



I N V E S T

Strandvejen 100, DK-2900 Hellerup, Denmark

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Announcement of financial results 2000

The Board of Directors of 2M INVEST A/S adopted the financial statements for 2000 on 9 March 2001. The net profit for the year was DKK 225.4 million after tax. The Board of Directors recommends that the profit be transferred to retained profit.

Financial highlights are set out on page 3. No changes have been made to the accounting policies applied in the previous year.

Appendix 1 presents the profit and loss account, balance sheet, cash flow statement, statement of movements in shareholders' equity and specification of contingent liabilities and collateral security.

Appendix 2 presents an overview of portfolio companies at 31 December 2000.

The audited financial statements of the group and the parent company including the Annual Report will be available for inspection at the company's office from Monday, 26 March 2001.

The Annual General Meeting of the company will be held on 3 April 2001 at 10 a.m. at Forsikringens Hus, Amaliegade 10, Copenhagen, Denmark.

Copenhagen, 9 March 2001
2M INVEST A/S

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Chairman

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Headlines of the 2000 financial year

- ❑ **Combined, the positive developments in the portfolio companies and the net profit of DKK 225 million were very satisfactory.**
- ❑ **2M Invest accelerates growth and internationalisation drive.**
- ❑ **The company's IPO in February 2000 resulted in a capital infusion of DKK 230 million.**
- ❑ **Satisfactory trading in 2M Invest shares.**
- ❑ **In connection with SimCorp's IPO in April 2000, 2M Invest sold 36% of its shares in SimCorp at a gain of DKK 159 million.**
- ❑ **Expectations of continued positive developments in business activities and a pre-tax profit for 2001 of the same size as the pre-tax profit of DKK 227 million for 2000.**

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Financial highlights and key ratios for 2M Invest

Financial highlights and key ratios DKK '000	2000	1999	1998	1997	1996*
Profit and loss account					
Consulting income	545	1,872	1,023	682	923
Profit on sale of portfolio companies	272,587	118,236	11,894	82,280	0
Write-downs and losses on portfolio companies	-50,260	-89,929	-49,016	-14,681	-7,348
Gross profit	222,872	30,179	-36,099	68,281	-6,425
Ordinary profit/(loss)	183,199	6,088	-59,108	50,353	-18,496
Net financial income	43,363	3,212	17,124	-3,157	168
Profit/(loss) before tax	226,562	9,300	-41,984	47,196	-18,328
Profit/(loss) after tax	225,355	8,681	-45,433	33,518	-18,328
Average number of employees	19	14	10	7	7
Number of portfolio companies at year-end	33	22	17	11	13
Balance sheet					
Investments in portfolio companies	510,998	236,884	186,766	138,358	137,015
Total assets	757,421	380,066	233,363	249,705	191,875
Shareholders' equity at year-end	651,159	195,125	153,659	198,903	165,385
Net interest-bearing receivable/(debt)**	3,670	-65,495	-53,593	51,923	-6,372
Key financial data (%)					
Return on assets	40	2	-26	30	-12
Return on equity	38	5	-26	19	-21
Equity ratio	86	51	66	80	86
Net interest-bearing debt/equity**	-1	34	35	-26	4
Net cash flow for the year					
Investments in new portfolio companies	220,500	66,428	47,851	8,849	28,440
Investments in existing portfolio companies	127,434	114,645	52,032	16,249	30,876
Net cash (outflow)/inflow	93,914	-102,868	-101,434	58,187	24,909
Per share data*** (DKK per share of DKK 10 each)					
Average number of shares	15,866,100	11,407,860	11,131,700	10,985,730	8,568,580
Earnings per share	14.2	0.8	-4.1	3.1	-2.1
Net asset value per share	39.6	16.4	13.8	17.9	19.9

Note: The key ratios have been calculated in accordance with Recommendations & Ratios 1997 issued by the Danish Association of Financial Analysts. The company's financial year is the calendar year.

* 1996 are parent company figures, 1997, 1998, 1999 and 2000 are consolidated figures. The Directors believe that the parent company figures for 1996 are comparable with the consolidated figures for 1997, 1998, 1999 and 2000, as there was only limited activity in the US subsidiary in 1996.

** Net interest-bearing debt (amounts owed to portfolio companies and amounts owed by portfolio companies not included) less cash and cash equivalents and securities.

*** The comparative figures have been changed in order to reflect the reduction in nominal value per share to DKK 10 from DKK 100.

The Group's principal activity

As in previous years, 2M Invest's activity was to identify and develop IT companies with the objective of maturing them for an IPO or a sale.

Key events of the year

2M Invest recorded significant, positive growth in both the company's business activity and in its investment portfolio in 2000, and the group generated a net profit of DKK 225.4 million.

Gains on sale of investments in portfolio companies totalled DKK 272.6 million. SimCorp's IPO in April 2000 (a gain of DKK 158.9 million) and the sale of Ahead in July 2000 (a gain of DKK 102.7 million) were the most important items. Write-downs and losses on investments in portfolio companies totalled DKK 50.3 million in 2000.

An unrealised capital loss of DKK 45.0 million resulting from write-downs of shares in Valtech and Ledstiernan to market value at 31 December 2000 had a negative impact on profit for the second half of 2000.

The Directors consider the year's performance very satisfactory.

IPO

2M Invest was listed on the Copenhagen Stock Exchange in February 2000, which gave the company a number of business advantages, including the possibility of financing investments via the share market. The listing resulted in 2M Invest getting about 18,000 new shareholders (approximately 10,000 at 31 December 2000) and a capital increase of DKK 45.0 million nominal value. The proceeds amounted to DKK 230.3 million net of listing expenses of DKK 17.2 million.

