

Edgar Filing: EUROTUST A/S - Form 20-F

EUROTUST A/S
Form 20-F
June 03, 2005

As filed with the Securities and Exchange Commission on June 3, 2005

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

- ☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934 OR
- ☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2004

OR

- ☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the transition period from _____ to _____

Commission File No.: 0-30690

EUROTUST A/S
f/k/a
Euro909.com A/S
(Exact name of Company as specified in its charter)

EUROTUST A/S
(Translation of Company's name
into English)

THE KINGDOM OF DENMARK
(Jurisdiction of incorporation
or organization)

POPPELGAARDVEJ 11-13
2860 SOEBORG DENMARK
(Address of principal executive offices)

Securities registered or to be
registered pursuant to Section
12(b) of the Act: None

Securities registered or to be
registered pursuant to Section
12(g) of the Act: None

Securities for which there is a
reporting obligation pursuant to
Section 15(d) of the Act: American Depositary Shares, each
representing six ordinary shares,
nominal value DKK 1.25 per ordinary
share.

Indicate the number of outstanding
shares of each of the Company's
classes of capital or common stock
as of close of the period covered
by the annual report (December 31,
2004): Ordinary shares 5,108,267
American Depositary Shares: 5,108,267

Edgar Filing: EUROTRUST A/S - Form 20-F

Indicate by check mark whether the Company (1) has filed all reports to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Company was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES ☒ [X]

NO ☐ []

Indicate by check mark which financial statement item the Registrant has elected to follow

Item 17 ☐ []

Item 18 ☒ [X]

TABLE OF CONTENTS

	PAGE
EXCHANGE RATE INFORMATION.....	3
ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS.....	4
ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE.....	4
ITEM 3. KEY INFORMATION.....	4
ITEM 4. INFORMATION ON THE COMPANY.....	13
ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS.....	23
ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES.....	37
ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS.....	43
ITEM 8. FINANCIAL INFORMATION.....	45
ITEM 9. THE OFFER AND LISTING.....	45
ITEM 10. ADDITIONAL INFORMATION.....	47
ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.....	51
ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES.....	51
ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES.....	52
ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS.....	52
ITEM 15. CONTROLS AND PROCEDURES.....	52
ITEM 16. RESERVED.....	52
ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT.....	52
ITEM 16B. CODE OF ETHICS.....	52
ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES.....	53

Edgar Filing: EUOTRUST A/S - Form 20-F

ITEM 16D.	EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT.....	53
ITEM 16E.	PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED.....	53
ITEM 17.	FINANCIAL STATEMENTS.....	54
ITEM 18.	FINANCIAL STATEMENTS.....	54
ITEM 19.	EXHIBITS.....	55
SIGNATURES	56

EXCHANGE RATE INFORMATION

In this annual report, unless otherwise specified or unless the context otherwise requires, all references to "\$" or "dollars" are to U.S. dollars and all references to "DKK" are to Danish kroner. We have converted DKK amounts as of December 31, 2004 into U.S. dollars at an exchange rate of \$1.00 = DKK 5.4676, which was the noon buying rate on December 31, 2004, the last business day of the year. We do not make any representation that the Danish kroner amounts could have been, or could be, converted into U.S. dollars at that rate on December 31, 2004, or at any other rate.

Unless specifically indicated or the context clearly indicates otherwise all references to our ordinary shares shall include our American Depositary Shares (ADSs) and vice-versa.

Edgar Filing: EUROTUST A/S - Form 20-F

WE USE THE TERMS "WE", "OUR", "US", EUROTUST" AND "THE COMPANY" TO MEAN EUROTUST A/S AND ITS SUBSIDIARIES AND THEIR RESPECTIVE PREDECESSORS.

AS NO INDEPENDENT SOURCES OF INDUSTRY DATA ARE AVAILABLE, INDUSTRY DATA CONTAINED HEREIN, INCLUDING MARKET SIZE DATA, ARE BASED ON OUR ESTIMATES WHICH ARE DERIVED FROM INTERNAL MARKET STUDIES AND MANAGEMENT CALCULATIONS.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This report on Form 20-F contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 regarding our plans and objectives and future operations. Forward-looking statements attempt to predict future occurrences and are identified by words like "believe," "may," "intend," "will," "expect," "anticipate," "estimate" or "continue," or other comparable terms. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. The forward-looking statements included in this report are based on current expectations that involve numerous risks and uncertainties. Our plans and objectives are based, in part, on assumptions involving judgments about, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond our control. Although we believe that our assumptions underlying the forward-looking statements are reasonable, any of these assumptions could prove inaccurate and, therefore, we cannot assure you that the forward-looking statements included in this report will prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements included in this report, you should not assume, and we cannot assure you, that we can achieve our objectives or implement our plans. Such statements speak only as of the date hereof and are subject to change. We undertake no obligation to revise or update publicly any forward-looking statements for any reason. Factors that could cause our actual results to differ materially from those expressed or implied by forward-looking statements include, but are not limited to, our ability to identify new undervalued opportunities for investment or acquisition; the potential unforeseen impact of product or service offerings from competitors; our ability to raise additional capital should it be required to finance our growth aspirations; our ability to negotiate appropriate strategic relationships; our ability to control costs and expenses; and general economic and political conditions and specific conditions in the markets we address and the factors set forth under the headings "Key Information - Risk Factors" (Item 3.D), "Information on the Company" (Item 4) and "Operating and Financial Review and Prospects" (Item 5).

3

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not required because this Form 20-F is filed as an Annual Report.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Edgar Filing: EUROTUST A/S - Form 20-F

Not required because this Form 20-F is filed as an Annual Report.

ITEM 3. KEY INFORMATION

A. SELECTED FINANCIAL DATA

The selected consolidated financial data presented below as of December 31, 2000, 2001, 2002, 2003 and 2004 and for the years then ended have been taken or are derived from our audited consolidated financial statements for those periods. The selected consolidated financial data have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP").

Effective October 1, 2000, we changed our method of accounting for revenue recognition of domain name registration revenue in accordance with Staff Accounting Bulletin (SAB) No.101 (SAB 101), REVENUE RECOGNITION IN FINANCIAL STATEMENTS. Under SAB 101, which was adopted retroactively to January 1, 2000, we recognized revenues ratably over the period the customer is provided access to the registry through our servers. Before SAB 101 became effective, we recognized revenue from initial registration of domain names when the registration process was complete and annual service fees (registration renewal fees) were recognized when invoiced to the customer. On July 21, 2001, we sold our domain name registration service business, which was a part of our internet services segment, to VeriSign, Inc. ("VeriSign.") In December 2001 we sold our print and online media business; GAAP requires that the results of operations from a discontinued segment be segregated from the results of operations from our continuing business segments. As a result, our Consolidated Statement of Operations and Consolidated Statement of Cash Flows for the fiscal year ended December 31, 2001 and 2002 reflect the fact that the print and online media business is treated as a discontinued operation. In addition, our Consolidated Statement of Operations and Consolidated Statement of Cash Flows for the fiscal years ended December 31, 1999 and 2000 were restated to reflect this fact.

On May 19, 2005 our shareholders approved a one for six reverse split of our ordinary shares such that six ordinary shares nominal value DKK 1.25 were combined into one ordinary share nominal value DKK 7.50 ("New Ordinary Shares"). In lieu of issuing a fraction of a New Ordinary Share, we will pay to each holder the value thereof based upon the closing price of an ADS on the NASDAQ Small Cap Market on May 19, 2005. All information contained in this annual report has been presented as if such reverse stock split occurred as of January 1, 2000.

The financial information presented below is only a summary and should be read together with our consolidated financial statements included elsewhere in this report.

4

CONSOLIDATED STATEMENT OF OPERATIONS DATA: (1)

		YEAR ENDED DECEMBER 31,	
2000	2001	2002	2003
DKK	DKK	DKK	DKK
(IN THOUSANDS, EXCEPT PER SHARE A			

CONSOLIDATED STATEMENT OF
OPERATIONS DATA:

Edgar Filing: EUOTRUST A/S - Form 20-F

Revenue	188,628	151,914	135,789	166,411
Total operating expenses	290,870	347,922	381,455	181,130
	-----	-----	-----	-----
Operating loss	(102,242)	(196,008)	(245,666)	(14,719)
	=====	=====	=====	=====
Net (loss) income from continuing operations				
	(101,384)	18,165	(277,348)	(8,930)
	=====	=====	=====	=====
Net (loss) income from discontinued operations				
	(25,042)	(10,460)	(6,000)	2,600
	=====	=====	=====	=====
Cumulative effect of change in accounting principle		0	0	0
	=====	=====	=====	=====
	(20,278)	0	0	0
	=====	=====	=====	=====
Net (loss) income	(146,704)	7,705	(283,348)	(6,330)
	=====	=====	=====	=====
(Loss) Income from continuing operations per average common share, basic	(35.88)	4.50	(63.61)	(1.91)
	=====	=====	=====	=====
(Loss) Income from discontinued operations per average common share, basic	(8.82)	(2.58)	(1.38)	0.56
	=====	=====	=====	=====
Net (loss) income per average common share, basic	(51.90)	1.92	(64.99)	(1.35)
	=====	=====	=====	=====
(Loss) Income from continuing operations per average common share, diluted	(35.88)	4.38	(63.61)	(1.91)
	=====	=====	=====	=====
(Loss) income from discontinued operations per average common share, diluted	(8.82)	(2.52)	(1.38)	0.56
	=====	=====	=====	=====
Net (loss) income per average common share diluted	(51.90)	1.86	(64.99)	(1.35)
	=====	=====	=====	=====
Weighted average number of common shares outstanding, basic	2,828	4.030	4,360	4,671
	=====	=====	=====	=====
Weighted average number of common shares outstanding diluted	2,828	4,124	4,360	4,671
	=====	=====	=====	=====

(1) In June 2001, the FASB issued SFAS 142 fully effective for fiscal years beginning after December 15, 2001, which changed the accounting for goodwill from an amortization method to an impairment-only approach. We adopted the provisions of SFAS 142 effective January 1, 2002. If the standards of SFAS 142 had been in effect beginning January 1, 2000 then (i) for the year ended December 31, 2000 our net loss would have been DKK 142,431 and both our basic and diluted loss per common share would have been DKK 50.28; and (ii) for the year ended December 31, 2001 our net income would have been DKK 12,364, our basic income per common share would have been DKK 3.06 and our diluted income per common share would have been DKK 3.00.

