant proportion of the card transactions come from the national card systems, Dankort and BankAxept.

In 2010, Nets entered into several new customer agreements involving the implementation of acquirer processing and services for Nordic bank customers. During 2010, Nets also managed the rollout of new payment card terminals in the Nordic and Baltic countries for acquirers with major customers in the fuel industry.

Nets has experienced a growth of 31% in issuer processing and services. In 2009, 387 million payments were processed within this category, and in 2010 the figure rose to 506 million. The ATM (Automated Teller Machine) processing area remained at the same level as in the previous year.

During 2010, Nets implemented a new standard for the DDA (Dynamic Data Authentication) chip on international cards and converted 775 card products from Visa Debit to MasterCard Debit. Additionally, Nets launched the first payment card in the Nordic region for pupils as well as a new EMV-based (Europay, MasterCard, Visa Specifications) e-purse.

The year 2010 yielded several innovation projects, in which known technologies were incorporated into new contexts, and where the Cards business area worked on state-of-the-art payment technologies. In 2010, as part of the work on new forms of payment, Cards established an experience laboratory at Nets' head office in Ballerup. The laboratory was founded in collaboration with a number of partners as part of a joint innovation project under the heading "The Money of the Future" ("Fremtidens penge"), organised in Denmark under the auspices of the Danish Bankers' Association (Finansrådet).

Nets will be a leader in the field of BPO (Business Processing Outsourcing), and will serve major parts of the customers' value chain for payment cards, thus allowing the customers to focus on their core business. The establishment of Nets has provided the size and strength to encourage large international banks to choose to outsource their issuer and acquirer processing activities to Nets.

In terms of infrastructure, in 2010 Nets implemented the renegotiated subscription model for Dankort, and created a new Visa/Dankort business model for the banks.

On the card platform in Norway, uptime matched expectations. On the other hand, uptime on the card platform in Denmark did not quite live up to expectations. In order to enhance the operational stability of the Danish card platform, Nets has initiated a number of activities: improved exploitation of the hardware functions on the platform, establishment of increased monitoring, establishment of a dedicated task force, and improved communication procedures. Nets expects that these initiatives will once again ensure stable operations of the card platform.

The Norwegian supervising authority, Forvalteren, continues to consider Nets to be a neutral, impartial card acquirer.

Payment & Information Services

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The Payment & Information Services business area is a leading supplier of electronic payment services, such as Betalingservice in Denmark and eFaktura in Norway. A range of additional services make it easy and effective for companies to collect payments for their products and services.

Nets also provides international payment services based on the international framework conditions in SEPA (the Single European Payment Area) on behalf of banks that handle payments in euros.

Nets will consolidate and develop its position in the domestic markets in Norway and Denmark by developing attractive solutions that create value for banks and businesses in the Nordic region. One of our strengths is that we can offer our customers a wide array of products and services.

In 2010, Payment & Information Services achieved a number of significant commercial targets. The new, larger organisation has strengthened relations with existing customers, and contracts have been signed with major Nordic players.

Generally, the area of invoicing is experiencing growth, and we now provide services to several important market players whose strategic driving force is digitisation and electronic services. Payment & Information Services is also experiencing growth in the public sector, with information processing and document-scanning solutions for municipalities.

Payment & Information Services has a strong infrastructure, which covers eFaktura for private individuals and businesses, as well as other payment services such as AvtaleGiro and OCR Giro (Optical Character Recognition). In 2010, we passed the six million eFaktura agreement mark on the consumer side, which represents a growth of 20%. For Betalingservice, we experienced a growth of 6% in 2010. During the year, 208 million transactions were completed, which is 12 million more than during the previous year.

Through NICS (the Norwegian Interbank Clearing System), Payment & Information Services delivers an infrastructure that is critical to society. In 2010, we launched a new, improved version of NICS that provides rapid, flexible and effective payment services, and which enhances operational reliability.

e-Boks, a private limited company, which is owned in equal shares by Nets and Post Danmark, grew by 600,000 users in 2010, from 2.4 million to 3 million. e-Boks began as a simple communicator of digital mail between private companies and their customers. e-Boks was then chosen by the Danish Agency for Governmental Management (Økonomistyrelsen) to provide a general solution for communication between the public sector and citizens and businesses, accommodating both a digital mailbox and NemSMS.

Financial Acquiring

Financial Acquiring

Following the establishment of Nets, the Financial Acquiring business area now includes the former Teller AS and the former PBS International A/S. Financial Acquiring operates as an independent company under the Teller name.

Teller specialises in card acquiring. The growth in card consumption, and with it, international card acquiring, is around 7-10% per year. Teller's goal is to grow in excess of the market average. This will be made possible through organic growth and strategic partnerships.

Through the merger between Nordito AS and PBS Holding A/S, Teller has developed from a Nordic player with a strong national focus into a broadly Nordic-based player.

With a strong customer base in Norway and Denmark, Teller offers the acquiring of a wide range of international payment cards in the Nordic region. This will be particularly interesting to international businesses that are seeking a single partner and a single solution for all Nordic markets.

Teller is currently ranked second in the Nordic region in the field of card acquiring, and the business area provides services to approximately 20% of all customers in the Nordic market. The clear ambition is to create continued growth in order to consolidate Teller's market position. With approximately 90,000 active merchants, Teller is number one in the Nordic region in terms of the number of affiliated merchants.

From a commercial point of view, 2010 was a good year for Teller. Among the most important activities was the signing of a number of cross-border agreements with customers. Compared to 2009, the number of customers increased by 8.7% in 2010.



Teller has observed that grocery shopping has paved the way in earnest for international payment cards. All the major grocery chains in Denmark now accept international cards, and in Norway the majority of grocery chains also do.

A total of 304 million payments were made with debit and credit cards in 2010, an increase of 33% compared to 2009, when 229 million payments were made.

In Norway in 2010, Teller worked to expand the range of acquired card brands, which currently includes Visa, MasterCard and American Express. In 2011, Teller in Norway will introduce the acquiring of the Chinese China UnionPay card, and the Japanese JCB card. In Denmark, Teller became an acquirer of JCB and China UnionPay in 1988 and 2007, respectively. In 2010, a marked increase in revenues from China UnionPay was observed in Denmark.

Most of Teller's development activities take place in close collaboration with major customers. The functionalities of Teller's systems are constantly being adapted, and it is therefore possible to tailor solutions for customers' changing requirements as they grow and become more international.

Teller has not been hit by increased losses in its customer portfolio as a result of the financial crisis. The net loss was thus reduced in 2010. Teller actively surveys and checks risks associated with its portfolio and carefully monitors both domestic and international risk scenarios.

Merchant Solutions

MERCHANT SOLUTIONS



The Merchant Solutions business area is one of the Nordic region's leading suppliers of terminal solutions to physical merchants and of payment solutions for Internet shopping. These products provide a secure exchange of payment between sellers and customers. Nets also supplies a range of additional services that simplify the payment process and payment options for customers in Norway, Sweden, Finland and Denmark. Merchant Solutions has local departments in all four countries.