The offer price of the 2M Invest shares was fixed at DKK 55 per share. Relative to the performance of the leading growth exchanges, the share price has since developed satisfactorily and there has been strong trading in the company's shares.

Market development

After some years of at times strong growth and unrealistic expectations, most areas of the IT industry have now entered a phase of normalisation where sound business practices and values are once again crucial to success or failure in an industry that will continue to be characterised by strong growth.

The venture industry is also entering a phase of maturing and consolidation. Over the past few years, the industry has been characterised by a steep increase in the number of venture funds, the size of capital invested and portfolio volume.

The venture industry has thus followed trends in the IT market, not least inspired by the strong boom in e-business until the spring of 2000. This is especially true for many of the new venture companies that emerged in the first half of 2000. On this background, an elimination race has already begun within the venture industry.

This presents an interesting strategic opportunity. The individual venture companies are in need of larger critical mass, just as targeted internationalisation efforts will be of vital importance. In this

connection, a strong regional presence is a key factor, and the Directors believe that the Nordic region is one of the most attractive areas in this respect.

Furthermore, it will be necessary to increase focus on a direct involvement in the companies to add value and to make an even more targeted and broad-spectred development of business of the individual portfolio companies. This presents some obvious advantages for venture companies that have existed for more than a few years and thus – as is the case for 2M Invest – have achieved a certain level of maturity of the portfolio and a well-established international network.

In line with the consolidation of the major IT players, a substantially larger potential has emerged for strategic partnerships between heavy IT industrials and the venture companies that best meet the above challenges. Those venture companies will also be the preferred partners in the industry's increasing use of spin-offs for testing and conquering new technologies and markets.

For these venture companies it is furthermore gratifying to see that the entrepreneurial culture has rarely done better. Never have so many relatively young, talented and energetic people gained so much experience, good or bad, at such an early stage. Especially, this provides for a large supply of the most important resource of all – human capital.

The realism brought about by the market correction also enables investments at a considerably more attractive level in the many interesting companies that need venture capital and support more than ever, notwithstanding the fact that some adjustment of the financial markets has occurred.

2M Invest accelerates growth and internationalisation drive

2M Invest was born a global player and has operated on three continents ever since it was founded in 1992. One-third of 2M Invest's portfolio companies are American, one-third Danish, while the remaining one-third are located in "the rest of the world". 2M Invest intends to continue and strengthen this development – however, in such a way that the Danish leg of 2M Invest's international set-up will be a Nordic leg in future. This process has already been initiated based on the recognition of the region's unique and generally recognised potential as one of the world's most interesting growth areas.

The Directors intend to take advantage of the situation described above and have therefore taken the following initiatives:

Strengthened organisation

Peter Christoffersen, former President and CEO of Baltica Holding and senior executive of a number of Danish and French financial groups, joined 2M Invest as Director of Business Development.

Tim Burrow, former co-founder and Managing Director of e-Exchange Ltd., a global online B2B trading platform, joined the company as an Investment Director in the fall and will be responsible for establishing 2M Invest's office in London.

Kim Graven-Nielsen, former CEO and President of The Thomson Corporation's Intellectual Property division, joined 2M Invest as an Investment Director on 1 January 2001. He is at present based in Boston.

Global Venture Alliance

In the summer of 2000, 2M Invest formed an alliance, **Global Venture Alliance**, with Telenor Ventures AS of Norway and Ledstiernan AB of Sweden for the initial purpose of strengthening the three companies' leading positions in the Nordic market.

2M Services

With an investment of USD 1 million in the fall of 2000, 2M Invest A/S acquired 36% of Pacific Advantage Services Ltd., which at the same time changed its name to 2M Services Ltd. The company is specialised in introducing new high-tech products and services to markets within Asia and the Pacific Rim area and has offices in China, Korea, India and Australia, among other countries. 2M Invest expects that over the next year, 5 to 10 portfolio companies will establish business relationships with 2M Services, which will operate as an independent profit centre. The strengthened opportunities for penetrating markets within Asia and the Pacific Rim are expected to increase growth in one-third of the portfolio companies.

With an investment of DKK 3.0 million in December 2000, 2M Invest founded 2M Services A/S (Europe) located in Copenhagen, which will in a similar way introduce Asian and American companies to the European market. The company's first task will be to introduce the portfolio company Ortega to the European market.

New headquarters

In November 2000, 2M Invest's Danish headquarters moved to larger premises at Strandvejen 100 in Hellerup, Denmark. The premises will not only be 2M Invest's headquarters, but will also lease premises to entrepreneurs and small companies in 2M Invest's portfolio. Furthermore, office facilities will be made available to overseas companies in 2M Invest's portfolio looking to penetrate the European market.

The San Francisco office has also expanded its office space in order to provide the same facilities in the US.

These initiatives reflect the acceleration of growth and internationalisation which was a central part of 2M Invest's strategy. The strategy continued immediately after the balance sheet date, initially with the acquisition of Menire Advisors Oy of Finland (see *Events after the balance sheet date* on page 11).

Continued aggressive investment policy

2M Invest continues its aggressive investment policy in the following ways:

Firstly, 2M Invest is consolidating by investing more in existing portfolio companies.

Secondly, 2M Invest seeks to take advantage of the current capital crisis to identify new and promising projects at reasonable prices.

Finally, the stronger capital base and expanding international network and organisation enable 2M Invest to participate in creating new and promising projects, such as:

Catenas

Catenas was founded in the spring of 2000 by Catenas management and 2M Invest. Based on an analysis of the market for e-business consulting services at the time, the founders wanted to create a next generation company within an industry characterised by first generation web consultants. The Directors believed that they were able to foresee significant shifts in market structure and customer demand, shifts which subsequently materialised.