Edgar Filing: EUROTUST A/S - Form 20-F

		YEAR ENDED DECEMBER 31,			
		2000	2001	2002	2003
		-----	-----	-----	-----
		DKK	DKK	DKK	DKK
		(IN THOUSANDS, EXCEPT PER SHARE A			
CONSOLIDATED STATEMENT OF					
OPERATIONS DATA:					
INTERNET SERVICES:					
Revenue		94,999	72,183	63,769	77,792
Total operating expenses		179,985	238,112	316,009	93,699
		-----	-----	-----	-----
Operating loss		(84,986)	(165,929)	(252,240)	(15,907)
		=====	=====	=====	=====
BROADCAST MEDIA:					
Revenue		83,005	79,731	72,020	88,619
Total operating expenses		94,156	109,810	65,446	87,431
		-----	-----	-----	-----
Operating income (loss)		(11,151)	(30,079)	6,574	1,188
		=====	=====	=====	=====
OTHER:					
Revenue		10,624	0	0	0
Total operating expenses		16,729	0	0	0
		-----	-----	-----	-----
Operating (loss) income		(6,105)	0	0	0
		=====	=====	=====	=====
DISCONTINUED OPERATIONS, NET (LOSS) GAIN:		(25,042)	(10,460)	(6,000)	2,600
		=====	=====	=====	=====

CONSOLIDATED BALANCE SHEET DATA:

		AS OF DECEMBER 31,			
		2000	2001	2002	2003
		-----	-----	-----	-----
		DKK	DKK	DKK	DKK
		(IN THOUSANDS)			
Total assets		357,051	445,611	168,217	140,845
Net assets		199,638	333,168	44,242	46,360
Capital stock		25,814	34,006	34,006	39,693
Working capital (deficit)		(6,009)	137,256	(4,280)	(35,674)
Number of ordinary shares outstanding		3,442	4,534	4,534	5,292

We have never paid any dividends on our ordinary shares.

Edgar Filing: EUROTUST A/S - Form 20-F

EXCHANGE RATE INFORMATION

The exchange rate on May 24, 2005 (the latest practicable date) was DKK 5.9035 per \$1.00. The following table sets forth (i) the average exchange rate for the years 2000, 2001, 2002, 2003 and 2004 calculated using the average exchange rate on the last day of each month of the relevant year and (ii) the high and low exchange rates for each of the most recent six months. (All rates are expressed as Danish kroner per U.S. dollar.)

6

AVERAGE			

YEAR ENDED DECEMBER 31:			

2000	DKK 8.0829		
2001	DKK 8.3619		
2002	DKK 7.8897		
2003	DKK 6.5899		
2004	DKK 5.9893		
MONTH ENDED:	HIGH	LOW	
-----	----	---	
May 2005 (as of May 24, 2005)	DKK 5.9365	DKK 5.7469	
April 2005	DKK 5.8158	DKK 5.7049	
March 2005	DKK 5.7630	DKK 5.5502	
February 2005	DKK 5.8312	DKK 5.6118	
January 2005	DKK 5.7527	DKK 5.5061	
December 2004	DKK 5.6334	DKK 5.4580	

B. CAPITALIZATION AND INDEBTEDNESS

Not required because this Form 20-F is filed as an Annual Report.

C. REASONS FOR THE OFFER AND USE OF PROCEEDS

Not required because this Form 20-F is filed as an Annual Report.

D. RISK FACTORS

IN ADDITION TO OTHER INFORMATION IN THIS FORM 20-F, THE FOLLOWING RISK FACTORS SHOULD BE CAREFULLY CONSIDERED IN EVALUATING US AND OUR BUSINESS BECAUSE THESE FACTORS CURRENTLY HAVE OR MAY IN THE FUTURE HAVE A SIGNIFICANT IMPACT ON OUR BUSINESS, OPERATING RESULTS OR FINANCIAL CONDITION. ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE PROJECTED IN THE FORWARD-LOOKING STATEMENTS CONTAINED IN THIS FORM 20-F AS A RESULT OF THE RISK FACTORS DISCUSSED BELOW AND ELSEWHERE IN THIS FORM 20-F.

WE HAVE A SIGNIFICANT ACCUMULATED LOSS AND THE LIKELIHOOD OF FUTURE PROFITABILITY IS UNCERTAIN. CONTINUING LOSSES MAY EXHAUST OUR CAPITAL RESOURCES AND FORCE US TO TERMINATE OPERATIONS.

We incurred a net loss in each of the years ended December 31, 2000, 2002 and 2003 and we incurred an operating loss in each of those years and for the year ended December 31, 2001. For the year ended December 31, 2004 we had an operating loss of DKK 18.23 million (approximately \$3.33 million). As of December 31, 2004, we had an accumulated deficit of DKK 457.4 million

Edgar Filing: EUROTUST A/S - Form 20-F

(approximately \$83.7 million). We may incur additional losses in the foreseeable future. We cannot assure you that we will become profitable or, if we do become profitable, that we will be able to sustain or increase our profitability in the future. If operating losses continue for longer than we expect and we cannot raise additional capital, we may be forced to terminate operations.

WE MAY NEED TO RAISE ADDITIONAL CAPITAL IN THE FUTURE. IF WE CANNOT DO SO, WE MAY NOT BE ABLE TO FUND OUR FUTURE ACTIVITIES OR CONTINUE OPERATING.

Our future capital requirements will depend on a number of factors, including our ability to generate positive cash flow from operations, capital expenditure requirements and acquisition

7

opportunities. If we need to raise additional capital in the future, we cannot assure you that we will be able to do so on acceptable terms or at all. If we raise additional capital through the issuance of equity or convertible debt securities, the percentage ownership of our company held by existing shareholders, including holders of our ADSs, will be diluted. In addition, new securities may contain certain rights, preferences or privileges that are senior to those of our ordinary shares. If we are unsuccessful in raising additional capital, when needed, our business and results from operations may be materially and adversely affected.

OUR FUTURE REVENUES ARE UNPREDICTABLE AND OUR FINANCIAL RESULTS MAY FLUCTUATE. IF OUR FINANCIAL RESULTS FALL BELOW EXPECTATIONS IN ONE OR MORE FUTURE QUARTERS, THE MARKET PRICE OF OUR ADSs MAY BE NEGATIVELY IMPACTED.

We cannot accurately forecast our revenues or operating results. Our revenues and operating results may fluctuate significantly because of several factors, many of which are beyond our control. These factors include:

- o market acceptance of our products and services;
- o a change in television viewer preferences if we are unsuccessful in addressing those changes in our programming;
- o the non-renewal of our contract with TeleDanmark Kabel to carry dk4;
- o the non-renewal of our contract with Canal Digital A/S to carry dk4;
- o the continued interest in televising live sporting events in Scandanavia;
- o the pace at which new television programming is produced in Scandinavia;
- o customer renewal rates for our products and services;
- o our success in cross marketing our products and services to our existing customers and to new customers;
- o developing our direct and indirect distribution channels;
- o a decrease in the level of spending for Internet products and services from which our royalties are based;
- o our ability to expand our operations;

Edgar Filing: EUROTUST A/S - Form 20-F

- o our success in assimilating the operations and personnel of any acquired businesses;
- o the impact of price changes in our products and services or those of our competitors; and
- o general economic conditions and economic conditions specific to the television programming production or Internet services industry.

Due to all of the above factors, we believe that period-to-period comparisons of our operating results will

8

not necessarily be meaningful, and you should not rely on them as an indication of future performance. Also, operating results may fall below our expectations and the expectations of securities analysts or investors in one or more future quarters. If this were to occur, the market price of our ADSs would likely decline which may result in a significant decline in the value of your investment.

WE HAVE A LIMITED OPERATING HISTORY IN THE MEDIA BUSINESS AND MAY ENCOUNTER DIFFICULTIES SIMILAR TO THOSE FACED BY EARLY STAGE COMPANIES. OUR RESULTS FROM OPERATIONS MAY DEPEND ON HOW SUCCESSFUL WE ARE IN DEALING WITH THESE DIFFICULTIES.

Over the last five years, our business has evolved from (i) a telecommunications company that also provided Internet access to (ii) an Internet services provider focusing primarily on domain name registration services to (iii) providing trusted Internet infrastructure products and services to (iv) our current business which is made up of our TV broadcast channel - dk4 and our TV production company - Prime Vision. We have only a limited operating history in this business on which you can base an evaluation of our current business and prospects. As such, our current business and prospects must be considered in light of the risks and uncertainties encountered by companies in the early stages of development.

We cannot be certain that we will successfully address this risk. If we fail, our business and results from operations may be materially and adversely impacted.

WE COMPETE IN THE HIGHLY COMPETITIVE BROADCASTING INDUSTRY.

The Danish broadcast industry is highly competitive and dominated by a few large companies. As a result of competition, in 2001 we consolidated our broadcast operations into one channel. In addition, we expect that the number of channels competing for the places in the TeleDanmark Kabel programming network will increase in the ensuing years. If viewer preferences change and we are unsuccessful in addressing those changes in our programming, we may lose favor with them and they may choose to view a competitor's channel over ours.

IF WE ARE UNABLE TO NEGOTIATE A RENEWAL OF OUR CONTRACT WITH EITHER TELEDANMARK KABEL OR CANAL DIGITAL A/S THE REVENUES FROM OUR BROADCASTING BUSINESS MAY BE ADVERSELY AFFECTED.

Our dk4 television channel is carried as part of the basic package of channels provided to all cable television subscribers to TeleDanmark Kabel (the primary Company providing cable television service in Denmark), for which we receive a per subscriber fee as well as to all subscribers of Canal Digital A/S,

Edgar Filing: EUROTUST A/S - Form 20-F

a Danish digital satellite television service provider. Our agreement with each of TeleDanmark Kabel and Canal Digital A/S to carry dk4 as part of its basic package expires on December 31, 2006 and December 31, 2007, respectively. We cannot assure you that we will successfully negotiate a renewal of our agreement with TeleDanmark Kabel or Canal Digital A/S. If we are unable to renew any of the agreements the revenues from our broadcasting business would decrease significantly and the results of operations from our broadcasting business would be materially and adversely affected.

IF THE INTEREST IN VIEWING LIVE SPORTING EVENTS IN THE SCANDINAVIAN MARKET SHOULD DECREASE OR IF THERE IS A SLOWDOWN IN OTHER TELEVISION PROGRAMMING PRODUCTION OUR RESULTS COULD BE ADVERSELY AFFECTED.

As of May 1, 2005 we have approximately eight large mobile television production vans which are leased to various other companies primarily for their broadcast of live sporting events or the production of original television programming. We also provide many of the technical personnel required

9

for these productions. If we are unable to lease these vans and our technical personnel to other broadcasters or television production companies we will be in a position where we will not be able to cover the expenses associated with this business which in turn could materially and adversely effect our business. Our ability to keep these vans busy in order to generate revenue will be effected by many factors outside of our control, including the continued interest in viewing live sporting events and the continued desire to produce television programming in Scandinavia.

WE MAY NEVER RECEIVE ANY ROYALTY PAYMENTS FROM THE SALE OF THE BUSINESSES RELATED TO OUR INTERNET SERVICES DIVISION.

During 2003 and 2004 we sold all of the business operations related to our internet services division including, the secure internet hosting business, the digital video surveillance business, the secure remote back-up business, the PKI services business and the virus detection software and services business. Pursuant to the terms of the agreements for the sale of some of these businesses we are entitled to royalty payments until 2010. If any of these businesses fail to maintain or achieve market acceptance at a level necessary to sustain the business then, we will receive a diminished level of, or even no, royalty payments and, as a result, our results from operations may be adversely affected.

OUR LONG-TERM GROWTH STRATEGY ASSUMES THAT WE MAKE SUITABLE ACQUISITIONS AND INVESTMENTS. IF WE ARE UNABLE TO ADDRESS THE RISKS ASSOCIATED WITH ACQUISITIONS AND INVESTMENTS OUR BUSINESS COULD BE HARMED.