The main objective of Merchant Solutions is to become the leading supplier of payment solutions to Nordic and international chains. Since the merger between Nordito AS and PBS Holding A/S, Merchant Solutions has focused on harmonising its products, services, and terms and conditions across the various countries.

In 2010, Merchant Solutions experienced further growth in the number of merchant agreements. This growth was achieved by increasing sales in the local markets through existing sales channels, and by developing the product portfolio to support new sectors in the Nordic region.

Additionally, Merchant Solutions has established new portals and Internet merchants, and further developed existing ones.

In 2010, Merchant Solutions worked on a number of development projects for new payment applications and the support of new terminal products: enhanced security using the PA-DSS security standard; the 3DES encryption algorithm; the Visa DFE tokenisation solution; and new e-commerce solutions and services, including the Pay@table solution for the restaurant industry.

The operating situation in 2010 was generally good, although in the autumn, Merchant Solutions' customers experienced problems relating to the card platform and technical communication.

In addition to this, Nets had occasional problems with the connection between Sweden and Denmark during the autumn of 2010. This had an effect on the operational stability of Nets' prepaid services and therefore on our customers who use prepaid products (prepaid cards) in their shops. During the year, Nets implemented technical changes that have improved operational stability, and Nets has worked determinedly to ensure improved operational stability in 2011.

eSecurity

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The eSecurity business area operates NemID in Denmark, which is used by the public sector and private companies, and BankID in Norway, which is primarily offered to banks and private companies. Additionally, Nets supplies a wide selection of identification, signature and authentication solutions to both private and public sector customers. These solutions are the key to increased transaction volume for identification solutions.

Credibility and user-friendliness are the most important competitive parameters for eSecurity. The ambition is to make eSecurity the preferred supplier for all Nordic banks and public sector customers in the field of identification and authentication solutions. Having been given a seal of approval by the Nordic banks and public sector customers, eSecurity has a strong basis for success in the competitive Nordic market.

On 1 July 2010, Nets put into operation the Danes' new digital signature, NemID. Since then, eSecurity has been the subject of considerable interest from private companies in Denmark, who seek to use NemID for enhanced security, improved customer service, and optimisation of internal work processes. By the end of 2010, a total of 2.3 million users had been connected, and a total of 77 million transactions were carried out using NemID.

In October, NemID was affected by a number of minor disruptions and two major operational breakdowns. Even so, NemID has met the uptime requirement of 99.9% for the vast majority of the period since implementation. eSecurity has analysed each operational event, and operational stability is expected to meet the requirements in 2011.

A high level of operational stability was also a feature of BankID in 2010. The uptime requirement of 99.7% was met for every month of the year, and in six of the twelve months, BankID delivered 100% uptime. As of 31 December 2010, a total of 2.4 million Norwegians were active users of BankID, and BankID is used approximately 25 million times a year for identification and signing purposes.

In 2010, eSecurity delivered and implemented mobile OTP (One Time Password) and PKI (Public Key Infrastructure) solutions for a number of major customer in the financial and telecommunication sectors. Likewise, in 2010, eSecurity delivered Trust Solutions to customers in the financial, retail, and energy sectors.

In 2010, the PKI platform Eurida replaced the former PKI platform from 2000, and supplied digital certificates for internal applications. eSecurity's Multi-ID Authentication platform was upgraded in 2010. All user sites were converted to the new platform, which now supports the most important electronic ID solutions for citizens of the Nordic countries.

In October 2010, a jury unanimously declared NemID winner of the Smarter Planet prize, which is presented at IBM's Software Day. Nets received the prize for its development of an innovative electronic signature for all businesses and citizens in Denmark.

Management and organisation

With the merger, Nets has implemented a new organisational structure across national borders, creating an international organisation that is ready to take up its position as a powerful player in the field of international payment and information services.

Nets conducted an internal cultural survey with the aim of establishing the foundation for the process of cultural integration. The survey was conducted as a combination of qualitative interviews, group interviews, and an electronic questionnaire. A total of 1,800 employees participated in the survey, and the response to the cultural analysis was generally positive.

The cultural analysis showed that employees in the various companies have many common traits, and that there are fundamental similarities between the work processes, work culture and values of the companies. In other words, it indicated that the cultural conditions are in place for Nets to create a dynamic, efficient and competitive company.

Nets has developed a values programme, which everyone in the Group will complete during 2011. The implementation of these values will help develop an organisational culture based on our chosen values: responsible, solution-oriented, team player, and long-term focused.

In November 2010, Nets' first work environment survey was initiated, and questionnaires were sent to all employees in Norway, Sweden, Finland, Estonia and Denmark.

Job satisfaction is a composite of two parameters, well-being and motivation, which amounted to an overall score of 67 for Nets, compared to the index value of 69. The index is an industry-wide index for the Scandinavian IT and financial sectors.

As a knowledge-intensive company, Nets values its employees' skills highly, and attracting and retaining qualified employees is a challenge. In both Norway and Denmark, we have worked determinedly in recent years to raise our profile. This has included taking part in career days, holding company presentations at educational establishments, and raising our profile in student magazines. The purpose of this has been to create a greater awareness among students of the opportunities that Nets can offer and raise Nets' profile as an attractive and interesting future employer.

On 14 December 2010, Deputy CEO Flemming L. Jensen resigned and on the the same date the Board of Directors appointed CFO Jesper Bramming new member of the Executive Board.

Corporate Social Responsibility (CSR)

Nets is a leading supplier of payment, card and information solutions in several countries. The Group's core services provide significant savings to society.

Nets wishes to prioritise its social responsibility work. Starting with its core services, Nets focuses on complying with laws and regulations, achieving a high degree of security for the financial infrastructure, and ensuring good working conditions for the company's employees.

Using this point of departure, the company's board adopted a vision, mission and objectives for CSR at the end of 2010.

Nets' CSR vision: Our stakeholders recognise Nets as a responsible organisation which, through its processes and products, contributes to both internal and external sustainability.

Nets' CSR mission: Nets must integrate social, environmental and economic sustainability into its work processes and products through our core skills and innovative solutions.

Nets' three primary CSR objectives:

- To achieve recognition as a responsible organisation in the sector by strengthening our CSR profile
- To ensure and document our compliance with laws and regulations
- To achieve recognition as a responsible purchaser and partner.

In 2010, the focus has been on developing our vision, mission and objectives, along with an associated CSR strategy.

Nets has identified the CSR areas on which we wish to focus, and these are divided into compliance and other areas of proactive effort. The purpose of this division is to enable Nets to meet the expectations of the outside world, while also focusing on the areas in which we expect to make a difference.

The proactive areas of effort include: a secure financial infrastructure, diversity in the workplace, good working conditions, and Internet security.