The purpose was to create an international alternative, placing itself between first generation companies and globally established management consultants. Catenas has

succeeded in bringing together a number of member companies, each of them a leader within its own field - with respect to geography as well as competence. (See also *Investments in portfolio companies* on page 11).

Development and definition of business segments

In 2000, the business segments were developed and defined as follows:

Development of Digital Media as a business segment

In the first half of 2000, 2M Invest defined Digital Media as a new business segment. 2M Invest decided to take an investment interest in this new business segment, recognising that the convergence between media and IT is accelerating and will, in the years ahead, present new business opportunities, in which it would be natural for 2M Invest to play an active role considering the company's IT background and international network. Furthermore, some synergies between 2M Invest's former business segments and the new business segment are expected. As is the case for the e-business segment, Digital Media was divided into content and enabling technology & services.

E-business

This business segment remains divided into e-commerce and enabling technology & services as the Directors recognise the very different characteristics of projects within the two segments despite their common market relations. We have reduced our already modest commitment to e-commerce and have increased emphasis on the growth area: enabling technology & services, where typically customers are well-established companies and organisations that make use of the internet.

Wireless Communications

During the year, Wireless Communications became the focal area within the Communications segment. The Directors believe that this is the area in which 2M Invest has built most competence and the strongest network. The fact that the market has developed in the same direction confirms the Directors' strategy.

Financial review

Profit for the year

The 2M Group posted a net profit for 2000 of DKK 225.4 million.

Gains on divestments totalled DKK 272.6 million.

The portfolio company SimCorp A/S was listed in April 2000. At the time of the IPO, 2M Invest sold 482,000 shares in SimCorp through its wholly-owned subsidiary Dat-Ing A/S. Proceeds from the sale less expenses were DKK 174 million and the gain was DKK 158.9 million. At the same time, 2M Invest's ownership interest in SimCorp was reduced from 35.3% to 17.7%.

In July 2000, 2M Invest received 1,120,158 new shares in Valtech for its ownership interest in Ahead. Valtech is listed on the Nouveau Marché, the French stock exchange for growth companies. At the time of sale, this corresponded to a total value of Ahead of DKK 121.2 million and a gain of DKK 102.7 million.

Furthermore, a gain of DKK 8.8 million was realised on the sale of 12% of 2M Invest's investment in Torridon, and a gain of DKK 2.0 million was recorded on the sale of Enable in 1999.

Write-downs and losses on portfolio companies for the year amounted to DKK 50.3 million. The sale of the activities in ColorCrisp and the remaining shares in Chartec, the liquidation of Akron and the winding up of Toycity and Boxman resulted in a loss of DKK 40.3 million. For reasons of prudence, the Directors have chosen to write down the investment in Forsikringsmarked.dk to DKK 1 million, a total expense of DKK 10.0 million.

Administrative expenses rose from DKK 24.1 million in 1999 to DKK 39.7 million in 2000 as a result of the significantly higher activity level, especially in the second half of 2000. The year was also characterised by the increase in the number of portfolio companies from 22 to 33 and the stricter requirements associated with being a listed company. The number of employees rose from 20 at 31 December 1999 to 27 at 31 December 2000.

Financial income contributed DKK 100.8 million. This amount included an additional gain of DKK 82.1 million from the sale of most of the Cisco shares which 2M received in 1999 when selling Cocom.

Financial expenses amounted to DKK 57.2 million of which DKK 45.0 million was attributable to unrealised capital losses on write-downs of the shares in Valtech and Ledstiernan to market price at 31 December 2000. The shares in Valtech are included in "Securities" while the shares in Ledstiernan are included in "Other investments".

Management's discussion and analysis of the performance

An assessment of 2M Invest's performance should take into account that the company invests venture capital in the IT industry, in which both technology and market changes often occur at a rapid pace, which means that the value of individual portfolio companies may change drastically over a relatively short period of time. The company has therefore chosen what the Directors believe to be a conservative valuation policy: investments are stated in the balance sheet at the purchase price less any write-downs when a diminution of the value is deemed to be of a permanent nature.

As a result of the application of this conservative policy under which gains are only recognised on realisation, the company's operating profit and shareholders' equity may be subject to major fluctuations between periods. Such fluctuations do not necessarily reflect the company's success or lack of same.

The Directors believe that during the year the portfolio has matured considerably and at the same time a number of weak companies have been eliminated through closure or write-downs.

Furthermore, the Directors believe that the portfolio companies have a total market value at 31 December 2000 that significantly exceeds the book value. This belief is emphasised by, among other things, the fact that the prices paid by other investors for shares in various portfolio companies in connection with these companies' latest capital increases often significantly exceeded the prices which 2M Invest paid for its respective investments and the fact that the official share prices of the listed portfolio companies are significantly higher than the book values.

Based on a net profit for 2000 of DKK 225.4 million and a year in which 2M Invest's portfolio generally performed favourably, the performance for the year must be characterised as very satisfactory.

Balance sheet

Shareholders' equity accounts for DKK 651.2 million, or 86%, of the Group's balance sheet total of DKK 757.4 million.