Our long-term growth strategy includes identifying and, from time to time, acquiring or investing in suitable candidates on acceptable terms. In particular, we intend to acquire or make investments in businesses that provide products and services that expand or complement our existing businesses and expand our geographic reach. In pursuing acquisition and investment opportunities, we may compete with other companies having similar growth and investment strategies. Competition for these acquisition or investment targets could also result in increased acquisition or investment costs and a diminished pool of businesses, technologies, services or products available for acquisition or investment. Our long-term growth strategy could be impeded if we fail to identify and acquire or invest in promising candidates on terms acceptable to us.

Edgar Filing: EUROTUST A/S - Form 20-F

Assimilating acquired businesses involves a number of other risks, including, but not limited to:

- o disrupting our business;
- o incurring additional expense associated with a write-off of all or a portion of the related goodwill and other intangible assets due to changes in market conditions or the economy in the markets in which we compete or because acquisitions are not providing the benefits expected;
- o incurring unanticipated costs or unknown liabilities;
- o managing more geographically-dispersed operations;
- o diverting management's resources from other business concerns;
- o retaining the employees of the acquired businesses;

10

- o maintaining existing customer relationships of acquired companies;
- o assimilating the operations and personnel of the acquired businesses; and
- o maintaining uniform standards, controls, procedures and policies.

For all these reasons, our pursuit of an overall acquisition and investment strategy or any individual acquisition or investment could have a material adverse effect on our business, financial condition and results of operations. If we are unable to successfully address any of these risks, our business could be harmed.

RAPID GROWTH IN OUR BUSINESS COULD STRAIN OUR MANAGERIAL, OPERATIONAL, FINANCIAL, ACCOUNTING AND INFORMATION SYSTEMS, CUSTOMER SERVICE STAFF AND OFFICE RESOURCES. IF WE FAIL TO MANAGE OUR GROWTH EFFECTIVELY, OUR BUSINESS MAY BE NEGATIVELY IMPACTED.

In order to achieve our growth strategy, we will need to expand all aspects of our business, including our computer systems and related infrastructure, customer service capabilities and sales and marketing efforts. We cannot assure you that our infrastructure, technical staff and technical resources will adequately accommodate or facilitate our expanded operations. To be successful, we will need to continually improve our financial and managerial controls, billing systems, reporting systems and procedures, and we will also need to continue to expand, train and manage our workforce. In addition, as we offer new products and services, we will need to increase the size and expand the training of our customer service staff to ensure that they can adequately respond to customer inquiries. If we fail to adequately train our customer service staff and provide staffing sufficient to support our new products and services, we may lose customers.

OUR INTERNATIONAL PRESENCE CREATES RISKS WHICH MAY ADVERSELY AFFECT OUR BUSINESS.

Currently, our operations focus on the Scandinavian markets. In addition to the uncertainty as to our ability to successfully expand our Scandinavian presence, there are certain risks inherent in doing business on an international level. These risks include differences in legal and regulatory

Edgar Filing: EUOTRUST A/S - Form 20-F

requirements and other trade barriers, difficulties in staffing and managing foreign operations, problems in collecting accounts receivable, fluctuations in currency exchange rates, delays from government agencies, and tax laws. In addition, our operations may be affected by changing economic, political and governmental conditions in the countries in which we operate. Changes in competition, economics, politics or laws, including tax, labor, environmental and employment, could affect our ability to sell our products and services in those countries. Our inability or failure to address these risks could have a material adverse affect on our business, operations and financial condition. Also, we cannot assure you that laws or administrative practices relating to taxation, or other matters of countries within which we operate will not change. Any change in these areas could have a material adverse effect on our business, financial condition and results of operations.

IF WE ARE UNABLE TO ATTRACT AND RETAIN HIGHLY QUALIFIED MANAGEMENT AND TECHNICAL PERSONNEL, OUR BUSINESS MAY BE HARMED.

Our success depends in large part on the contributions of our senior management team, technology personnel and other key employees and on our ability to attract, integrate, train, retain and motivate these individuals and additional highly skilled technical and sales and marketing personnel. We face intense competition in hiring and retaining quality management personnel. Many of these

11

companies have greater financial resources than we do to attract and retain qualified personnel. The only key employees that have signed employment agreements are Aldo Petersen, our Chief Executive Officer, and Soren Degn, our Chief Financial Officer. Under these agreements, they can terminate their employment on six months notice. As a result, we may be unable to retain our key employees or attract, integrate, train and retain other highly qualified employees in the future, when necessary. If we fail to attract qualified personnel or retain and motivate our current personnel, our business may be negatively impacted.

OUR RESULTS FROM OPERATIONS MAY BE ADVERSELY AFFECTED BY EXCHANGE RATE FLUCTUATIONS.

A portion of our expenditures and receivables are paid in foreign currencies. As a result, our financial results may be affected by an appreciation or depreciation in the value of the Danish kroner relative to the currencies of the countries in which we operate. Except for one hedging transaction done in March of 2002, we have not engaged in hedging or other risk management activities in order to offset the risk of currency exchange rate fluctuations. We cannot predict in any meaningful way the effect of exchange rate fluctuations upon future results. If the value of the Danish kroner declines and the currencies of the countries in which we operate appreciate or remain stable our results from operations may be negatively affected.

THE MARKET PRICE OF OUR ADSs MAY DECLINE IF THE VALUE OF THE DANISH KRONER FALLS AGAINST THE US DOLLAR.

Fluctuations in the exchange rate between the Danish Kroner and the US dollar are likely to affect the market price of our ADSs. For example, because EuroTrust's financial statements are reported in Danish Kroners, if the value of the Danish Kroner falls against the US dollar, EuroTrust's earnings per share in US dollars will be reduced. This may adversely affect the price at which our ADSs trade in the US.

Edgar Filing: EUOTRUST A/S - Form 20-F

THERE IS A LIMITED PUBLIC MARKET FOR OUR SECURITIES AND OUR SECURITIES MAY EXPERIENCE EXTREME PRICE AND VOLUME FLUCTUATIONS.

Our ordinary shares are not listed on any securities exchange or market. However, our ADSs are quoted on the Nasdaq SmallCap Market(R). The market price of our ADSs may fluctuate significantly in response to various factors and events, including:

- o variations in our operating results;
- o the liquidity of the markets;
- o investor perceptions of us and the industry in which we operate;
- o changes in earnings estimates by analysts;
- o sales of ADSs by existing holders; and
- o general economic conditions.

12

In addition, Nasdaq has recently experienced broad price and volume fluctuations. This volatility has had a significant effect on the market price of securities of companies for reasons that have often been unrelated to their operating performance. These broad market fluctuations may also adversely affect the market price of our ADSs and as a result, holders of our ADSs may lose a significant portion of their investment.

WE HAVE NEVER PAID A DIVIDEND NOR DO WE ANTICIPATE DOING SO IN THE FORESEEABLE FUTURE.

We have not declared or paid any cash dividends on our ordinary shares. We do not expect to declare any dividends in the foreseeable future. We anticipate that all cash that would otherwise be available to pay dividends will be applied in the foreseeable future to finance our growth or to implement shareholder-approved repurchases of our stock. Payment of any future dividends will depend on our earnings and capital requirements, and other factors our board of directors deem appropriate.

ITEM 4. INFORMATION ON THE COMPANY

A. HISTORY AND DEVELOPMENT

We are a Danish limited company, organized in 1986 under the Danish Act on Limited Companies of the Kingdom of Denmark. Originally, we were organized under the name Telepartner A/S. In 1999 we changed our name to euro909.com A/S and in December 2001 we changed our name to EuroTrust A/S. Our registered office is Poppelgaardvej 11-13, 2860 Soeborg, Denmark. Our telephone number is +45 39 54 00 00.

OUR BUSINESS

Until December 2001, our business operated in three distinct areas: Internet products and services; broadcasting; and print and online media. In early 2001 we made the strategic decision to focus primarily on providing Internet infrastructure products and services and e-commerce solutions in Scandinavia and selected west European markets and on key elements of our broadcasting business. To that end, in 2001, we sold our domain name

Edgar Filing: EUROTUST A/S - Form 20-F

registration, the remaining assets of our historical telecommunications business and our print and online media businesses, and consolidated our television programming business. As of January 1, 2004, we sold our secure internet hosting business, our digital video surveillance business and our secure remote back-up business. As a part of these transactions, we will continue to receive royalty payments from future sales of the secure hosting and remote back-up services that we formerly marketed. We sold our PKI services business to VeriSign, Inc. ("VeriSign.") on April 1, 2004. We sold the last of our Internet related business, our virus detection software and services business on September 30, 2004.

As a result of these various transactions, subsequent to September 30, 2004 our business consists of our broadcast media division, which owns dk4, a Danish television station and operates one of the largest television production companies in Scandinavia, Prime Vision.

The proceeds from our divestitures in 2004 allowed us to invest more than \$10 million U.S. in Prime Vision. Prime Vision now owns one of Europe's first High Definition mobile production units, five fully digitalized mobile production units and two mobile analog production units that we expect to rebuild into digital units during 2005. We use these assets to produce content both for our own broadcast operations and for outside clients.

13

In addition to our television production operations, we continued to expand our media content platforms in 2004. Our original television channel, dk4, increased its subscriber base to record levels. Late in 2004, we also added a new speciality television channel, 4SPORT, to focus on coverage of both Danish sports, in cooperation with The Danish Sports Association, and international sporting events of particular interest to Danish fans. The new channel is currently in the testing phase of development and is projected to provide coverage of, among other sports, boxing, volleyball and basketball. However, the channel will not be televising soccer or handball the two most popular sports in Denmark, as these sports currently have agreements with other broadcasters.

We are in on-going negotiations with TDC on Cable to carry 4SPORT. The early response to 4SPORT has been very encouraging. Given this response and the response to new programming for dk4, we plan to focus on the development and introduction of more speciality content platforms in 2005 and beyond.

In particular, we believe that dk4's long-standing coverage of the European Parliament for Danish viewers should be extendible to a pan-European audience. The European Parliament is desirous of making the citizens of the member countries of the European Union ("EU") aware of the increased importance of the EU and the influence it has on the politics of its independent member nations. To support that objective, we have discussed with representatives of the European Parliament, the proposed establishment of Europa Kanalen ("The European Channel") to provide coverage of the EU political process for viewers in other countries. We hope to begin coverage in 2005 or 2006 in three countries and then to jointly assess the results of the European Channel with the European Parliament to determine whether coverage throughout Europe is practical. If successful, this could provide us with a Europe-wide content platform with substantial growth opportunities. Since content providers are historically among the most financially successful media operations, we plan to allocate significant resources to this initiative.

B. BUSINESS OVERVIEW

Our objective is to become a leading provider of television production

Edgar Filing: EUOTRUST A/S - Form 20-F

facilities for live events in the Northern European market and to expand our offering of quality content on our dk4 broadcast station, as well as, to develop and introduce more speciality content platforms in the future, including our recently established specialty television channel 4SPORT.