In 2011, our work will include the implementation of the CSR vision, mission and objectives, further systematisation of our CSR work, and the launch of internal initiatives within our areas of focus.

Risks and security

Stable and secure operations are a prerequisite for Nets' business and of vital importance to maintain confidence in our company. For this reason, stable and secure operations are a focal point throughout the organisation.

Information security is also a high priority in Nets because it enables our customers to feel secure when using Nets' systems and services. The security work, which is based on ISO 27002, supports Nets' business goals and basic values.

The card systems have been certified in accordance with the PCI standard. In order to ensure availability and stable operations, Nets has established documented fall-back solutions. These have been tested in co-operation with our customers and suppliers and work in accordance with documented requirements.

Nets carries out annual risk analyses based on CobIT (the Control Objectives for Information and Related Technology) to ensure Nets' financial health as well as compliance with regulations and maintenance of secure and stable operations. This provides management and the Board with a good overview of potential risks to the Group. Management works to systematically reduce risks, and the internal control environment is audited by the system audit.

Liquidity and currency management are conducted in accordance with established policies and instructions. The companies within the Group have invested any surplus liquidity in fixed-term deposit accounts or securities. These investments have a foreign exchange and credit risk. The Group has no particular currency risks.

The external threat scenario is constantly changing, and developments are carefully monitored in Nets. The focus, both domestically and internationally, is on identity theft, card fraud, and measures aimed at preventing fraud. These measures have reduced customers' losses from fraud.

Outlook for 2011

In 2010, we focused on the integration of the merged companies. The work to achieve a pan-Nordic organisation with a common vision, culture and values will continue in 2011. This is vital in order to live up to the requirements and expectations of our customers, to realise merger synergies, and to strengthen Nets' Nordic market position. Our continued pan-Nordic focus will also enable us to move into new markets in Northern Europe.

The compelling reason for the merger was to enhance our competitiveness by increasing our transaction volume. In 2011, all Nets business areas will focus on exploiting the potential that the increase in transaction volume represents.

For Cards, the strategic ambition is to become the second-largest card processor and service provider in Europe, and the largest in the Nordic region. Cards' major projects in 2011 include the launch of an SMS solution, the implementation of a major BPO contract, the development of a new global card administration solution, and a consolidation of platforms as a result of the merger.

Payment & Information Services will ensure an increase in transaction volume through a Nordic solution for all invoice management. Existing solutions will be integrated into an overall concept, with solutions for currency management and multi-formats, and the functionality to process SEPA transactions. The new concept will create the IT technology engine of the future for the payment and information management of international invoices.

Two of the ways in which Financial Acquiring will enhance its competitiveness will be by consolidating Teller's IT platforms and expanding the number of card brands. This will make Teller the acquirer with the broadest portfolio of brands in the Nordic region.

For Merchant Solutions, the target is to become the leading player in the Nordic region by offering a common Nordic product platform with full integration across national borders. Finally, eSecurity will use the springboard of its role as a supplier of security solutions in Norway and Denmark to turn its attention to new markets in 2011. The focus will be on innovative and state-of-the-art security solutions. This will primarily be done in Norway using tailored solutions for larger companies, and in Denmark via NemID. Furthermore, eSecurity expects to present new mobile OTP solutions in 2011 that will support Android phones and the iPhone.

Nets began to re-structure the company in 2010. This work will continue in 2011 with the aim of ensuring that the new structure provides optimal support for our business areas. With effect from 1 May 2011, companies operating in the field of card acquiring, card issuer services and electronic payment services must be authorised as a payment institution by the Danish Financial Supervisory Authority (Finanstilsynet). Nets Denmark has submitted an application to become a payment institution and expects to receive authorisation. This will mean that two of the companies in the Nets Group will have been authorised as payment institutions, since Teller A/S was authorised in accordance with the new rules in 2009.

Revenue and operating profit for 2011 are expected to be on par with 2010.

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have discussed and approved the Annual Report of Nets Holding A/S for the financial year 1 January – 31 December 2010.

The Annual Report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the consolidated financial statements and the Parent Company financial statements give a true and fair view of the Group's and the Company's financial position at 31 December 2010 and of the results of the Group's and the Company's operations and consolidated cash flow for the financial year 1 January – 31 December 2010.

Moreover, in our opinion, the Management review provides a fair view of the development in the Group's and the Company's operations and financial matters, and the results of the Group's and the Company's operations and financial position.

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

Ballerup, 17 March 2011

Executive Board

Rune Fjeldstad
Group CEO

Jesper Bramming
CFO

Board of Directors

Peter Lybecker
Chairman

Terje Vareberg
Vice Chairman

Gert Rinaldo Jonassen

Stein Klakegg

Stein O. Larsen

Sven E. Lystbæk

Torben Nielsen

Leif Teksum

Vidar Frostrud

Håkon Hertzberg

Frank A. Olsen

Jens-Ulrik Røikjær Thomsen

Independent Auditors' Report

To the shareholders of Nets Holding A/S

We have audited the consolidated financial statements and the Parent Company financial statements of Nets Holding A/S for the financial year 1 January – 31 December 2010, pp. 17-33. The consolidated financial statements and the Parent Company financial statements comprise accounting policies, income statement, balance sheet, statement of changes in equity and notes for the Group as well as for the Parent Company and consolidated cash flow statement. The consolidated financial statements and the Parent Company financial statements have been prepared in accordance with the Danish Financial Statements Act.

In addition to our audit, we have read the Management's review which has been prepared in accordance with the Danish Financial Statements Act, and provided a statement hereon.

Management's responsibility for the Annual Report

Management is responsible for the preparation and presentation of consolidated financial statements and Parent Company 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 to the preparation and presentation of consolidated financial statements and Parent Company financial statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. Management is also responsible for the preparation of a Management review that includes a fair review in accordance with the Danish Financial Statements Act.

Auditors' responsibility and basis of opinion

Our responsibility is to express an opinion on the consolidated financial statements and the Parent Company financial statements based on our audit. We 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 as to whether the consolidated financial statements and the Parent Company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the Parent Company financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material mis-

statement of the consolidated financial statements and the Parent Company financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and presentation of consolidated financial statements and Parent Company financial statements that give a true and fair review 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements and the Parent Company financial statements.

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the consolidated financial statements and the Parent Company financial statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2010 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2010 in accordance with the Danish Financial Statements Act.

Statement on the Management's review

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

Copenhagen, 17 March 2011

KPMG

Statsautoriseret Revisionspartnerselskab

Flemming Brokhattingen
*State Authorised Public
Accountant*

Thomas Bruun Kofoed
*State Authorised Public
Accountant*

Accounting policies

The Annual Report has been prepared in accordance with the provisions applying to reporting class C large enterprises under the Danish Financial Statements Act.

The accounting policies used are consistent with last year.

Recognition and measurement

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

Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and when the liability can be reliably measured.