Investments in associated company

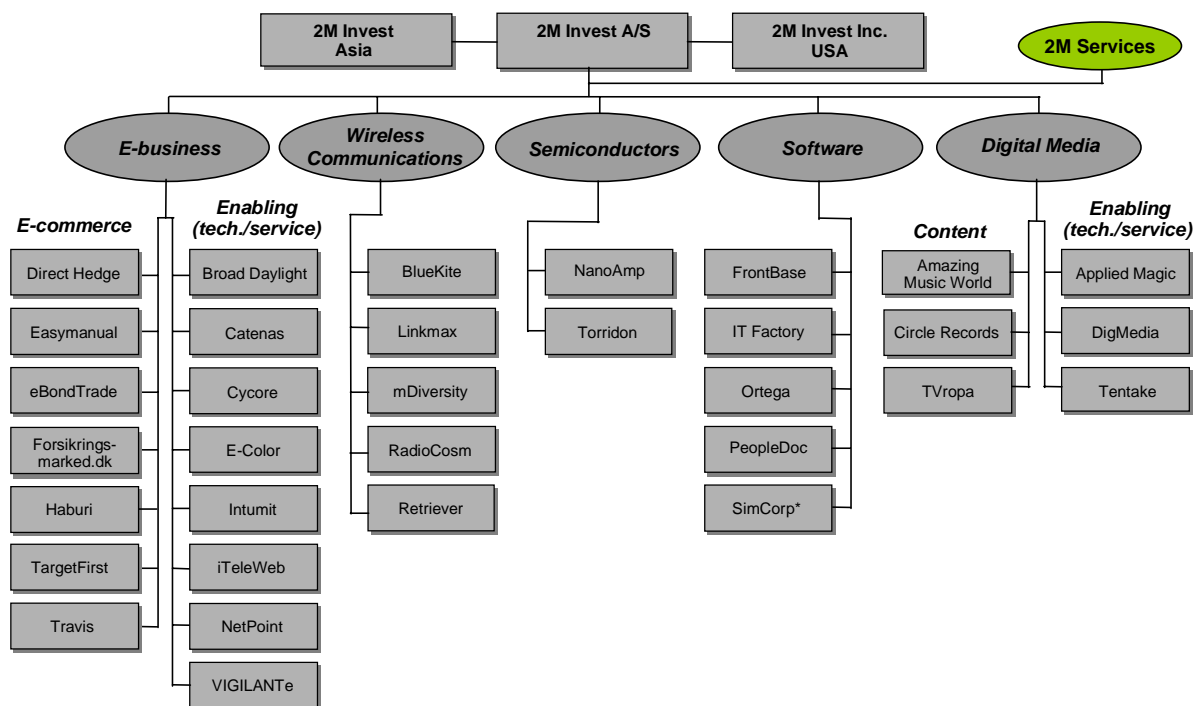
In the fall of 2000, 2M Invest acquired 36% of Pacific Advantage at a price of DKK 8.7 million. At the same time, the company's name was changed to 2M Invest Services Ltd. (Asia). Goodwill arising on the acquisition is amortised over five years.

Investments in subsidiaries

The subsidiary Dat-Ing A/S, which was classified as part of the portfolio company SimCorp in the 1999 accounts, has been reclassified as a subsidiary in the 2000 accounts. The comparative figures in the balance sheet for 1999 have been restated accordingly.

Investments in portfolio companies

The portfolio at 31 December 2000 is outlined below.



* Owned through the holding company Dat-Ing A/S, which is wholly owned by 2M Invest.

2M Invest also owns shares in IT Media (formerly ITV), ColorCrisp, hyperVision, Toycity and Boxman which are all being wound up.

The year's portfolio investments

In 2000, 2M Invest invested DKK 220.5 million in 16 new portfolio companies. Moreover, an additional DKK 127.4 million was invested in existing portfolio companies. 2M Invest's portfolio companies received a total capital infusion of approximately DKK 1,700 million in 2000.

The year's sale and elimination of portfolio companies

The portfolio company SimCorp A/S was listed in April 2000. At the time of the IPO 2M Invest sold 482,000 shares in SimCorp through its wholly-owned subsidiary Dat-Ing A/S.

In July 2000, 2M Invest received 1,120,158 new shares in Valtech for its ownership interest in Ahead. Valtech is listed on the Nouveau Marché, the French stock exchange for growth companies.

The activities in ColorCrisp and the shares in Chartec were sold. Akron was liquidated while Toycity and Boxman are being wound up.

Amounts owing from portfolio companies

2M Invest increased its lending to the portfolio companies in 2000 by a net amount of DKK 77.2 million to a total of DKK 104.7 million. This is primarily due to loans totalling DKK 87.3 million to start-up companies Catenas and DigMedia, most of which was converted into equity in 2001.

Securities

Securities include 1,088,075 shares in Valtech. The shares are listed on the Nouveau Marché, the French stock exchange for growth companies. The shares are recorded at market price at 31 December 2000 at DKK 83.2 million.

The shares are subject to a lock-up period to the effect that 15% might be sold immediately, 40% may be sold after 12 months, while the remaining 45% may be sold after 18 months. In relation to this transaction, a series of forward exchange contracts have been signed for the period until 18 February 2002 for an amount of EUR 15.2 million, equal to DKK 114.2 million.

Cash flows

There was a net cash inflow in the year of DKK 93.9 million, and may be specified as follows:

Cash inflow	DKK million	Cash outflow	DKK million
Sale of shares in portfolio companies	211.1	Investments in new portfolio companies	220.5
Release of Cisco shares	90.3	Investments in existing portfolio companies	127.4
Capital contributions from shareholders	230.6	Loans to portfolio companies	92.2
Other cash flows	2.0		
Total	<u>534.0</u>	Total	<u>440.1</u>

Events after the balance sheet date

2M Invest accelerates its internationalisation drive

In January 2001, 2M Invest acquired 100% of Finnish venture company Menire Advisors Oy (now 2M Invest Finland) at a price of FIM 32 million (the equivalent of FIM 4 million was paid in 2M shares with an average lock-up period of 18 months). Menire Advisors Oy is the management company for Menire Corporation, a publicly listed Finnish fund of EUR 36.6 million with a portfolio of 15 companies, and for Macceleration I KY, a limited liability partnership with a target size of EUR 20 million and one portfolio company so far.