MEDIA

For most of 2001 we operated two television channels, dk4 and Bio+. Both channels were carried by TDC on Cable, formerly known as TeleDanmark, Denmark's largest cable operator. In October 2001 we consolidated the programming of both channels into dk4, and expanded its programming by covering European Union parliament sessions and joining the Pan-European Parliament TV network. This decision was a result of the fact that the agreement with TDC to broadcast dk4 was extended and Bio+ was not. Also in 2001, we entered into two new distribution agreements and a new programming agreement for dk4. Specifically, we entered into distribution agreements with the Danish digital satellite television service provider Canal Digital A/S. In December 2003, we entered into a new four-year agreement with Canal for the continued distribution of dk4 programming on their digital satellite television network extending our relationship to December 31, 2007. In December 2003 we reacquired the remaining 15% minority interest in our broadcast business that we had previously sold to Parken Sport and Entertainment A/S for DKK 12 million in December 2001. In March 2004 we entered into a new agreement with TDC on Cable extending our relationship to December 31, 2006. Late in 2004, we also added a new speciality television channel, 4SPORT, to focus on coverage of both Danish sports, in cooperation with The Danish

14

Sports Association, and international sporting events of particular interest to Danish fans. The new channel is currently in the testing phase of development and is projected to provide coverage of, among other sports, boxing, volleyball and basketball.

We are in on-going negotiations with TDC on Cable to carry 4SPORT. The early response to 4SPORT has been very encouraging. Given this response and the response to new programming for dk4, we plan to focus on the development and introduction of more speciality content platforms in 2005 and beyond.

dk4

We acquired dk4 in October 1999. As of December 31, 2004, approximately 44% of all households in Denmark had access to dk4. In 2001, dk4 launched its revised Internet platform. The homepage contains live video streaming, enabling subscribers to watch part of dk4's broadcasts live over the Internet.

dk4's principal programs are in the areas of culture, education, sports and politics:

- o POLITICS. dk4 broadcasts proceedings of the Danish Parliament, including debates and selected expert hearings. During 2002, dk4 offered more than 50 programs on the European Union, among these roundtable discussions and presentation of Members of Parliament, including the former and the present President of the European Parliament plus selected Members of the European Commission. In 2001, dk4 was acknowledged as a European Channel by the European Parliament and joined the discussion forum for Parliamentary Channels in the European Union ("EU"). In 2003, dk4 has continued to focus on broadcasting programming from the EU. In conjunction with the European

Edgar Filing: EUOTRUST A/S - Form 20-F

Parliament, dk4 produced an educational video for Danish high schools on "Model European Parliament" (a multicultural conference for young people on the inner workings of the EU).

- o SPORTS. Beginning in 2002, dk4 offered a number of niche sports programs.
- o CULTURE. dk4 offers programs focusing on theatre, opera, literature, classical music and history. In the 2000/2001 season, programs on contemporary art and fine wines were added. Furthermore, a number of musical shows were introduced and the number of such shows was increased in 2002.
- o EDUCATION. Educational offerings include lectures given at the newly founded "DK4 University", a series which is also integrated with the Internet. In 2001, an add-on to this series was introduced through the "EU University" with a number of lectures on current EU topics such as Enlargement and the future Constitution of the EU. In 2002, we introduced an educational series on use of PCs.

PRIME VISION

In October 1999, dk4 acquired Prime Vision, or PV, a production company. PV assists others in broadcasting live events and also produces original programs for dk4 as well as for other television channels. PV owns and operates eight large mobile vans used in the broadcasting of live events and for the production of original television programming. These vans include all of the necessary equipment

15

required for these productions, including cameras and sound equipment. PV employs the technicians such as cameramen and sound engineers who are expert in the appropriate operation of the equipment. Therefore, PV can offer a complete package of production equipment and personnel to broadcasters who broadcast live events and to companies who produce original programming. One of our primary objectives is for PV to become the leading production facility house in Scandinavia. By the end of 2003 PV was among the three leading production companies in Denmark and has been employed as a production company for the Danish Premier Soccer League and a number of other sports productions.

Bio+

We acquired Bio+ in September 1999. As a result of a strategic alliance with Fox Kids Europe in January 2000, we repackaged and relaunched the channel. As repackaged, Bio+'s primary offering was Danish movies. In October 2001, we combined the operations of Bio+ with those of dk4.

INTERNET PRODUCTS AND SERVICES

We sold the remainder of our businesses in Internet products and services division during 2004 through the sale of our PKI services business, on April 1, 2004, and our virus detection software and services business on September 30, 2004. As a result, subsequent to September 30, 2004 our business consists of our broadcast media division, which owns dk4, a Danish television station and operates one of the largest television production companies in Scandinavia, Prime Vision.

Edgar Filing: EUOTRUST A/S - Form 20-F

The following is a description of the Internet products and services we provided through year 2004:

VIRUS SURVEILLANCE/DETECTION/SUPPORT, SECURITY PENETRATION TESTING/ANALYSIS. Gartner research indicates that the IT security consulting sector represents the largest share of the Western European IT security market. To address this sector, we offered the Scandinavian business community an array of virus detection products and services marketed under our Virus 112 brand name. Through our wholly-owned subsidiary, EuroTrust Virus112 A/S ("Virus112"), we offered a suite of IT security consulting services including sophisticated virus detection software, IT security support, security gap penetration assessments and system vulnerability testing to more than 2,000 businesses in Denmark and Norway. Offered on a subscription basis, Virus112's Early Warning System scans the Internet for potential threats and immediately notifies its clients via fax, email and text messaging of any potential outbreaks, minimizing the risk of potential infections. In September 2001, Virus112 expanded its business by offering IT security consulting services that emphasize risk assessment and penetration testing services. In October 2002, Virus112 expanded its product offerings by adding the following:

- o "Virus112 Mail Scanning," a 24x7 e-mail surveillance and virus-scanning, recognition and removal technology;
- o "Virus112 Spam Scanner," a 24x7 automated guard against spam emails which also provides the customer with a monthly report and online access to information on email activity and blocked e-mails; and
- o "EuroTrust Security Scanner," (ESS) a scanning system that scans external IP addresses for potential security risk, to prevent viral attacks through the Internet.

PUBLIC KEY INFRASTRUCTURE (PKI) SERVICES. PKI services, as well as digital signatures and certificates, enable both companies and private individuals to encrypt their online communications and

16

ensure confidentiality. Until our sale of this business to VeriSign effective April 1, 2004, we sold PKI services under the VeriSign Managed PKI Service (MPKI) and VeriSign Go Secure! brands, and tailored them to meet the specific needs of enterprises that wished to issue digital certificates to employees, customers, citizens or trading partners.

In November 2000, we became part of VeriSign's Global Affiliate Network, an expanding group of international service providers using common technology, operating practices and infrastructure, compliant with the European Union (EU) common criteria requirements, to deliver interoperable trust services over the Internet. Under our Affiliate Agreement with VeriSign, as amended, we provide(d) the following VeriSign trusted Internet infrastructure products and services in Denmark, Norway, Sweden, Finland, Austria and Switzerland:

MPKI - MANAGED PKI-SOLUTIONS. MPKI is a managed service that allows an organization to use our data processing infrastructure to develop and deploy customized digital certificate services for use by employees, customers and business partners. MPKI can be used to provide digital certificates for a variety of applications, including: controlling access to sensitive data and account information, enabling digitally-signed e-mail, encryption of e-mail, or SSL sessions. MPKI services can help customers create an online electronic trading community, manage supply chain interaction and facilitate and protect

Edgar Filing: EUROTUST A/S - Form 20-F

online credit card transactions.

GO SECURE! VeriSign Go Secure! services are a set of managed application services that enable enterprises to quickly build digital certificate-based security into their transaction and communication applications. Go Secure! services are similar in functionality to MPKI services and are designed to incorporate digital certificates into existing e-mail, browsing applications, directory and virtual private network devices. GoSecure(R) allows businesses to create a Virtual Private Network (VPN) that integrates VeriSign's strong encryption technology. GoSecure is also offered in cooperation with vendors of server firewall products.

WEB SERVER DIGITAL CERTIFICATE SERVICES. Digital certificates are electronic credentials that identify parties online, enabling encrypted online communications and legally binding, valid digital signatures for online transactions in e-commerce, financial services, supply-chain management, Virtual Private Networks, and wireless and mobile commerce environments. Until April 2004, we offered a family of web server certificate services that allows organizations to implement and operate secure websites that utilize the Secure Sockets Layer, or SSL protocol or the Wireless Transport Layer Security, or WTLS, protocol to establish their identities to customers and other websites during electronic commerce transactions and communications over wired or wireless internet protocol, or IP, networks. Without a digital certificate installed on the website server the SSL and WTLS protocols cannot be utilized. Given that we host more web sites on servers in our data center than any other company in Denmark, we expect to take advantage of the current growth trend for server security. Digital Ids can easily be created for customers and suppliers through the MPKI administration solution.

APPLICATION ACCELERATION SERVICES. These are rapid deployment services that secure information passed over applications such as Microsoft Exchange, SAP and Virtual Private Networks (VPN) for e-commerce.

CONTENT SIGNING CERTIFICATES. In addition to Web Server Digital Certificate services, until April 2004 we offered content signing certificates. Content signing digital certificates enable developers,

17

content providers, publishers and vendors to digitally sign their content in order to authenticate the source and provide assurance of the integrity of the content delivered to end-users.

To expand and complement the services described above, our professional services group, which includes experts in digital certificate architecture and application integration, was staffed to provide a variety of design, development and implementation services. These services included integrating with existing applications and databases, consulting on policies and procedures related to the management and deployment of digital certificates, training classes on the latest developments in security technology and selecting the necessary software and hardware to complement a digital certificate solution.

As a result of an independent examination of our PKI processing center in Copenhagen, we received the prestigious WebTrust Seal of Assurance from KPMG. The WebTrust seal, which is displayed on all of our web sites, indicates that we have complied with the business standards prescribed by the American Institute of Certified Public Accountants and the Canadian Institute of Chartered Accountants concerning the issuance of digital certificates by certification

Edgar Filing: EUROTUST A/S - Form 20-F

authorities and adopted by several European countries including Denmark.

Until December 2003, we also offered our customers a number of other internet security products, including secure hosting, digital video surveillance and secure remote backup services. In December 2003, as part of our plan to intensify our focus on our television programming business and on providing virus detection products and services, we sold EuroTrust Secure Hosting A/S, our secure hosting subsidiary, EuroTrust Realtime Security A/S, our digital video surveillance subsidiary, EuroTrust Sweden AB, our Swedish subsidiary, and the assets related to EuroTrust NetVaulting A/S, our secure remote backup business.

REMOTE DATA BACKUP SERVICES. We provided remote data backup services to more than 300 European businesses through EuroTrust NetVaulting A/S (formerly known as WISEhouse Denmark A/S), a wholly-owned subsidiary of EuroTrust. Remote backup services protect the data found on company servers from the threat of fire, hardware failure, natural disasters, theft and viruses. The backup technology is based on IBM's Tivoli Storage Manager software.

SECURE HOSTING. We provided secure web hosting services to more than 11,000 customers in Denmark, Sweden and Norway through EuroTrust Secure Hosting A/S ("Hosting"). Hosting was created in January 2002 as a result of the combination of our Digiweb activity with DHT Hosting ApS, a Danish automated hosting company.

Our hosting services were based in our secure Internet data center in Soeborg, Denmark. The center, designed with a wide range of physical security features, including state-of-the-art smoke detection and fire suppression systems, 24x7 secured access and video camera surveillance, as well as security breach alarms, is capable of housing more than 1,500 servers and delivers one of the strongest high-availability bandwidth capacities in Europe.