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

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the Annual Report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognised in the income statement as earned. Equally, costs incurred to generate the year's earnings are recognised, including depreciation, amortisation, impairment and provisions as well as reversals as a result of changes in accounting estimates of amounts which were previously recognised in the income statement.

Derivatives

On initial recognition in the balance sheet, derivatives are measured at cost and subsequently measured at fair value.

Changes in the fair value of derivatives that are designated and qualify for ensuring fair value of a recognised asset or a recognised liability, are recognised in the income statement together with changes in the fair value of the hedged asset or hedged liability.

For derivatives that do not qualify for hedge accounting, changes in fair value are recognised in the income statement.

Consolidated financial statements

The consolidated financial statements include the Parent Company Nets Holding A/S and subsidiaries in which Nets Holding A/S directly or indirectly holds more than 50% of the voting rights or which it, in some other way, controls.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and realised and unrealised gains and losses on intra-group transactions are eliminated.

Enterprises acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Enterprises disposed of or liquidated are recognised in the consolidated income statement until the date of disposal.

Acquisitions of enterprises are accounted for using the purchase method, according to which the identifiable assets and liabilities acquired are measured at their fair values at the date of acquisition. Provision is made for costs related to adopted and announced plans to restructure the acquired enterprise in connection with the acquisition. The tax effect of the restatement of assets and liabilities is taken into account.

Any excess of the cost of the acquisition over the fair value of the identifiable assets and liabilities acquired (goodwill), including decided restructuring provisions, is recognised as intangible assets and amortised on a systematic basis in the income statement based on an individual assessment of the useful life of the asset, though not exceeding 20 years.

Any excess of the fair values of the identifiable assets and liabilities over the cost of the acquisition (negative goodwill), representing an anticipated adverse development in the acquired enterprises, is recognised in the balance sheet as deferred income and recognised in the income statement as the adverse development is realised. Negative goodwill not related to any anticipated adverse development is recognised in the balance sheet at an amount corresponding to the fair value of non-monetary assets.

Goodwill and negative goodwill from acquired enterprises may be adjusted up until the end of the year following the acquisition.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as interest income or expense and similar items.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as interest income or expense and similar items.

On recognition in the consolidated financial statements of another currency than DKK, the income statement items are translated at the exchange rate at the transaction date, and the balance sheet items are translated at the exchange rate at the balance sheet date. The average exchange rate for the individual months is used as the exchange rate at the transaction date where this does not result in a significantly different presentation. Foreign exchange differences arising on translation of the opening equity of these companies at the exchange rates at the balance sheet date and on translation of the items of the income statements from the exchange rates at the transaction date to the exchange rates at the balance sheet date are recognised directly in equity.

INCOME STATEMENT

Revenue

Revenue comprises services and sales of goods invoiced provided that delivery and passing of risk to the buyer have taken place before year end and that the income can be determined reliably and is expected to be received. Fees directly related to income from card activities are deducted from revenue.

Revenue also comprises income not invoiced which is recognised at the selling price of the work performed by reference to the stage of completion at the balance sheet date (the percentage of completion method).

Revenue is recognised excl. VAT, taxes and duties and discounts in relation to the sale.

External costs

External costs incurred in generating the revenue for the year comprise IT operations, operating leases of software, external production costs, loss and fraud, development costs, maintenance and development costs that do not qualify for capitalisation, postage, envelopes and other costs incurred in distributing goods as well as marketing and other sales costs, administration costs and lease agreements.

Staff costs

Staff costs comprise wages and salaries and remuneration, pension contributions, social security costs and other salary-related costs.

Impairment losses and amortisation

Impairment losses and amortisation comprise impairment losses and amortisation of intangible assets and property, plant and equipment.

Net profit/loss from investments in subsidiaries and associates

The proportionate share of the net profit/loss of the individual subsidiaries is recognised in the income statement of the Parent Company after full elimination of intra-group gains/losses.

The proportionate share of the net profit/loss in associates after tax and elimination of the proportionate share of intra-group gains/losses is recognised in the Parent Company's and the Group's income statements.

Interest income and expense and similar items

Interest income and expense and similar items comprise interest income and expense, realised and unrealised gains, and dividends and losses on transactions denominated in foreign currencies and securities.

Tax

Nets Holding A/S and Danish subsidiaries are jointly taxed. The current Danish corporation tax allocated between the jointly taxed companies in proportion to their taxable income is recognised in the income statement. The tax saving as a result of losses is also refunded proportionately.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. The change in deferred tax liabilities is also recognised in the income statement.

Tax assets are recognised if they can be set off against deferred tax in other consolidated enterprises or if it is probable that they can be utilised in future earnings.

Current and deferred tax is computed at the tax rates applicable.

The companies in the Group are taxed under the on-account tax scheme. Interest/refunds relating to the tax payment are included in interest income and expense and similar items.

BALANCE SHEET

Intangible assets

Development projects

Development projects comprise external costs, salaries and the share of overhead costs directly attributable to development activities.

Development of new systems and significant improvements in functionality of existing systems are capitalised. It is a condition that the development projects are clearly defined and identifiable and that there is evidence of the technical utilisation degree, sufficient resources and a potential future market or development opportunities in the Company, and that the Company intends to produce, market or use the project. Also, it is a condition that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover operating costs. Other development costs are recognised in the income statement when incurred.

Capitalised development costs are measured at cost less accumulated amortisation. Following the completion of the development work, development costs are amortised on a straight-line basis over the estimated useful life of 3–5 years.

Customer agreements

Customer agreements acquired are measured at cost less accumulated amortisation and are amortised up to 15 years.

Rights

Rights are measured at cost less accumulated amortisation and are amortised over 3–10 years.

Goodwill

Rights are measured at cost less accumulated amortisation and are amortised over 5–10 years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Holiday homes	35 years
Leasehold improvements	0–10 years
Plant and machinery	2–4 years
Fixtures and fittings, tools and equipment	2–5 years

Gains and losses from the current replacement of property, plant and equipment are recognised as depreciation in the income statement.

Impairment

The carrying amount of intangible assets as well as property, plant and equipment is tested annually for indications of impairment in excess of the impairment losses indicated in amortisation and depreciation.

When there is an indication that assets may be impaired, impairment tests are made of each individual asset or group of assets, respectively. Write-down is made to the recoverable amount if the carrying amount is higher.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the anticipated net income from the use of the asset or group of assets.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured in accordance with the equity method.

Investments in subsidiaries and associates are measured in the balance sheet at the proportionate share of the enterprises' net asset values calculated in accordance with the Parent Company's accounting policies minus or plus unrealised intra-group profits and losses and minus or plus the residual value of positive or negative goodwill.