Menire Advisors receives annual management fees of 2.5% and 3.0%, respectively, of the funds' net asset value. Furthermore, Menire Advisors holds warrants in Menire Corporation, equalling 14% of the share capital or a total of 2,293,007 shares, of which half will be applied in the incentive programme for the current management in Menire Advisors. 725,546 shares can be purchased at a

price of EUR 3.69 per share in May 2004, 988,234 shares at EUR 5.86 per share in October 2004 and the remaining 579,227 shares at EUR 10.43 per share in June 2005.

In the case of Macceleration, Menire Advisors receives 20% carried interest with a hurdle rate of 7%, of which one-quarter will be applied in the current management incentive programme.

In order to further strengthen the collaboration, 2M Invest decided to purchase EUR 500,000 worth of shares in Menire Corporation in the market before 30 April 2001 and to grant a convertible loan of EUR 3 million to Menire Corporation.

Investments in portfolio companies

Follow-up investment in Catenas

2M Invest has invested further in Catenas, increasing its total investment in the company to USD 10.5 million. The investment was part of an investment round totalling USD 54.7 million in which a number of Danish, Asian and American investors participated. The investment round included a non-cash contribution of USD 38.1 million by way of shares in the member companies. As a result, 2M Invest's ownership interest decreased from 88% to 53%.

As supplementary financing of Catenas' acquisition of shares in the member companies, Catenas raised a bank loan of USD 16.6 million. 2M Invest has guaranteed the loan against security in the shares in the member companies and has deposited 49% of the shares in Dat-Ing A/S in security of the loan.

Backed by the investment round and the bank loan, Catenas acquired the following ownership interests in its member companies at a price of USD 32 million in cash and 20% of the total shareholding in Catenas (corresponding to USD 38.1 million):

Addis (US)	10%
The McKenna Group (US/Japan)	25%
Prophet (US)	25%
Euphorion (US)	50%
New Canoe (US)	50%
LinuxTimes (China)	40%
Eucid (US)	81%
Metrocomia (DK, Uganda, Vietnam, Malaysia, Bangladesh)	100%

The USD 32 million cash payment primarily represents cash investments in the companies by way of new share capital while the member companies and their former shareholders have acquired shares in Catenas corresponding to 20%. The member companies and their owners have thus injected into Catenas shares in the member companies at a value of USD 38.1 million.

In addition to the above companies, OC&C Strategy Consultants (UK, France, Germany) is a part of Catenas.

Based on third quarter 2000 figures, the member companies' combined annual turnover totals USD 108 million while the related total profit before tax is expected to be USD 15 million. The member companies have approximately 500 employees.

Catenas and the member companies have entered into a shareholders' agreement which grants Catenas the necessary influence on all decisions relating to the further development of Catenas.

The member companies thus form a network which, on behalf of the entire group, forwards the tradition of the established consulting houses for high quality standards in close collaboration with the global top competences which the individual member companies possess.

With this investment in Catenas, 2M Invest not only invested in a portfolio company, but in a group of companies. Shares have thus been acquired in 8 companies so far, all of which are well established and successful and which as part of Catenas have created a considerably increased potential for growth and maturing at a global level. At 28 February 2001, 2M Invest's total commitment in Catenas including these 8 member companies amounted to DKK 254 million including the below-mentioned loans.

Amounts owing from portfolio companies

After the balance sheet date, 2M Invest has reduced net amounts owing from portfolio companies by DKK 15.6 million, the most significant reason being that the amount owing from Catenas was partly converted into shares, while the remaining amount was repaid to 2M Invest. Subsequently, a new loan for DKK 34 million was extended to Catenas.

Announcements after 31 December 2000

10 January 2001	Fresh share capital for Vigilante
16 January 2001	Shareholders' meeting
16 January 2001	2M Invest acquires Finnish venture company
23 January 2001	Catenas receives USD 55 million
6 February 2001	Date for approval of the Annual Report

Prospects

2M Invest currently manages 49 portfolio companies. 33 of the companies are directly included in 2M Invest's portfolio, Menire Corporation has ownership interests in 15, and Macceleration has an ownership interest in one portfolio company. It should also be noted that through 2M Invest's 53% ownership interest in Catenas, 2M Invest has a considerable indirect ownership interest in a group of 8 international companies.

Based on the strengthened organisation and a number of employees of 36 of whom 11 are investment directors and 5 are investment partners, 2M Invest is in a position to manage up to 70 portfolio companies.

The Directors expect to further strengthen the expansion of 2M Invest's international presence by opening new offices during the coming year.

The Directors expect that approximately 10-15 new investments will be made in 2001 in the region of DKK 5 million to DKK 15 million each. Moreover, the Directors expect that follow-up investments during the same period will total approximately DKK 300 million. The investment level for new and follow-up investments until the end of 2001 is consequently expected to be in the region of DKK 400 million to DKK 500 million.

The Directors expect that 2M Invest will divest between five and ten portfolio companies in the period until the end of 2001. The sales proceeds will be added to the company's capital resources, which at 1 January 2001 totalled approximately DKK 200 million including credit facilities.

As a result of the growing activity level, administrative expenses for 2001 are estimated to be DKK 60 million. A management fee of DKK 5 to 10 million, which will be recorded under “Operating income”, is expected to cover administrative expenses with respect to 2M Invest Finland.

Being a venture capital company, 2M Invest’s ability to generate earnings and create added value depends on the potential for making attractive new investments and follow-up investments and to realise capital gains by divesting portfolio companies.

As the expected income will primarily derive from realisation of capital gains on divestment of portfolio companies – and given that such divestments typically are not distributed evenly over the years and as the sales proceeds are difficult to predict – earnings may fluctuate substantially and may even be negative in some periods.