REAL TIME SECURITY. Through EuroTrust RealTime Security A/S, we offered a full service digital video security system, which provided real-time video monitoring and remote storage of the recording via a high speed Internet connection to a central storage location. This system was able to provide customers with the benefits of a complete video surveillance system without the need to purchase and maintain costly video surveillance hardware required by most traditional Closed Circuit Television ("CCTV") monitoring systems. The system included, among other features, the following:

18

- o Remote viewing and surveillance;
- o Offsite recording and storage of the recordings in a secured centralized location; and
- o Email confirmation of alarms to minimize false alerts

DISTRIBUTION OF SALES

The following tables set out our revenues by category and region for each of the years ended December 31, 2002, 2003 and 2004.

BREAKDOWN OF REVENUES BY CATEGORY (1)

	2002		2003		2004	
	DKK	PERCENTAGE	DKK	PERCENTAGE	DKK	PERCENTAGE
(CURRENCY AMOUNTS ARE IN THOUSANDS)						
Internet services	63,769	47%	77,792	47%	21,098	
Broadcasting	72,020	53%	88,619	53%	91,013	
	135,789	100%	166,411	100%	112,111	

BREAKDOWN OF REVENUES BY GEOGRAPHIC MARKET (1)

	2002		2003		2004		
	DKK	%	DKK	%	DKK	%	USD
Denmark	110,992	82%	133,397	80%	95,952	85%	17,549
Norway	4,967	4%	8,278	5%	4,349	4%	795
Sweden	2,874	2%	7,736	5%	8,996	8%	1,645
France	9,636	7%	5,770	3%	0	0%	0
Finland	2,763	2%	4,718	3%	1,163	1%	213
Austria	1,884	1%	1,593	1%	616	1%	113
Switzerland	2,673	2%	4,563	3%	955	1%	175
Other	0	0%	356	0%	80	0%	15
	135,789	100%	166,411	100%	112,111	100%	20,505

SEASONALITY

In Scandinavia it is common practice for businesses to close down in

Edgar Filing: EUOTRUST A/S - Form 20-F

July due to summer holidays. Therefore, the level of our consolidated activities are usually lower in the third quarter than in the first, second and fourth quarters.

INTELLECTUAL PROPERTY

We rely primarily on a combination of copyrights, trademarks, service marks, restrictions on disclosure and other methods to protect our intellectual property. We also enter into confidentiality agreements with our employees, consultants and current and potential affiliates, customers and business partners. We also generally control access to and distribution of documentation and other proprietary information.

COMPETITION

BROADCAST MEDIA

In our broadcast business, we compete with channels that are carried by more Cable providers, included in more "TV Packages", offered to cable subscribers, and catering to a much larger viewing audience than we do. Until 2001, cable providers were subject to governmental regulations that limited their programming to the programming provided by those channels chosen through a referendum of subscribing households, every two years.

Presently, the only channels that cable providers are required to include in their "TV Packages" are the publicly funded channels, i.e., DR, DR2, TV2, (and one local TV station). We expect that the number of channels competing to be included in those "TV Packages" will increase in the ensuing years. If viewer preferences change and we are unsuccessful in addressing those changes in our programming, we may lose favor with them and cable providers may choose to replace us with a competitor.

GOVERNMENT REGULATION

Our broadcast station dk4 has been granted a license by the Danish Board of Satellite and Cable. Our license obligates us to carry a certain mix of programs I.E. no more than a certain percentage of our programs can be sports, news, commercials, etc. If we change our program profile, we must advise the Danish Board of Satellite and Cable. We believe that we are currently in compliance with all of our license requirements.

SALES AND MARKETING

We market our dk4 television broadcast station through local advertising sponsorships and participations in cable operator and cable organization symposiums and direct marketing to individual cable operators. Our market is dominated by three large operators that represent more than 80% of our potential viewers. dk4 is currently carried by two of those operators.

Prime Vision produces programming for a large array of distributors of content in the Scandinavian market. We market the Prime Vision services through word of mouth from satisfied clients

as well as from the publicity we receive as the Company responsible for the production of many important sporting events like soccer, basketball and boxing. Prime Vision has established a well known reputation in broadcasting of live sporting events and is involved in producing major sports events for large TV channels in Denmark and Sweden. We also produce content for large channels like

Edgar Filing: EUOTRUST A/S - Form 20-F

DR, TV2, Viasat in Denmark, and STV, Canal Digital and Viasat in Sweden, which is helpful for marketing the capability of Prime Vision.

C. ORGANIZATIONAL STRUCTURE OF THE COMPANY

The following is a list of our significant subsidiaries and their jurisdiction of incorporation and our ownership interest in those subsidiaries.

SUBSIDIARY -----		COUNTRY OF INCORPORATION -----	INTEREST OWNERSHIP -----
Europe-Visions A/S	(1)	Denmark	100.0%
EuroTrust PKI Services A/S	(2)	Denmark	100.0% (Assets sold April 1,
EuroTrust Virus112 A/S	(3)	Denmark	100.0% Assets sold September 3
InAphone A/S	(4)	Denmark	60.0% Sold Jan. 1, 2005

-
- (1) Formerly known as Euro909Media A/S
 - (2) Formerly known as EuroTrust Denmark A/S.
 - (3) Formerly known as Virus112.com A/S.
 - (4) Formerly known as 909.909 A/S

Other significant operating subsidiaries consolidated under Europe-Visions A/S and their jurisdiction of incorporation and our ownership interest in those subsidiaries at December 31, 2004:

SUBSIDIARY -----	COUNTRY OF INCORPORATION -----	INTEREST OWNERSHIP -----
Ciac A/S	Denmark	100.0%
Prime Vision A/S	Denmark	100.0%
Arhustudiet A/S	Denmark	100.0%
Publishing & Management ApS	Denmark	51.0%
TV Akademiet A/S	Denmark	100.0%
Formedia A/S	Denmark	100.0%
Mobile Broadcasting A/S	Denmark	100.0%

PROPERTY, PLANT AND EQUIPMENT

Our executive offices are located in Soeborg, Denmark, where we own facilities which comprise 1,554 square meters of floor space and also, house our Danish operations. As of April 1, 2004 we sublet approx. 600 square meters of office space in Soeborg to VeriSign, and as of October 1, 2004 we sublet approx. 1,164 square meters of office space including the basement in Soeborg to Comendo A/S, a provider

of managed anti-virus and anti-spam system solutions in Denmark and purchaser of the assets of our EuroTrust Virus112 A/S subsidiary.

On April 1, 2005, we sold our building located at Poppelgardvej 11-13 in S0borg, Copenhagen to Lion Ejendomme ApS for DKK 20,000,000 in cash. At

Edgar Filing: EUROTRUST A/S - Form 20-F

December 31, 2004 the net book value of the building was DKK 19,638,000.

For our broadcasting media operations, we lease 2,233 square meters in Copenhagen, Denmark, 1,534 square meters in Hvidovre, Denmark and 1,152 square meters in Aarhus, Denmark. Furthermore, we lease three apartments in Aarhus for a total of 459 square meters.

For our Internet services operations, until February 2005, we leased 1,130 square meters of floor space in Aarhus, Denmark, for our remote data backup subsidiary, EuroTrust Net Vaulting. We sublet approximately 1,049 square meters of office space in Aarhus to Munk IT, Metro Express and Ewire. These subleases expired in the first quarter of 2005.

The total aggregate annual lease costs were approximately DKK 2,950,000 for 2004. The operating leases are cancelable by both parties through various times between three and twelve months. We believe that the current facilities for our media operations will be adequate for our purposes for at least the next 12 months. We also believe that there is a supply of alternative facilities available in each of the locations where we operate, should we deem it desirable to expand our facilities or otherwise change locations.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

A. OPERATING RESULTS

OVERVIEW

Until December 2001, our business operated in three distinct areas: Internet products and services; broadcasting; and print and online media. In early 2001 we made the strategic decision to focus primarily on providing Internet infrastructure products and services and e-commerce solutions in Scandinavia and selected west European markets and on key elements of our broadcasting business. To that end, in 2001, we sold our domain name registration, the remaining assets of our historical telecommunications business and our print and online media businesses, and consolidated our television programming business. In December 2003 and January, 2004, as part of our plan to intensify our focus on our television programming business and on providing virus detection products and services, we sold EuroTrust Secure Hosting A/S, our secure hosting subsidiary, EuroTrust Realtime Security A/S, our digital video surveillance subsidiary, EuroTrust Sweden AB, our Swedish subsidiary, and the assets related to EuroTrust NetVaulting A/S, our secure remote backup business.

We sold our PKI services business on April 1, 2004 and our virus detection software and services business on September 30, 2004.

As a result of these various transactions, subsequent to September 30, 2004 our business consists of our broadcast media division, which owns dk4, a Danish television station and operates one of the largest television production companies in Scandinavia, Prime Vision.

The proceeds from our divestitures in 2004 allowed us to invest more than \$10 million U.S. in Prime Vision. Prime Vision now owns one of Europe's first High Definition mobile production units,

five fully digitalized mobile production units and two mobile analog production units that we expect to rebuild into digital units during 2005. We use these assets to produce content both for our own broadcast operations and for outside

Edgar Filing: EUROTUST A/S - Form 20-F

clients

In addition to our television production operations, we continued to expand our media content platforms in 2004. Our original television channel, dk4, increased its subscriber base to record levels. Late in 2004, we also added a new speciality television channel, 4SPORT, to focus on coverage of both Danish sports, in cooperation with The Danish Sports Association, and international sporting events of particular interest to Danish fans. The new channel is currently in the testing phase of development and is projected to provide coverage of, among other sports, boxing, volleyball and basketball.

We are in on-going negotiations with TDC on Cable to carry 4SPORT. The early response to 4SPORT has been very encouraging. Given this response and the response to new programming for dk4, we plan to focus on the development and introduction of more speciality content platforms in 2005 and beyond.

In particular, we believe that dk4's long-standing coverage of the European Parliament for Danish viewers should be extendible to a pan-European audience. The European Parliament is desirous of making the citizens of the member countries of the European Union ("EU") aware of the increased importance of the EU and the influence it has on the politics of its independent member nations. To support that objective, we have discussed with representatives of the European Parliament, the proposed establishment of Europa Kanalen ("The European Channel") to provide coverage of the EU political process for viewers in other countries. We hope to begin coverage in 2005 or 2006 in three countries and then to jointly assess the results of the European Channel with the European Parliament to determine whether coverage throughout Europe is practical. If successful, this could provide us with a Europe-wide content platform with substantial growth opportunities. Since content providers are historically among the most financially successful media operations, we plan to allocate significant resources to this initiative.

CRITICAL ACCOUNTING POLICIES

The discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States (GAAP). The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates under different assumptions or conditions. We believe that the estimates, assumptions and judgments involved in the accounting policies described below have the greatest potential impact on our consolidated financial statements, so we consider these to be our critical accounting policies. See "Summary of Significant Accounting Policies" in the consolidated financial statements for more information about these critical accounting policies, as well as descriptions of other significant accounting policies.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

We maintain allowances for doubtful accounts for estimated losses resulting from the inability of our customers to make required payments. We

Edgar Filing: EUROTUST A/S - Form 20-F

regularly review the adequacy of our accounts receivable allowance after considering the size of the accounts receivable balance, each customer's expected ability to pay and our collection history with each customer. We review significant invoices that are past due to determine if an allowance is appropriate based on the risk category using the factors described above. We also monitor our accounts receivable for any build up of concentration to any one customer, industry or geographic region. At December 31, 2004 we have two customers who account for approximately 33% and 22% of our outstanding receivables.