Subsidiaries with negative net asset values are measured at DKK 0 (nil), and any amounts owed by such enterprises are written down by the Parent Company's share of the negative net asset value if the amount owed is considered irrecoverable. Where the negative net asset value exceeds the amount owed, the remaining amount is recognised under provisions if the Parent Company has a legal or constructive obligation to cover the enterprise's deficit.

On acquisition of enterprises, the purchase method is used, cf. description in the consolidated financial statements.

Other securities and equity investments

Equity investments that are recognised in non-current assets are measured at fair value. Equity investments for which a reliable measurement of the fair value cannot be determined are recognised at original cost.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Clearing debtors and clearing creditors

Clearing debtors and clearing creditors comprise balances with payment card companies, primarily clearing transactions and fees that are cleared at the beginning of January with card acquirers and card issuers.

Receivables

The necessary provisions are made for bad debt losses based on an assessment of the individual receivables.

Prepayments, assets

Prepayments comprise costs incurred, including prepaid wages and salaries and operating leases concerning subsequent financial years.

Securities

Listed securities are measured at the fair value at the balance sheet date.

Equity

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability at the date when they are adopted at the Annual General Meeting.

Provisions

Provisions are measured at net realisable value. Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation.

Pension obligations

The Group has entered into pension agreements and similar agreements with most of the Group's employees.

Obligations relating to defined contribution plans where the Group pays fixed current pension contributions to independent pension funds, are recognised in the income statement in the period they are earned, and payments due are recognised in the balance sheet under other payables.

For defined benefit schemes, an annual actuarial calculation of capital value of future benefits payable under the scheme are carried out. Capital value is calculated based on assumptions about future developments in particular wages, interest, inflation and mortality. Capital value is calculated only for the benefits that employees have earned through their employment with the group. The actuarially estimated capital value, less the fair value of any assets linked to the scheme, is recognised in the balance sheet under pension obligations.

Annual pension costs based on actuarial estimates and financial expectations at the beginning of the year are recognised in the income statement. Differences between the expected development of pension assets and the obligations and the actual values measured at year-end, called actuarial gains or losses, are also recognised in the income statement.

Liabilities

Financial liabilities are measured at amortised cost. Other liabilities are measured at net realisable value.

Deferred income, equity and liabilities

Deferred income comprises payments received concerning income in subsequent years.

Cash flow statement

The cash flow statement is prepared in accordance with the indirect method based on the consolidated profit/loss.

Cash flow from operating activities is calculated as the profit/loss from ordinary activities before tax adjusted for non-cash operating items, corporation tax paid and changes in working capital.

Cash flow from investing activities comprises payments in connection with acquisitions and disposals of intangible assets, property, plant and equipment and investments.

Cash flow from financing activities comprises financing from shareholders (net) as well as the raising of and repayment of long-term loans.

Cash and cash equivalents at year-end comprise listed securities and cash at banks and in hand, less amounts owed to banks.

Segment information

Information is provided on revenue from business segments. Segment information is based on internal financial management.

Financial ratios

The financial ratios stated in the survey of financial highlights have been calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios, "Anbefalinger og Nøgletal 2010" ("Recommendations and Financial Ratios 2010"):

Operating margin	$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$
Return on investment	$\frac{\text{Operating profit} \times 100}{\text{Average invested capital}}$
Invested capital	Operating intangible assets and property, plant and equipment as well as net working capital
Acid test ratio	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$
Solvency ratio	$\frac{\text{Equity} \times 100}{\text{Total assets}}$
Return on equity	$\frac{\text{Profit for the year} \times 100}{\text{Average equity}}$
Revenue per employee	$\frac{\text{Revenue}}{\text{Number of employees}}$
Earnings per employee	$\frac{\text{Profit for the year}}{\text{Number of employees}}$

Income statement

Note	(DKK million)	The Group		Parent Company	
		2010	2009	2010	2009
1	Revenue	5,109.9	4,648.1	588.7	528.5
2	External costs	2,433.2	2,149.5	14.7	85.2
3	Staff costs	1,487.2	1,407.5	599.2	544.5
	Profit before impairment losses and amortisation	1,189.5	1,091.1	-25.2	-101.2
8 & 9	Impairment losses and amortisation	471.0	343.7	-	-
	Operating profit	718.5	747.4	-25.2	-101.2
4	Net profit in subsidiaries	-	-	584.6	842.3
5	Net profit in associates	5.7	3.1	-	-
	Profit before interest income and expense and similar items	724.2	750.5	559.4	741.1
6	Interest income and similar items	111.3	286.8	4.7	6.5
6	Interest expense and similar items	91.0	85.9	21.0	29.2
		20.3	200.9	-16.3	-22.7
	Profit before tax	744.5	951.4	543.1	718.4
7	Tax	211.3	200.5	9.9	-32.5
	Net profit for the year	533.2	750.9	533.2	750.9
	Proposed profit appropriation:				
	Proposed dividends			400.0	600.0
	Net revaluation according to the equity method			150.6	392.3
	Retained earnings			-17.4	-241.4
	Total appropriation			533.2	750.9

Balance sheet – assets

Note	(DKK million)	The Group		Parent Company	
		2010	2009	2010	2009
	Non-current assets:				
8	Intangible assets:				
	Development projects	156.8	25.9	-	-
	Customer agreements	771.3	870.9	-	-
	Rights	143.2	139.2	-	-
	Goodwill	515.3	570.1	-	-
	Development projects in progress	55.0	174.2	-	-
		1,641.6	1,780.3	-	-
9	Property, plant and equipment:				
	Holiday homes	1.9	1.9	-	-
	Leasehold improvements	66.8	36.0	-	-
	Plant and machinery	168.8	165.4	-	-
	Fixtures and fittings, tools and equipment	109.5	131.3	-	-
		347.0	334.6	-	-
	Investments:				
4	Investment in subsidiaries	-	-	3,106.8	2,913.9
5	Investment in associates	63.7	67.4	-	-
7	Tax assets	98.6	75.2	-	-
10	Other securities and investments	276.0	278.9	-	-
12	Deposits	13.8	13.5	-	-
		452.1	435.0	3,106.8	2,913.9
	Total non-current assets	2,440.7	2,549.9	3,106.8	2,913.9
	Current assets:				
	Inventories	148.0	99.7	-	-
		148.0	99.7	-	-
	Receivables:				
	Clearing debtors	1,136.4	990.9	-	-
	Sales and services	388.5	367.7	-	-
	Group enterprises	0.0	0.0	60.2	696.9
7	Corporation tax	9.5	24.5	4.9	24.3
	Other receivables	131.8	186.7	3.8	0.6
13	Prepayments	186.3	150.9	43.4	40.3
		1,852.5	1,720.7	112.3	762.1
	Securities	498.4	589.3	-	-
18	Cash at banks	1,204.6	1,411.9	416.4	258.7
	Total current assets	3,703.5	3,821.6	528.7	1,020.8
	Total assets	6,144.2	6,371.5	3,635.5	3,934.7