It is not the company's policy to make provisions for losses on portfolio companies unless there is an actual risk of incurring a loss. There can be no assurance that write-downs or losses on investments in portfolio companies will not occur in 2001.

Based on the generally positive performance of 2M Invest's portfolio companies, especially BlueKite, IT Factory, Cycore, Catenas, Vigilante and not least the strong growth in the listed company SimCorp, but also bearing in mind the reservations mentioned above, the Directors expect the full-year pre-tax profit for 2001 to be of the same size as the pre-tax profit of DKK 226.6 million for 2000.

Shareholder structure

At 31 December 2000, the following shareholders held shares to which either a minimum of 5% of the voting share capital attaches or the nominal value of which totals a minimum of 5% of the share capital:

- MM Finans A/S, Ordruvhøjvej 29, DK-2920 Charlottenlund, Denmark
- LD Pensions, Vendersgade 28, DK-1363 Copenhagen, Denmark
- BankInvest Danske Small Cap Aktier, Toldbodgade 33, P.O.Box 9011, DK-1022 Copenhagen, Denmark
- Nordea Companies Denmark, Christiansbro Strandgade 3, P.O. Box 850, DK-0900 Copenhagen, Denmark
- FMR Corp., c/o Fidelity Investments, 82 Devonshire Street, Boston, Massachusetts 02109, USA
- Investeringsforeningen Uni-invest Danmark, Nyropsgade 17 st., DK-1602 Copenhagen, Denmark
- Investeringsforeningen Danske Invest Select, Lyngby Hovedgade 98, DK-2800 Lyngby, Denmark

At the Annual General Meeting of the company held on 17 April 2000, the following resolutions were adopted:

- that the denomination of the company’s shares be changed from DKK 100 nominal value each to DKK 10 nominal value each.
- that the shareholders authorise the Board of Directors to acquire up to 10% of the company’s own shares.

The Board's resolutions and proposals for the Annual General Meeting

The Annual General Meeting of the company will be held on 3 April 2001 at 10 a.m. at the Forsikringens Hus, Amaliegade 10, DK-1256 Copenhagen K, Denmark.

The Board of Directors intends to recommend to the Annual General Meeting that no dividend be paid in respect of the 2000 financial year and that the profit for the year be allocated as follows:

Net revaluation reserve	DKK	167.9 million
Retained profit	<u>DKK</u>	<u>57.5 million</u>
	DKK	225.4 million

Furthermore, the Board of Directors intends to propose that the shareholders at the Annual General Meeting decide on the following important issues:

- **Authority to the Board to establish a new incentive programme**

The Board of Directors intends to propose to the Annual General Meeting that the shareholders authorise the Board to establish a new incentive programme comprising shares of up to DKK 30 million nominal value without pre-emption rights for the existing shareholders. The programme covers the company's Board of Directors, management and other employees and is established in order to attract these and achieve the positive effect of an incentive programme with respect to the key employees of 2M Invest. The proposal is based on the Board's wish to establish a long-term programme rather than a one-off grant. It should be noted that the Board of Directors intends to propose to the shareholders in general meeting that new incentive programmes for key employees be established as and when the old programmes expire.

The programme will be a three-year warrant programme. The exercise price will be the market price of the underlying share at the time the programme is established plus 30%.

- **Authority to the Board to make an adjustment to the 2000 warrant programme**

The Board intends to propose to the Annual General Meeting that the shareholders authorise the Board to change the exercise period to three years for the 550,000 warrants (equal to 550,000 shares of DKK 10 each) issued to the American partners as this would be more in keeping with standard US practice.

- **Authority to the Board to issue new shares**

The Board of Directors intends to propose to the Annual General Meeting that the shareholders authorise the Board to issue new shares of up to DKK 30 million nominal value without pre-emption rights for the existing shareholders. This proposal is based on a wish to ensure 2M Invest a certain degree of flexibility with respect to the funding of the more aggressive internationalisation and funding strategy.

- **Authority to the Board to acquire the company's own shares**

The Board of Directors intends to propose to the Annual General Meeting that the shareholders authorise the Board to acquire up to 10% of the company's own shares.

The Board of Directors has furthermore decided to publish quarterly results as from the third quarter of 2001.

Appendix 1

Profit and loss account 2000
(DKK '000)

Parent company			Group	
2000	1999		2000	1999
545	1,872	Consulting income	545	1,872
113,664	118,236	Profit on sale of portfolio companies	272,587	118,236
-50,260	-89,929	Write-downs and losses on portfolio companies	-50,260	-89,929
63,949	30,179	Gross profit	222,260	30,179
-28,247	-16,002	Administrative expenses	-16,913	-8,640
-12,480	-8,607	Staff costs	-22,040	-14,891
-483	-379	Depreciation	-720	-560
22,739	5,191	Ordinary profit before financial items	183,199	6,088
169,024	897	Profit of subsidiaries	-	-
-217	0	Profit/(loss) of associated company	-217	0
97,342	7,190	Financial income	100,771	7,190
-62,326	-3,978	Financial expenses	-57,191	-3,978
226,562	9,300	Profit before tax	226,562	9,300
-1,207	-619	Tax on profit for the year	-1,207	-619
225,355	8,681	NET PROFIT	225,355	8,681

Appendix 1

Balance sheet at 31 December 2000

Assets
(DKK '000)