If we are unable to collect these receivables it would have a significant negative impact on our operating income. We require all acquired companies to adopt our credit policies. The allowance for doubtful accounts represents our best estimate, but changes in circumstances relating to accounts receivable may result in a requirement for additional allowances in the future.

LONG-TERM INVESTMENTS

We invest in securities of companies for business and strategic purposes. These investments are in the form of equity securities of private companies for which there is no public market. For a specification of the investments you should refer to Note 3 of the accompanying consolidated financial statements. These companies are typically in the early stage of development and are expected to incur substantial losses in the near-term. Therefore, we may never realize any return on these investments. Further, if these companies are not successful, we could incur charges related to write-downs or write-offs of these investments.

We review, the assumptions underlying the operating performance from these privately held companies on an annual basis. This information may be more limited, may not be as timely and may be less accurate than information available from publicly traded companies. If we determine that an other-than-temporary decline in fair value of the investment exists, we write-down the investment to its fair value and record the related write-down as an investment loss in our consolidated statement of operations.

We recorded a write-down of our long term investments and marketable securities of approximately DKK 14.9 million in the year ended December 31, 2004.

25

VALUATION OF LONG-LIVED ASSETS

Our long-lived assets totaled DKK 92.6 million, as of December 31, 2004, which consist primarily of property and equipment subject to amortization and depreciation. We test long-lived assets for recoverability whenever events or changes in circumstances indicate that the carrying amount of such an asset may not be recoverable. Such events or circumstances include, but are not limited to:

- o a significant decrease in the market price of a long-lived asset;
- o a significant adverse change in the extent or manner in which a

Edgar Filing: EUROTRUST A/S - Form 20-F

long-lived asset is being used or in its physical condition;

- o a significant adverse change in legal factors or in the business climate that could affect the value of a long-lived asset;
- o a current-period operating or cash flow loss combined with a history of operating or cash flow losses or a projection or forecast that demonstrates continuing losses associated with the use of a long-lived asset; and
- o a current expectation that it is probable that a long-lived asset will be sold or otherwise disposed of significantly before the end of its previously estimated useful life.

An impairment loss would be recognized when the sum of the undiscounted future net cash flows expected to result from the use of the asset and its eventual disposition is less than its carrying amount. Such impairment loss would be measured as the difference between the carrying amount of the asset and its fair value, which is usually based on future estimated discounted cash flows. Significant judgment is required in the forecasting of future operating results, which are used in the preparation of projected cash flows. If we made different judgments or utilized different estimates, material differences may result in write-downs of net long-lived and intangible assets, which would be reflected by charges to our operating results for any period presented.

We recorded no impairment charge in the years ended December 31, 2003 and December 31, 2004.

GOODWILL

We account for acquisitions under the purchase method of accounting, typically resulting in goodwill. Statement of Financial Accounting Standards (SFAS) No. 142, Goodwill and Other Intangible Assets, requires us to assess goodwill for impairment at least annually in the absence of an indicator of possible impairment and immediately upon an indicator of possible impairment. The statement requires estimates of the fair values of our reporting units. If we determine the fair values of a reporting unit is less than the carrying amount recorded on our Consolidated Balance Sheet, we must measure any impairment loss. The measurement of the impairment loss involves comparing the fair value of the reporting unit with the fair values of the recognized and unrecognized assets and liabilities to arrive at an implied fair value of goodwill, which is then compared to the book value of the goodwill of the reporting unit. At December 31, 2004, we had DKK 24.56 million of goodwill recorded on our Consolidated Balance Sheet. The entire goodwill was recorded in our Broadcasting media segment.

We performed our annual impairment assessment of goodwill in accordance with the provisions of SFAS No. 142. In testing for potential impairment, we measured the estimated fair value of our reporting units based upon discounted future operating cash flows using a discount rate reflecting our estimated discount rate for the specific reporting units. Differences in assumptions used in projecting

future operating cash flows and estimated discount rate could have a significant impact on the determination of impairment amounts.

In estimating future cash flows we used our internal budgets. Our budgets were based on recent sales data for existing products and expected

Edgar Filing: EUROTUST A/S - Form 20-F

growth rates for the Internet security services and framework agreements entered into with customers in the broadcasting segment. These budgets were based on current royalty percentages, expected staffing levels and expected inflation.

Due to the numerous variables associated with our judgments and assumptions relating to the valuation of the reporting units and the effects of changes in circumstances affecting these valuations, both the precision and reliability of the resulting estimates are subject to uncertainty, and as additional information becomes known, we may change our estimates.

For the year ended December 31, 2004 based on our annual impairment assessment of goodwill, there was impairment of DKK 965 thousand

INVENTORIES

The inventory principally consists of 38,000 IBM Tivoli licenses relating to our remote back-up business. Inventories are stated at the lower of cost or market with cost determined on the basis of the first in, first out method.

Management must make estimates about the future customer demand for IBM Tivoli licenses when establishing the appropriate loss provisions for inventory. When making these estimates, we consider general economic conditions and historical sales of licenses, the market acceptance of the current generation of licenses, the available market for these products and expected sales prices for the licenses. These judgments must be made in the context of our customers' shifting technology needs. A misinterpretation or misunderstanding of any of these conditions could result in significant changes to the provisions determined to be appropriate as of the balance sheet date.

We recorded an inventory loss provision related to our IBM Tivoli licenses, of DKK 21,651 in 2002. During 2003 we received a credit of DKK 3,367 recorded as a reduction to cost of sales for the return of 7,000 IBM Tivoli licenses.

TAX ASSET VALUATION

We currently have deferred tax assets resulting from net operating loss carry forwards, and deductible temporary differences, all of which will reduce taxable income in the future. We assess the realization of these deferred tax assets when necessary to determine whether an income tax valuation allowance is required. Based on available evidence, both positive and negative, we determine whether it is more likely than not that all or a portion of the remaining net deferred tax assets will be realized. The main factors that we consider include:

- o future earnings potential determined through the use of internal forecasts;
- o cumulative losses in recent years;
- o history of loss carry forwards and other tax assets expiring;
- o the carry forward period associated with the deferred tax assets; and
- o the nature of the income that can be used to realize the deferred tax asset.

If it is our belief that it is more likely than not that some portion of these assets will not be realized, an income tax valuation allowance is

Edgar Filing: EUROTRUST A/S - Form 20-F

recorded. Our gross tax assets and valuation allowances were DKK 113.0 million and DKK 109.0 million respectively, as of December 31, 2004 resulting in a net deferred tax asset of DKK 4.0 million.

See Note 14 to our financial statements for further details regarding this deferred tax asset.

If market conditions improve and future results of operations exceed our current expectations, our existing tax valuation allowances may be adjusted, resulting in future tax benefits. Alternatively, if market conditions deteriorate further or future results of operations are less than expected, future assessments may result in a determination that some or all of the net deferred tax assets are not realizable. As a result, we may need to establish additional tax valuation allowances for all or a portion of the net deferred tax assets.

CONSOLIDATED RESULTS

YEAR ENDED DECEMBER 31, 2004 COMPARED WITH YEAR ENDED DECEMBER 31, 2003

Net revenue for the year ended December 31, 2004 was DKK 112.1 million, a decrease of DKK 54.3 million, or 32.6%, compared to revenue of DKK 166.4 million for the year ended December 31, 2003. The table below compares revenue for both years on a segment-by-segment basis.

	REVENUE		AMOUNT OF INCREASE (DECREASE)	PERCENTAGE INCREASE (DECREASE)
	2004	2000		
	-----	-----	-----	-----
	(IN THOUSANDS OF DKK)			
Internet services	21,098	77,792	(56,694)	(72.6%)
Broadcast media	91,013	88,619	2,394	2.7%
TOTAL	112,111	166,411	(54,300)	(32.6%)

The Internet services segment showed a decrease in revenues and the broadcast media segment showed an increase in revenues. The decrease in revenue in our Internet services segment is primarily attributable to the sales of the businesses in that segment beginning in 2003 through September 30, 2004. The increase in revenue in our broadcast media segment reflects the increase in number of subscribers to dk4, our television channel, and the increase of revenue in Prime Vision, our production company.

Total operating expenses for the year ended December 31, 2004 were DKK 130.3 million, a decrease of DKK 50.8 million, or 28.1%, from the total operating expenses of DKK 181.1 million for the year ended December 31, 2003. This decrease is primarily attributable to decreases in Cost of sales, Selling and marketing, and General and administrative, expenses resulting primarily from the sales of the businesses in our Internet services segment. The table below shows our operating expenses by category on a segment-by-segment basis.

Edgar Filing: EUROTUST A/S - Form 20-F

	COST OF SALES		AMOUNT OF INCREASE (DECREASE)
	2004	2003	
	-----	-----	-----
	(IN THOUSANDS OF DKK)		
Internet services	6,765	24,170	(17,405)
Internet services, related parties	2,082	4,204	(2,122)
Broadcast media	60,949	58,045	2,904
	-----	-----	-----
TOTAL	69,796	86,419	(16,623)

	SELLING AND MARKETING		AMOUNT OF INCREASE (DECREASE)
	2004	2003	
	-----	-----	-----
	(IN THOUSANDS OF DKK)		
Internet services	11,015	32,622	(21,607)
Internet services, related parties	0	1,074	(1,074)
Broadcast media	14,225	12,085	2,140
	-----	-----	-----
TOTAL	25,240	45,781	(20,541)

	GENERAL AND ADMINISTRATIVE		AMOUNT OF INCREASE (DECREASE)
	2004	2003	
	-----	-----	-----
	(IN THOUSANDS OF DKK)		
Internet services	9,914	27,658	(17,744)
Internet services, related parties	962	418	544
Broadcast media	12,638	12,537	101
	-----	-----	-----
TOTAL	23,514	40,613	(17,099)

	DEPRECIATION AMORTIZATION, WRITE DOWN AND GOODWILL IMPAIRMENT		AMOUNT OF INCREASE (DECREASE)
	2004	2003	
	-----	-----	-----
	(IN THOUSANDS OF DKK)		
Internet services	2,723	3,553	(830)
Broadcast media	9,069	4,764	4,305
	-----	-----	-----
TOTAL	11,792	8,317	3,475

In our Internet services segment the operating expenses generally decreased due to our continued focus on lowering expenses generally and the significant cost reduction from the divestiture of the businesses in this segment.

In our broadcast media segment operating expenses generally increased due to the increase in production facilities and the increase in expenses related to the growth in Prime Vision as well as the increase of new subscribers to dk4 and the related variable costs related to the increase number of subscribers and our increased focus on further developing and enhancing our broadcast media business.

For the year ended December 31, 2004, the gross profit for our Internet services segment was DKK 12.3 million, or a margin of 58.1% of segment revenues. For the year ended December 31, 2003, the gross profit for our Internet services business was DKK 49.4 million, or a margin of 63.5% of segment revenues. This decrease in gross profit margin is mainly attributable to the sales of most of the businesses in our in this segment beginning at the fourth quarter of year 2003.

In the case of our broadcast media segment, the gross profit for 2004 was DKK 30.1 million, or 33.0% of segment revenues while the gross profit margin for 2003 was DKK 30.6 million, or 34.5% of segment revenues. This decrease is primarily attributable to the increase in cost resulting from our increased focus on further developing and enhancing our broadcast media business.