Contingent assets: None

Balance sheet – equity and liabilities

Note	(DKK million)	The Group		Parent Company	
		2010	2009	2010	2009
14	Equity:				
	Share capital	184.4	184.4	184.4	184.4
	Net revaluation according to the equity method	-	-	1,099.0	892.8
	Retained earnings	1,257.8	1,077.1	158.8	184.3
	Dividends	400.0	600.0	400.0	600.0
	Total equity	1,842.2	1,861.5	1,842.2	1,861.5
	Provisions:				
15	Deferred tax	213.3	204.6	0.0	0.0
11	Pension obligations	90.6	178.8	-	-
17	Other liabilities	13.9	10.7	-	-
	Total provisions	317.8	394.1	0.0	0.0
	Long-term liabilities other than provisions:				
16	Long-term debt	0.0	268.3	-	-
		0.0	268.3	-	-
	Current liabilities other than provisions:				
18	Banks	15.7	0.6	0.0	0.0
	Trade payables, etc.	247.9	269.5	0.3	15.4
	Group enterprises	-	-	1,654.1	1,432.4
	Merchants	2,247.2	1,960.4	-	-
	Clearing creditors	801.1	609.0	-	-
7	Corporation tax	120.9	85.0	0.0	79.8
19	Other payables	500.5	906.8	138.9	545.6
20	Deferred income	50.9	16.3	-	-
		3,984.2	3,847.6	1,793.3	2,073.2
	Total liabilities other than provisions	3,984.2	4,115.9	1,793.3	2,073.2
	Total equity and liabilities	6,144.2	6,371.5	3,635.5	3,934.7
21	Security: None				
	Contingent liabilities				
22	Related parties				

Statement of changes in equity

Note (DKK million)

The Group

	Share capital	Retained earnings	Dividends	Total
Equity at 1 January 2009	184.4	824.2	440.0	1,448.6
Adjustment, prior year	-	13.1	-	13.1
Currency adjustment, etc.	-	88.9	-	88.9
Distributed dividends	-	-	-440.0	-440.0
Retained earnings, cf. profit appropriation	-	150.9	600.0	750.9
Equity at 31 December 2009	184.4	1,077.1	600.0	1,861.5
Adjustment, prior year	-	-8.1	-	-8.1
Currency adjustment, etc.	-	55.6	-	55.6
Distributed dividends	-	-	-600.0	-600.0
Retained earnings, cf. profit appropriation	-	133.2	400.0	533.2
Equity at 31 December 2010	184.4	1,257.8	400.0	1,842.2

Parent company

	Share capital	Net revaluation according to the equity method	Retained earnings	Dividends	Total
Equity at 1 January 2009	184.4	411.6	412.6	440.0	1,448.6
Adjustment, prior year	-	-	13.1	-	13.1
Currency adjustment, etc.	-	88.9	-	-	88.9
Distributed dividends	-	-	-	-440.0	-440.0
Retained earnings, cf. profit appropriation	-	392.3	-241.4	600.0	750.9
Equity at 31 December 2009	184.4	892.8	184.3	600.0	1,861.5
Adjustment, prior year	-	-	-8.1	-	-8.1
Currency adjustment, etc.	-	55.6	-	-	55.6
Distributed dividends	-	-	-	-600.0	-600.0
Retained earnings, cf. profit appropriation	-	150.6	-17.4	400.0	533.2
Equity at 31 December 2010	184.4	1,099.0	158.8	400.0	1,842.2

Cash flow statement

The Group

Note	(DKK million)	2010	2009
Cash flow from operating activities:			
	Profit before tax	744.5	951.4
	Profit before tax in associates	-5.7	-3.1
	Unrealised capital gains in shares	2.9	-213.8
	Depreciation, etc.	471.0	343.7
	Tax paid	-174.7	-197.9
		1,038.0	880.3
Change in working capital:			
	Inventories	-42.6	44.2
	Receivables	21.6	-157.9
	Clearing debtors	-122.1	282.5
	Merchants	259.8	305.7
	Clearing creditors	168.3	-82.3
	Trade payables, etc.	-539.1	170.8
		-254.1	563.0
Cash flow from operating activities		783.9	1,443.3
Cash flow from investing activities:			
	Liquidation of associates	10.8	0.0
	Acquisition of subsidiaries	0.0	-387.0
	Investments in associates	0.0	-20.4
	Acquisition of intangible assets	-135.4	-62.8
	Acquisition of property, plant and equipment	-150.4	-188.4
	Acquisition of investments	-0.3	-0.3
	Disposal of property, plant and equipment	2.1	6.5
Cash flow from investing activities		-273.2	-652.4
Cash flow from financing activities:			
	Long-term debt	-286.1	268.3
	Other payables	-8.1	0.0
	Dividends	-600.0	-440.0
Cash flow from financing activities		-894.2	-171.7
Cash and cash equivalents:			
	Changes in the year	-383.5	619.2
	Currency adjustment, etc.	70.2	99.4
	Cash and cash equivalents at 1 January	2,000.6	1,282.0
23	Cash and cash equivalents at 31 December	1,687.3	2,000.6

Notes

Note	(DKK million)	The Group		Parent Company	
		2010	2009	2010	2009
1	Revenue				
	Cards	1,418.2	1,375.3	-	-
	Payment & Information Services	2,078.7	1,992.8	-	-
	Financial Acquiring	504.7	451.0	-	-
	Merchant Solutions	882.4	588.8	-	-
	eSecurity	225.9	240.2	-	-
	Group services (wages and salaries, etc.)	-	-	588.7	528.5
		5,109.9	4,648.1	588.7	528.5
	Geographical breakdown of revenue:				
	Denmark	2,591.8	2,629.2	588.7	528.5
	Norway	1,956.0	1,788.9	-	-
	Other countries	562.1	230.0	-	-
		5,109.9	4,648.1	588.7	528.5
2	Fees to auditor appointed at the Annual General Meeting				
	KPMG				
	Audit	2.4	2.0	0.8	0.8
	System-based audit	0.5	0.8	-	-
	Tax consultancy services	0.7	1.1	0.2	0.2
	Other services	2.2	5.1	1.2	4.5
		5.8	9.0	2.2	5.5
3	Staff costs, etc.				
	The Nets Holding A/S Group's Danish companies, except Nets Denmark Merchant Solutions A/S and Cryptera A/S, share employees who are employed by Nets Holding A/S.				
	Staff costs are allocated between the consolidated companies in accordance with a cost allocation base.				
	Employees in foreign companies are employed in the foreign companies.				
	Total staff costs are specified as follows:				
	Wages and salaries and remuneration	1,233.7	1,092.1	535.6	480.9
	Pension contributions	48.0	126.5	53.8	50.2
	Social security costs	20.6	20.1	9.2	10.9
	Other salary-related costs	184.9	168.8	0.6	2.5
		1,487.2	1,407.5	599.2	544.5
	Allocated to consolidated enterprises	-	-	588.7	528.5
	Nets Holding A/S' share	-	-	10.5	16.0
		-	-	599.2	544.5
	Including:				
	Remuneration to Executive Board and the Board of Directors	18.1	4.3	18.1	4.3
	Of which fee to Board of Directors	1.7	-	1.7	-
	The remuneration to the Executive Board and Board of Directors in 2010 included two members of the Executive Board, compared to one member in 2009. 2010 included severance allowance to former deputy CEO.				
	Average number of full-time employees in the Nets Holding A/S Group	2,122	2,096	863	858