Parent company			Group	
2000	1999		2000	1999
		FIXED ASSETS		
		<i>Intangible fixed assets</i>		
1,247	0	Deposits on leasehold	1,279	0
1,374	0	Leasehold improvements	2,094	71
2,621	0	Total intangible fixed assets	3,373	71
		<i>Tangible fixed assets</i>		
978	468	IT systems	1,208	616
310	220	Fixtures, fittings, tools and equipment	445	261
1,288	688	Total tangible fixed assets	1,653	877
		<i>Long-term financial assets</i>		
216,144	45,235	Investments in subsidiaries	-	-
8,464	0	Investments in associated company	8,464	0
485,596	196,886	Investments in portfolio companies	510,998	236,884
104,720	27,549	Amounts owing from portfolio companies	104,720	27,549
6,976	0	Other investments	6,976	0
821,900	269,670	Total long-term financial assets	631,158	264,433
825,809	270,358	TOTAL FIXED ASSETS	636,184	265,381
		CURRENT ASSETS		
		<i>Debtors</i>		
2,635	2,129	Trade debtors	3,406	2,668
2,134	0	Amounts owing from subsidiaries	-	-
2,871	15	Corporation tax recoverable	4,698	15
8,544	851	Other debtors	8,573	1,110
280	799	Prepayments and accrued income	484	799
16,464	3,794	Total debtors	17,161	4,592
91,087	92,027	Securities	94,030	96,647
2,834	13,106	Cash at bank and in hand	10,046	13,446
110,385	108,927	Total current assets	121,237	114,685
936,194	379,285	TOTAL ASSETS	757,421	380,066

Appendix 1

Balance sheet at 31 December 2000
Liabilities and equity
(DKK '000)

<u>Parent company</u>			<u>Group</u>	
<u>2000</u>	<u>1999</u>		<u>2000</u>	<u>1999</u>
		SHAREHOLDERS' EQUITY		
164,317	119,317	Share capital	164,317	119,317
285,246	99,659	Share premium account	285,246	99,659
168,832	923	Net revaluation reserve	-	-
32,764	-24,774	Retained profit/(Accumulated losses)	201,596	-23,851
651,159	195,125	Total shareholders' equity	651,159	195,125
		PROVISIONS		
0	0	Deferred tax	0	0
		LIABILITIES		
		<i>Current liabilities</i>		
100,406	175,588	Bank loans and overdrafts	100,406	175,588
2,403	1,283	Trade creditors	2,428	1,647
180,169	818	Amount owed to subsidiaries	0	0
0	0	Corporation tax	0	121
2,057	6,471	Other creditors	3,428	7,585
285,035	184,160	Total current liabilities	106,262	184,941
936,194	379,285	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	757,421	380,066

Contingent liabilities and collateral security are specified on page 21.

Appendix 1

Consolidated cash flow statement 2000
(DKK '000)

	<u>2000</u>	<u>1999</u>
Cash inflow from sales of portfolio companies	311,214	158,878
Cash outflow for investments in new portfolio companies	-220,500	-66,428
Cash outflow for investments in existing portfolio companies	-127,434	-114,645
Net cash inflow/(outflow) for loans to portfolio companies	-92,237	12,015
Other investments	-26,162	-
Release of (the investment in) shares in Cisco	90,320	-90,320
Investment in Valtech shares *	-100,088	-
CASH OUTFLOW FROM PORTFOLIO INVESTMENTS etc.	-164,887	-100,500
Cash outflow for payments related to operations, including net acquisitions of tangible fixed assets and changes in other debtors and other creditors	-54,374	-19,748
Cash inflow from financial items	88,600	2,711
Cash outflow for tax	-6,012	-17,971
CASH INFLOW/(OUTFLOW) FROM OPERATIONS	28,214	-35,008
CASH OUTFLOW FROM OPERATIONS AND INVESTMENTS	-154,336	-135,508
Cash inflow from capital contributions from shareholders	230,587	32,640
CASH INFLOW FROM FINANCING	230,587	32,640
NET CASH INFLOW/(OUTFLOW) FOR THE YEAR	93,914	-102,868
Securities, cash and cash equivalents at beginning of year	-155,815	-53,593
Unrealised capital gains/(losses) on securities	-5,178	646
Net cash inflow/(outflow) for the year	93,914	-102,868
Securities, cash and cash equivalents at year-end	-67,079	-155,815
Which may be specified as follows:		
Securities	23,281	6,327
Cash and cash equivalents	10,046	13,446
Bank loans and overdrafts	-100,406	-175,588
Total	-67,079	-155,815

* 85% of 2M Invest's shares in Valtech had not been released for trading at 31 December 2000

Appendix 1

Specification of shareholders' equity

Parent company			Group	
2000	1999		2000	1999
119,317	111,317	Share capital at 1 January	119,317	111,317
45,000	8,000	Capital increase	45,000	8,000
164,317	119,317	Share capital at 31 December	164,317	119,317
99,659	75,019	Share premium account at 1 January	99,659	75,019
185,293	24,640	Share premium on capital increase	185,293	24,640
294	0	Premium on warrants	294	0
285,246	99,659	Share premium account at 31 December	285,246	99,659
923	640	Net revaluation reserve at 1 January	-	-
169,024	897	Profit for the year before tax	-	-
-1,270	-759	Tax on profit for the year	-	-
92	145	Currency translation	-	-
168,832	923	Net revaluation at 31 December	-	-
-24,774	-33,317	Retained profit from prior years	-23,851	-32,677
57,538	8,543	Profit and loss account	225,355	8,681
-	-	Currency translation	92	145
32,764	-24,774	Retained profit/(loss) at 31 December	201,596	-23,851
		SHAREHOLDERS' EQUITY		
651,159	195,125	AT 31 DECEMBER	651,159	195,125

The company's share capital is divided into shares of DKK 10 or multiples thereof.

At 31 December 2000, the group had an uncapitalised deferred tax asset of approximately DKK 28 million. The tax asset relates primarily to losses and write-downs on portfolio companies.