For the year ended December 31, 2004 our operating loss increased by DKK 3.5 million to DKK 18.2 million compared to a loss of DKK 14.7 million for the year ended December 31, 2003.

The operating loss for our Internet services segment decreased by DKK 3.5 million to DKK 12.4 million compared to a loss of DKK 15.9 million for the year ended December 31, 2003. This decrease is primarily attributable to the general decrease in operating expenses off-set by a decrease in revenues due to the divestiture of the businesses in this segment.

For our broadcast media segment, we incurred an operating loss of DKK 5.9 million compared to an operating income of DKK 1.2 million for the year ended December 31, 2003. This decrease is attributable to the increase in operating expenses due to our increased focus on further developing and enhancing our broadcast media business.

For 2004, we had interest income of DKK 0.5 million and interest expense of DKK 1.2 million. For 2003, interest income was DKK 0.2 million and interest expense was DKK 1.7 million. The increase in interest income in 2004 reflects the income of cash from the sale of our businesses. The decrease in interest expense in 2004 reflects an one time guarantee payment of DKK 1.1 million in 2003.

For 2004, we had a net foreign exchange (loss) of DKK 1.3 million compared to a net foreign exchange loss of DKK 1.9 million in 2003.

For 2004, based on our review of the valuation of long term investments and marketable securities held at December 31, 2004, we wrote down a total amount of DKK 14.9 million.

Our Net income for the year ended December 31, 2004 increased to DKK 58.5 million compared to a Net loss of DKK 6.3 million for the year ended December 31, 2003. The increase in our Net income of DKK 64.8 million is primarily attributable to one time gains from the sale of the Internet segment

Edgar Filing: EUROTUST A/S - Form 20-F

businesses in the aggregate of DKK 92.0 million offset by a one time write down of long term investments and marketable securities of DKK 14.9 million.

30

YEAR ENDED DECEMBER 31, 2003 COMPARED WITH YEAR ENDED DECEMBER 31, 2002

Net revenue for the year ended December 31, 2003 was DKK 166.4 million, a increase of DKK 30.6 million, or 23%, compared to revenue of DKK 135.8 million for the year ended December 31, 2002. The table below compares revenue for both years on a segment-by-segment basis.

	REVENUE		AMOUNT OF	PERCENTAGE
	2003	2002	INCREASE (DECREASE)	INCREASE (DECREASE)

	(IN THOUSANDS OF DKK)			
Internet services	77,792	63,769	14,023	22.0%
Broadcast media	88,619	72,020	16,599	23.0%
TOTAL	166,411	135,789	30,622	22.6%

Both the Internet services segment and the broadcast media segment showed an increase in revenues. The increase in revenue in our Internet services segment is attributable to the maturity of our offering of SSL-certificates in the markets in which we offer our products. The fact the deferred revenue increased significantly in 2002, the first year of full operation of the sale of SSL-certificates had a positive effect on revenue for 2003. The increase in revenue in our broadcast media segment reflects the increase in number of subscribers to dk4, our television channel, and the increase of revenue in Prime Vision, our production company.

Total operating expenses for the year ended December 31, 2003 were DKK 181.1 million, a decrease of DKK 200.4 million, or 53%, from the total operating expenses of DKK 381.5 million for the year ended December 31, 2002. This decrease resulted primarily from a decrease in amortization and write downs and goodwill impairment. The table below shows our operating expenses by category on a segment-by segment basis.

	COST OF SALES		AMOUNT OF	PERCENTAGE
	2003	2002	INCREASE (DECREASE)	INCREASE (DECREASE)

	(IN THOUSANDS OF DKK)			
Internet services	24,170	55,484	(31,314)	(56.4%)
Internet services, related parties	4,204	24,988	(20,784)	(83.2%)
Broadcast media	58,045	40,534	17,511	43.2%

TOTAL	86,419	121,006	(34,587)	(28.6%)

	SELLING AND MARKETING		AMOUNT OF	PERCENTAGE
	2003	2002	INCREASE (DECREASE)	INCREASE (DECREASE)

	(IN THOUSANDS OF DKK)			
Internet services	32,622	38,391	(5,769)	(15.0%)

Edgar Filing: EUOTRUST A/S - Form 20-F

Internet services, related parties	1,074	908	166	18.3%
Broadcast media	12,085	10,150	1,935	19.1%
	-----	-----	-----	-----
TOTAL	45,781	49,449	3,668)	(7.4%)

31

	GENERAL AND ADMINISTRATIVE		AMOUNT OF INCREASE (DECREASE)	PERCENTAGE INCREASE (DECREASE)
	2003	2002	(DECREASE)	(DECREASE)
	-----	-----	-----	-----
		(IN THOUSANDS OF DKK)		
Internet services	27,658	33,834	(6,176)	(18.3%)
Internet services, related parties	418	1,115	(697)	(62.5%)
Broadcast media	12,537	9,934	2,603	26.2%
	-----	-----	-----	-----
TOTAL	40,613	44,883	(4,270)	9.5%

	DEPRECIATION AMORTIZATION AND WRITE DOWN AND GOODWILL IMPAIRMENT		AMOUNT OF INCREASE (DECREASE)	PERCENTAGE INCREASE (DECREASE)
	2003	2002	(DECREASE)	(DECREASE)
	-----	-----	-----	-----
		(IN THOUSANDS OF DKK)		
Internet services	3,553	161,289	(157,736)	(97.8%)
Broadcast media	4,764	4,828	(64)	(1.3%)
	-----	-----	-----	-----
TOTAL	8,317	166,117	(157,800)	(95.0%)

In our Internet services segment the operating expenses generally decreased due to a significant cost reduction in cost of sales and significant reductions in cost of staff related to the sales of Enterprise solutions and general administrative costs and our continued focus on lowering expenses generally.

In our broadcast media segment operating expenses generally increased due to the increase in production facilities and the increase in expenses related to the growth in Prime Vision as well as the increase of new subscribers to dk4 and the related variable costs related to the increase number of subscribers and our increased focus on further developing and enhancing our broadcast media business.

For the year ended December 31, 2003, the gross profit for our Internet services segment was DKK 49.4 million, or a margin of 63.5% of segment revenues. For the year ended December 31, 2002, the gross loss for our Internet services business was DKK (16.7) million, or a margin of (26.2%) of segment revenues. This increase in gross profit margin is mainly attributable to the increase in revenue of SSL-certificates and lower costs related to the balance between actual revenue and the minimum sell through commitments to VeriSign and the fact that the gross profit margin for 2002 was reduced by the additional expenses of DKK 10 million, attributable to annual fee and minimum sell through guarantees to VeriSign and DKK 21.7 million, attributable to our write down of the value of

Edgar Filing: EUROTUST A/S - Form 20-F

our IBM Tivoli licenses, both of which are included in the cost of sales for 2002. The DKK 10 million expense was reversed in 2003 reducing the cost of sales.

In the case of our broadcast media segment, the gross profit for 2003 was DKK 30.6 million, or 34.5% of segment revenues while the gross profit margin for 2002 was DKK 31.5 million, or 43.7% of segment revenues. This decrease is primarily attributable to the increase in cost resulting from our increased focus on further developing and enhancing our broadcast media business.

For the year ended December 31, 2003 our operating loss decreased by DKK 231.0 million to DKK 14.7 million compared to a loss of DKK 245.7 million for the year ended December 31, 2002.

32

The operating loss for our Internet services segment decreased by DKK 236.3 million to DKK 15.9 million compared to a loss of DKK 252.2 million for the year ended December 31, 2002. This decrease is primarily attributable to the decrease in the write down of goodwill and other assets. In the Internet services segment, we depreciated and wrote down approximately DKK 3.5 million for the year ended December 31, 2003 compared to DKK 161.3 million for the year ended December 31, 2002.

The operating income for our broadcast media segment decreased to DKK 1.2 million compared to an operating income of DKK 6.6 million for the year ended December 31, 2002. This decrease is attributable to the increase in operating expenses due to our increased focus on further developing and enhancing our broadcast media business..

For 2003, we had interest income of DKK 0.2 million and interest expense of DKK 1.7 million. For 2002, interest income was DKK 1.9 million and interest expense was DKK 1.1 million. The reduction in interest income in 2003 reflects our lower cash balances during the year due to increased capital expenditures. The increase in interest expense in 2003 reflects an increase in our borrowings during the year.

For 2003, we had a net foreign exchange (loss/increase) of DKK 1.9 million compared to a net loss of DKK 5.3 million in 2002. The increase is mainly due to the adverse developments in the US dollar exchange rate in 2002.

For 2003, we did not write down any long term investments compared to a write down of DKK 19.1 million for 2002. Based on our review of the valuation of investments made at December 31, 2003, we did not believe that a write down of any of our investments were necessary at that date.

Our net loss for the year ended December 31, 2003 was DKK 6.3 million compared to a net loss of DKK 283.3 million for the year ended December 31, 2002. The decrease in our net loss of DKK 277 million is primarily attributable to the decrease in the write down of goodwill.

B. LIQUIDITY AND CAPITAL RESOURCES

Historically, our primary cash needs have been for capital expenditures and to fund operating losses. At December 31, 2004, our cash and cash equivalents totaled DKK 6.8 million compared to cash and cash equivalents totaling DKK 9.4 million at December 31, 2003. At December 31, 2004 the ratio of current assets to current liabilities was 0.67 to 1. Our current assets primarily reflect our cash and cash equivalents, restricted cash and accounts

Edgar Filing: EUOTRUST A/S - Form 20-F

receivables.

At December 31, 2004, we had secured lines of credit from banks totaling DKK 9.0 million, of which DKK 8.4 million have been drawn, and an outstanding note payable, due in September 2009, in the principal amount of DKK 3.84 million which accrues interest at a rate of 5.5% per annum and is payable in equal monthly installments. Interest on the secured lines of credit is payable on the line at a floating rate based on the market rates of the major banks. The weighted average interest rate as of December 31, 2004 was 5.5%. In Denmark, a line of credit, such as that used by us, can be cancelled upon three months notice. Any termination would result in the principal and interest becoming due and payable immediately. The line of credit has been used for working capital purposes.

33

For the year ended December 31, 2004, cash used in operations was DKK 10.1 million compared to DKK 15.1 million for the prior year, a decrease of DKK 5.0 million. The decrease is primarily due improvement in operations in 2004 compared to 2003.

For the year ended December 31, 2004, cash provided by investing activities was DKK 5.5 million compared to cash used in investing activities of DKK 13.4 million for the prior year, an increase of DKK 18.9 million. The increase is primarily attributable to the proceeds from the sale of the businesses in the Internet services segment, which increased by DKK 60.0 million in 2004 compared to 2003.

For the year ended December 31, 2004, cash provided by financing activities was DKK 2.1 million compared to cash provided by financing activities of DKK 2.6 million for the prior year, a decrease of DKK 0.5 million. This decrease is primarily due to purchases of treasury stock and a net change in restricted cash in the aggregate of DKK 16.2 million partially off-set by an increase of DKK 13.1 million net change in short- and long-term borrowings, and a DKK 1.7 million reduction in lease payments.

Our capital expenditures for the year ended December 31, 2004 were DKK 31.8 million. These expenditures primarily relate to purchase of equipment in our media segment.