Notes

Note	(DKK million)	The Group		Parent Company	
		2010	2009	2010	2009
4	Investment in subsidiaries				
	Cost at 1 January	-	-	1,752.6	1,752.6
	Additions	-	-	0.0	0.0
	Disposals	-	-	0.0	0.0
	Cost at 31 December	-	-	1,752.6	1,752.6
	Value adjustment at 1 January	-	-	1,161.3	955.4
	Dividends paid	-	-	-450.0	-772.8
	Net profit for the year	-	-	584.6	842.3
	Currency adjustment	-	-	58.3	136.4
	Value adjustment at 31 December	-	-	1,354.2	1,161.3
	Carrying amount at 31 December	-	-	3,106.8	2,913.9

	Ownership	Share capital
Nets Denmark A/S, Ballerup, Denmark DKK	100%	150.0
Nets DanID A/S, Ballerup, Denmark DKK	100%	50.0
Nets Auriga AB, Sweden SEK	100%	20.0
Teller A/S, Ballerup, Denmark DKK	100%	20.1
Teller Sweden AB, Sweden SEK	100%	0.1
Teller av 8. september 2010 AS, Norway NOK	100%	50.1
Nets Norway AS, Norway NOK	100%	165.1
Nets Norge Infrastruktur AS, Norway NOK	100%	0.1
Axcept AS, Norway NOK	100%	0.1
BankAxcept AS, Norway NOK	100%	0.1
Netaxcept AS, Norway NOK	100%	10.5
Netaxcept AB, Sweden SEK	100%	0.1
ZebSign AS, Norway NOK	100%	13.7
Nets Digitalprint AS, Norway NOK	100%	0.1
Nets eSecurity AS, Norway NOK	100%	0.1
Nets Sweden AB, Sweden SEK	100%	11.4
Nets Denmark Merchant Solutions A/S, Glostrup, Denmark DKK	100%	0.5
Nets Finland Oy, Finland EUR	100%	0.1
Cryptera A/S, Glostrup, Denmark DKK	100%	1.1
Bankenes Betalingssentral Eiendom AS, Norway NOK	100%	0.1
Teller AS, Norway NOK	100%	54.1
Visa Norge AS, Norway NOK	100%	0.1
NETS Cards Processing A/S, Ballerup, Denmark DKK	100%	21.5
Nets Estonia AS, Estonia EEK	100%	7.9

Notes

Note	(DKK million)	The Group		Parent Company	
		2010	2009	2010	2009
5	Investment in associates				
	Cost at 1 January	84.3	59.3	-	-
	Additions	0.0	25.0	-	-
	Disposals	0.0	0.0	-	-
	Cost at 31 December	84.3	84.3	-	-
	Value adjustment at 1 January	-16.9	-21.1	-	-
	Distributed dividends	-10.8	-2.2	-	-
	Net profit/loss	5.7	3.1	-	-
	Currency adjustment	1.4	3.3	-	-
	Value adjustment at 31 December	-20.6	-16.9	-	-
	Carrying amount at 31 December	63.7	67.4	-	-
		Ownership	Share capital		
	e-Boks A/S, Ballerup, Denmark DKK	50%	12.0		
	ACOS AS, Norway NOK	34.7%	5.0		
6	Interest income and expense and similar items				
	Interest income and similar items:				
	Group enterprises	0.0	0.0	2.9	1.7
	Currency adjustment	38.5	8.6	-	-
	Capital gains shares in Visa Inc. & MasterCard Inc.	27.3	213.0	-	-
	Capital gains securities	0.5	0.0	-	-
	Other interest income	45.0	32.6	1.8	4.8
	Distribution of proceeds from Initial Public Offering of Visa Inc.	0.0	32.6	-	-
		111.3	286.8	4.7	6.5
	Interest expense and similar items:				
	Group enterprises	-	-	18.2	27.4
	Foreign exchange loss	37.1	59.1	-	-
	Capital loss shares in Visa Inc. & MasterCard Inc.	30.5	0.0	-	-
	Capital loss securities	0.0	3.1	-	-
	Other interest expense	23.4	23.7	2.8	1.8
		91.0	85.9	21.0	29.2

Notes

Note	(DKK million)	The Group		Parent Company	
		2010	2009	2010	2009
7	Tax				
	Current tax	204.8	184.1	-8.1	-32.5
	Tax closing down Nordito AS	18.0	0.0	18.0	0.0
	Adjustment, prior year	-43.1	0.3	0.0	0.0
	Changes in deferred tax/tax assets	30.6	16.1	0.0	0.0
	Currency adjustment	1.0	0.0	0.0	0.0
		211.3	200.5	9.9	-32.5
	Profit before tax	744.5	951.4	543.1	718.4
	Net profit in subsidiaries and associates	-5.7	-3.1	-584.6	-842.3
	Tax in Norway by closing down Nordito AS	7.4	0.0	7.4	0.0
	Permanent differences (tax refund etc.)	45.0	-158.2	1.6	0.2
	Temporary differences	-75.8	-72.9	0.0	0.0
	Used loss	-7.7	-6.0	0.0	0.0
		707.7	711.2	-32.5	-123.7
	Current tax	204.8	184.1	-8.1	-32.5
	Tax payable at 1 January	60.5	101.6	55.5	50.4
	Tax closing down Nordito AS	18.0	0.0	18.0	0.0
	Adjustment of tax, prior year	0.0	0.3	0.0	-0.3
	Tax paid for prior year, net	-78.1	-101.6	-73.5	-50.4
	Tax paid on account	-96.6	-127.6	-68.5	-127.6
	Tax for the year	204.8	184.1	63.6	183.7
	Currency adjustment	2.8	3.7	0.0	-0.3
		111.4	60.5	-4.9	55.5
	Tax assets				
	At 1 January	75.2	92.7	-	-
	Adjustment prior year	43.1	-0.3	-	-
	Change in tax assets	-23.7	10.0	-	-
	Deferred tax on the appreciation in subsidiaries	0.0	-42.0	-	-
	Currency adjustment	4.0	14.8	-	-
		98.6	75.2	-	-
	Tax activity relates to:				
	Intangible assets	0.0	30.2	-	-
	Property, plant and equipment	65.4	4.2	-	-
	Receivables	1.7	1.0	-	-
	Provisions	114.3	47.4	-	-
	Tax-related loss	28.0	31.3	-	-
	Setting off	-110.8	-38.9	-	-
		98.6	75.2	-	-
	The tax is included in the following items:				
	Tax assets	98.6	75.2	-	-
	Tax receivables	9.5	24.5	4.9	24.3
	Tax payables	120.9	85.0	0.0	79.8