On 17 January 2000, the Board of Directors used DKK 29.44 million of its authority to issue warrants to subscribe for shares having a nominal value of up to DKK 30 million. The warrants are not conditional on the recipients being employed by 2M Invest when the warrants are exercised.

The warrants issued can be exercised in two tranches. Warrants for shares having a nominal value of DKK 19.65 million may be exercised during a period of six weeks after the release of the financial statements for the year ending 31 December 2000, while warrants for shares having a nominal value of DKK 9.79 million may be exercised during a period of six weeks after the release of the financial statements for the six months ending 30 June 2001. The subscription price for the shares in the first tranche, DKK 20 million nominal value, has been fixed at DKK 49 per share, and the subscription price for the shares in the second tranche, DKK 10 million, has been fixed at DKK 53 per share.

Appendix 1

Contingent liabilities and collateral security

The liabilities listed below are not disclosed in the balance sheet:

Contingent liabilities

Rent commitments during notice periods for office premises total DKK 16.6 million.

Guarantee commitments

The maximum liability in respect of the portfolio companies' bank and trade creditor commitments is DKK 48.8 million.

Collateral security

As at the balance sheet date, no shares in portfolio companies had been deposited in security of bank loans and overdrafts.

Forward exchange contracts

Forward exchange contracts have been entered into to hedge the exchange rate exposure on securities denominated in foreign currencies. The forward-rate value of 2M Invest's sales of foreign currency was DKK 114.2 million at 31 December 2000.

Tax inquiry

The company received in February 2001 a letter from the Copenhagen tax authorities regarding the tax treatment of capital gains on shares and the deductibility of operating expenses for the 1997, 1998 and 1999 financial years.

The Directors believe that the income stated in the tax returns has been stated in accordance with current tax legislation and tax practice. Accordingly, the tax provided in the consolidated accounts and annual accounts is based on the taxable income stated in the tax returns and the calculated taxable income for 2000 stated in accordance with unchanged practice.

On the present basis, it is not possible to quantify the financial effect of any change in the principles applied in the tax returns, but the company's tax costs could change significantly for the years 1997 to 2000 and future years.

Other liabilities

Other liabilities in respect of portfolio companies do not exceed DKK 1.0 million.

Subsequent changes

After 31 December 2000, guarantee commitments for USD 16.6 million have been assumed in respect of a bank loan to Catenas. In security of the bank loan 2M Invest has deposited 49% of the shares in Dat-Ing. Catenas' shareholdings in the member companies have been deposited in security for 2M Invest.

Appendix 2

Overview of portfolio companies at 31 December 2000

Name	Based in	Ownership (%)		Book value	Lending	Guarantee	Total
		Actual	Diluted	DKK '000	DKK '000	DKK '000	DKK '000
e-business							
<i><u>e-commerce</u></i>							
Direct Hedge	Switzerland	50.0	50.0	4,923	-	-	4,923
Easymanual	Denmark	30.0	30.0	750	3,000	600	4,350
ebondTrade	USA	1.7	1.2	3,216	-	-	3,216
Forsikringsmarked.dk	Denmark	25.0	22.7	1,000	-	-	1,000
Haburi.com	Denmark	24.4	22.4	34,340	-	-	34,340
TargetFirst (ClickReb.)	USA	24.4	23.9	17,074	-	-	17,074
Travis	Denmark	33.6	33.9	17,050	-	-	17,050
<i><u>Enabling technology & service</u></i>							
Broad Daylight	USA	4.2	3.4	8,841	-	-	8,841
Catenas	UK	88.0	88.0	43,997	80,887	-	124,884
Cycore	Sweden	18.1	16.5	21,022	-	-	21,022
E-Color	USA	9.7	8.0	37,793	-	-	37,793
Intumit	Taiwan	4.5	4.5	2,031	-	-	2,031
iTeleWeb	USA	5.5	6.7	10,200	-	-	10,200
NetPoint	Denmark	42.5	36.9	7,500	3,000	3,764	14,264
VIGILANTE	Denmark	19.8	24.6	26,454	-	-	26,454
Wireless Communications							
BlueKite	USA	44.8	39.5	61,519	-	-	61,519
Linkmax	USA	7.1	6.5	3,340	-	-	3,340
mDdiversity	USA	3.5	2.9	6,145	-	-	6,145
RadioCosm	USA	30.0	25.0	4,129	-	-	4,129
Retriever	Australia	32.3	29.1	8,466	-	-	8,466
Semiconductors							
NanoAmp	USA	5.5	4.9	8,699	-	-	8,699
Torridon	UK	6.4	6.1	6,098	-	-	6,098
Software							
FrontBase	Denmark	28.6	34.6	10,883	-	1,604	12,487
IT Factory	Denmark	27.9	27.7	38,351	-	-	38,351
Ortega	USA	5.0	4.5	3,951	-	-	3,951
PeopleDoc	UK	54.5	47.2	16,020	3,698	41,854	61,572
SimCorp	Denmark	17.7	16.8	25,402	-	-	25,402
Digital Media							
<i><u>Content</u></i>							
Amazing Music World	Denmark	39.3	35.6	6,121	2,000	-	8,121
Circle Records	Denmark	30.0	30.0	4,000	-	-	4,000
TVropa	Denmark	-	-	-	1,200	-	1,200
<i><u>Enabling technology & service</u></i>							
Applied Magic	USA	30.5	34.1	37,178	4,010	-	41,188
Dig Media	USA	12.2	12.2	25,774	6,416	-	32,190
Tentak (Ad Ctrl)	Sweden	25.0	26.1	8,730	-	-	8,730
Others							
Others				1	509	955	1,465
Total				510,998	104,720	48,777	664,495