Notes

Note (DKK million)

8 Intangible assets

The Group

	Development projects	Customer agreements	Rights	Goodwill	Development projects in progress
Cost at 1 January	120.9	1,138.3	231.6	932.8	174.2
Reclassification	0.0	7.9	-7.9	0.0	0.0
Additions	0.0	14.7	7.0	0.0	102.6
Transfers	160.2	0.0	0.0	0.0	-160.2
Disposals	0.0	0.0	0.0	0.0	61.6
Currency adjustment	2.9	11.3	10.7	52.6	0.0
Cost at 31 December	284.0	1,172.2	241.4	985.4	55.0
Impairment losses and amortisation at 1 January	95.0	267.4	92.4	362.7	0.0
Reclassification	0.0	15.4	-15.4	0.0	0.0
Amortisation for the year	31.3	112.5	19.8	90.8	61.6
Disposals	0.0	0.0	0.0	0.0	61.6
Currency adjustment	0.9	5.6	1.4	16.6	0.0
Impairment losses and amortisation at 31 December	127.2	400.9	98.2	470.1	0.0
Carrying amount at 31 December	156.8	771.3	143.2	515.3	55.0

9 Property, plant and equipment

The Group

	Holiday homes	Leasehold improvements	Plant and machinery	Fixtures, fittings, tools and equipment
Cost at 1 January	2.4	73.2	855.6	387.9
Reclassification	0.0	24.6	21.2	-36.5
Additions	0.0	33.1	65.0	56.6
Disposals	0.0	0.0	43.2	15.5
Currency adjustment	0.0	6.9	58.1	20.9
Cost at 31 December	2.4	137.8	956.7	413.4
Depreciation at 1 January	0.5	37.2	690.2	256.6
Reclassification	0.0	12.6	14.7	-18.0
Depreciation for the year	0.0	17.2	75.8	62.0
Disposals	0.0	0.0	42.7	13.9
Currency adjustment	0.0	4.0	49.9	17.2
Depreciation at 31 December	0.5	71.0	787.9	303.9
Carrying amount at 31 December	1.9	66.8	168.8	109.5

Notes

Note	(DKK million)	The Group		Parent Company	
		2010	2009	2010	2009
10	Other securities and investments				
	Carrying amount at 1 January	278.9	66.0	-	-
	Additions	27.6	15.0	-	-
	Value adjustment	-30.5	197.9	-	-
	Carrying amount at 31 December	276.0	278.9	-	-
11	Pension obligations				
	Carrying amount at 1 January	178.8	151.4	-	-
	Adjustment prior year	55.2	0.0	-	-
	Disposals	155.4	0.0	-	-
	Currency adjustment	12.0	27.4	-	-
	Carrying amount at 31 December	90.6	178.8	-	-
12	Deposits				
	Carrying amount at 1 January	13.5	12.3	-	-
	Additions	0.3	1.2	-	-
	Carrying amount at 31 December	13.8	13.5	-	-
13	Prepayments				
	Prepaid IT costs	101.1	91.6	0.0	0.0
	Wages, salaries, etc.	44.3	40.3	43.4	40.3
	Other	40.9	19.0	0.0	0.0
		186.3	150.9	43.4	40.3
14	Equity				
	The share capital was established at 1 January 2009 through a merger of PBS Holding A/S and Nordito AS.				
	The share capital comprises shares of DKK 1.00 each.				
	From 1 January 2003 until the merger of 1 January 2009, there were no changes in the share capital.				
15	Deferred tax				
	Carrying amount at 1 January	204.6	180.2	-	-
	Adjustment of deferred tax, prior year	0.0	-1.4	-	-
	Change in deferred tax	10.0	25.8	-	-
	Currency adjustment	-1.3	0.0	-	-
	Carrying amount at 31 December	213.3	204.6	-	-
	Deferred tax relates to:				
	Intangible assets	270.0	174.7	-	-
	Property, plant and equipment	0.4	32.0	-	-
	Receivables	53.7	36.8	-	-
	Setting off	-110.8	-38.9	-	-
		213.3	204.6	-	-
16	Long-term debt				
	Carrying amount at 1 January	268.3	0.0	-	-
	Additions	0.0	268.3	-	-
	Disposals	268.3	0.0	-	-
	Carrying amount at 31 December	0.0	268.3	-	-

Notes

Note	(DKK million)	The Group		Parent Company	
		2010	2009	2010	2009
17	Other liabilities				
	Carrying amount at 1 January	10.7	30.1	-	-
	Additions	3.2	0.0	-	-
	Disposals	0.0	19.4	-	-
	Carrying amount at 31 December	13.9	10.7	-	-
	This includes provisions for loss and provisions for loss from fraud arising in the financial year when the case was not received at 31 December.				
18	Banks				
	The Danish companies in the Nets Holding A/S Group, except Nets Denmark Merchant Solutions A/S, Cryptera A/S and NETS Cards Processing A/S, have entered into two cash pool arrangements. Total bank deposits amounted to DKK 416.3 million at 31 December 2010 (2009: DKK 258.3 million).				
19	Other payables				
	Liabilities regarding staff	280.6	344.7	138.9	140.0
	Other	219.9	187.0	0.0	30.5
	Debt to shareholders in Nordito AS in connection with the capital reduction approved prior to adoption of the merger at 1 January 2009	0.0	375.1	0.0	375.1
		500.5	906.8	138.9	545.6
20	Deferred income				
	Deferred income comprises accrual of annual fees and transaction income from merchants.				
21	Contingent liabilities				
	Nets Holding A/S is included under joint registration with the Danish companies except Nets Denmark Merchant Solutions A/S and Cryptera A/S and is in that respect liable for any tax liabilities in the Nets Holding A/S Group, excluding VAT liabilities with Nets DanID A/S.				
	Nets Denmark A/S, Nets Norway AS and Teller AS have entered into lease agreements which are interminable until 2017. The average yearly lease payment amounted to DKK 50 million.				
	Nets Denmark A/S has pledged to IT- og Telestyrelsen to make the necessary resources available to Nets DanID A/S, so that the company can fulfil its obligations to supply to IT- og Telestyrelsen.				
	Nets Denmark A/S has entered into a number of long-term service agreements.				
22	Related parties				
	The Nets Holding A/S Group has no related parties exercising control in the Group.				
23	Cash and cash equivalents at 31 December				
	Securities	498.4	589.3	-	-
	Cash at banks	1,204.6	1,411.9	-	-
	Amounts owed to banks	-15.7	-0.6	-	-
		1,687.3	2,000.6	-	-