On January 1, 2005, we received cash of DKK 1 in connection with the sale of the subsidiary, InAphone A/S, through which we engaged in the development and marketing of mobile phone software technologies.

We believe that our cash on hand and the positive trend of our operating cash flow together with borrowings currently available and other potential sources of funds as described above will be sufficient to fund our anticipated working capital needs and capital spending requirements in the foreseeable future. However, if we were to incur any unanticipated expenditures or the positive trend of our operating cash flow does not continue, such circumstances could put a substantial burden on our cash resources.

CONTRACTUAL OBLIGATIONS (in thousands of DKK)

	2005	LATER YEARS	TOTAL OBLIGATIONS
Capital leases	1,560	4,269	5,829

Edgar Filing: EUOTRUST A/S - Form 20-F

Operating leases	1,115	2,894	4,009
Film Rights	2,109	0	2,109
TOTAL CONTRACTUAL OBLIGATIONS	4,784	7,163	11,947

INFLATION

We do not believe that inflation had a material impact on our results of operations.

34

COMMITMENTS

In November 2000, we became part of VeriSign's Global Affiliate Network, an expanding group of international service providers using common technology, operating practices and infrastructure, compliant with the European Union (EU) common criteria requirements, to deliver interoperable trust services over the Internet. VeriSign is the leading provider of Internet infrastructure services in the world. Under our Affiliate Agreement with VeriSign, as amended, we provide VeriSign Internet infrastructure products and services in Denmark, Norway, Sweden, Finland, Austria and Switzerland. In February 2003 the Affiliate Agreement with VeriSign was amended, which, among other things, extended the term of the agreement for an additional 4 years through December 31, 2010 and reduced the minimum royalty payments and annual fee due to VeriSign for the year ending December 31, 2003 from approximately DKK 49.7 million (\$7.0 million) to approximately DKK 16.3 million (\$2.3 million). The minimum fee for the first quarter of 2004 was \$327,531 pursuant to an agreement with VeriSign. On April 1, 2004 we sold our PKI services business to VeriSign, Inc.

In January 2002, in connection with the combination of our Digiweb activity with DHT Hosting ApS (a Danish automated hosting company) to form EuroTrust Secure Hosting A/S, in which we have a 75% ownership interest and DHT has a 25% ownership interest. DHT had an option to sell its 25% interest in Secure Hosting to us in 2004 at a price based on the future profitability of Secure Hosting or for a minimum of DKK 2.5 million. On January 1, 2004 we sold our hosting business to Mondo A/S and the DHT option was cancelled.

IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS

In November 2004, the FASB issued SFAS No. 151, "Inventory Costs". SFAS No. 151 requires abnormal amounts of inventory costs related to idle facility, freight handling and wasted material (spoilage) to be recognized as current-period charges. In addition, SFAS No. 151 requires that allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. The Company will be required to adopt the provisions of SFAS No. 151 for fiscal years beginning after June 15, 2005. Management believes the provisions of this Standard will no effect on our financial position or results of operations.

Edgar Filing: EUROTUST A/S - Form 20-F

In December 2004, the FASB issued SFAS No. 123(R), "Share-Based Payment". This Statement revises SFAS No. 123, "Accounting for Stock-Based Compensation" and supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees."

SFAS No. 123(R) requires that the compensation cost relating to share-based payment transactions be recognized in financial statements. The cost will be measured based on the fair value of the instruments issued. The Company will be required to apply SFAS No. 123(R) as of the first fiscal that begins after June 15, 2005. Accordingly, the Company will adopt SFAS No. 123(R) as of January 1, 2006. Management is currently evaluating the impact SFAS No. 123(R) will have on the Company's results of operations as a result of adopting this new Standard. Upon adopting SFAS 123(R) the Company's income will decrease as a result of the additional compensation expense if additional options are granted.

In January 2003, the FASB issued Interpretation No. 46, "CONSOLIDATION OF VARIABLE INTEREST ENTITIES, AN INTERPRETATION OF ACCOUNTING RESEARCH BULLETIN ("ARB") NO. 51." In December 2003, the FASB issued a revision to Interpretation No. 46, and interpretation of ARB Opinion No. 51 ("FIN 46R"). FIN 46R clarifies the application of ARB 51 "CONSOLIDATED FINANCIAL STATEMENTS," to certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have

35

sufficient equity at risk for the entity to finance its activities without additional subordinated financial support provided by any parties, including the equity holders. FIN 46R requires the consolidation of these entities, known as variable interest entities ("VIE's"), by the primary beneficiary of the entity. The primary beneficiary is the entity, if any, that will absorb a majority of the entity's expected losses, receive a majority of the entity's expected residual returns, or both.

Among other changes, the revisions of FIN 46R (a) clarified some requirements of the original FIN 46, which had been issued in January 2003, (b) eased some implementation problems, and (c) added new scope exceptions. FIN 46R deferred the effective date of the interpretation for public companies to the end of the first reporting period ending after March 15, 2004, except that all public companies must at a minimum apply the unmodified provisions of the interpretation to entities that were previously considered "special-purpose entities" in practice and under the FASB literature prior to the issuance of FIN 46R by the end of the first reporting period ending after December 15, 2003.

Among the scope expectations, companies are not required to apply FIN 46R to an entity that meets the criteria to be considered a "business" as defined in the interpretation unless one or more of four named conditions exist. FIN 46R applies immediately to a VIE created or acquired after January 31, 2003. EuroTrust does not have any interests in VIE's and the adoption of FIN 46R did not have a material impact on EuroTrust financial position, results of operations or cash flows.

In March 2004, the FASB issued EITF Issue No. 03-1 ("EITF 03-1"), "The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments." EITF 03-1 includes new guidance for evaluating and recording impairment losses on debt and equity instruments, as well as new disclosure requirements for investments that are deemed to be temporarily impaired. The accounting guidance provided in EITF 03-1 is effective for fiscal years beginning after June 15, 2004, while the disclosure requirements are effective

Edgar Filing: EUOTRUST A/S - Form 20-F

for annual periods ending after June 15, 2004. The Company does not expect the adoption of EITF 03-1 will have a material impact on its financial position, results of operations, or cash flows.

OFF BALANCE SHEET ARRANGEMENTS

The Company is not aware of any material transactions which are not disclosed in its consolidated financial statements.

36

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES]

A. DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth, as of April 1, 2005, the name, position, age, principal occupation and address and the date on which they first became an officer or director for our directors and senior management.

NAME AND POSITION	AGE	PRINCIPAL OCCUPATION AND ADDRESS
-----	-----	-----
Aldo M.N. Petersen President, Chief Executive Officer, Chief Operating Officer, Managing director, and director.....	43	Chief Executive Officer of EuroTrust A/S Poppelgaardvej 11-13 2860 Soeborg Denmark
Soren Degn Chief Financial Officer.....	36	Chief Financial Officer of EuroTrust A/S Poppelgaardvej 11-13 2860 Soeborg Denmark
Karoly Laszlo Nemeth Chairman of the board.....	62	Chairman of the Board of Nemeth & Sigetty A/S Frederiksgade 21,4. 1265 Copenhagen Denmark
John J. Stuart, Jr. (1) (2) Director.....	65	Chief Financial Officer of Irvine Sensors Corporation 3001 Redhill Avenue Costa Mesa, CA 92626-4532 USA
Robert M. Gutkowski (1) (2) Director.....	57	Consultant c/o EuroTrust A/S Poppelgaardvej 11-13 2860 Soeborg Denmark

Edgar Filing: EUROTUST A/S - Form 20-F

Jan Berger (1) (2)	62	Management Consultant
Director.....		c/o EuroTrust A/S
		Poppelgaardvej 11-13
		2860 Soeborg
		Denmark

-
- (1) Member, audit committee of the Board of Directors.
 - (2) Member, compensation committee of the Board of Directors.

37

ALDO M.N. PETERSEN, PRESIDENT, CHIEF EXECUTIVE OFFICER, CHIEF OPERATING OFFICER, MANAGING DIRECTOR AND DIRECTOR

Mr. Petersen has been our President, Chief Executive Officer, Managing Director and a member of our board of directors since January 1988. He also serves as a member of the board for several of our wholly-owned subsidiaries, and is an investor of F.C. Copenhagen, the Copenhagen professional soccer team. Mr. Petersen holds a degree in economics from the Copenhagen Business School.

SOREN DEGN, CHIEF FINANCIAL OFFICER

Mr. Degn has been our chief financial officer since September 2003. He also serves as a member of the board for several of our wholly-owned subsidiaries. Prior to this appointment he served as our Corporate Finance Director since 2001. Mr. Degn spent 5 years with Kampsax A/S (a consultancy firm) and 7 years with KPMG in Denmark. Mr. Degn has a Graduate Diploma in Business Administration in accountancy and a MSC (Business Administration and Auditing) in financial planning and control from the Copenhagen Business School.

KAROLY LASZLO NEMETH, CHAIRMAN OF THE BOARD

Mr. Nemeth was elected to our board of directors in January 1988 and also serves as a member of the board for several of our subsidiaries.. He is a partner in and chairman of the board of Nemeth & Sigetty A/S, a law firm that performs legal services for us. He also serves on the board of various privately held Scandinavian companies.

JOHN J. STUART, JR., DIRECTOR

Mr. Stuart was elected to our Board of Directors in May 1998. Since January 1983 Mr. Stuart has been employed by Irvine Sensors Corporation ("ISC"), Costa Mesa, California USA, a developer of proprietary technologies to produce extremely compact packages of solid state microcircuitry. He currently serves as ISC's Senior Vice President and Chief Financial Officer, positions he has held since November 1998 and July 1985, respectively. Between July 1985 and February 1995, he also held the position of ISC's treasurer and was reappointed to this position in November 1998. Mr. Stuart holds a degree in Industrial Management from the Massachusetts Institute of Technology.

ROBERT M. GUTKOWSKI, DIRECTOR

Mr. Gutkowski was elected to our Board of Directors in May 2004. Mr. Gutkowski currently provides consulting services to business in the sports and entertainment industries. He recently advised the New York Yankees in regard to the creation of the YES Network, a regional sports and entertainment network. He

Edgar Filing: EUROTUST A/S - Form 20-F

previously served as chief executive officer of the Marquee Group, Inc., a worldwide sports and entertainment firm that managed, produced and marketed sports and entertainment events and provided representation for athletes, entertainers and broadcasters. From 1991 until 1994, he was President of Madison Square Garden, Inc. ("MSG") where he was responsible for the operations of the New York Knickerbockers basketball team, the New York Rangers hockey club and MSB Communications, which included the MSG Television Network.

JAN BERGER, DIRECTOR

Mr. Berger was elected to our Board of Directors in May 2003. Mr. Berger has been a Management Consultant since 1998. He has more than 24 years of experience in the Information

38

Technology (IT) industry and has held various top management positions with leading IT companies. In addition, Mr. Berger has served as a board member at several companies including, chairman of the board of Skrivervik Data, a SUN Microsystems distributor in Norway. Mr. Berger has degree in Business Economics and Administration with an emphasis on Sales and Marketing.

There are no family relationships among any of our directors and executive officers or those of our subsidiaries.

B. COMPENSATION

EXECUTIVE COMPENSATION

Cash compensation paid by us and our subsidiaries for the year ended December 31, 2004 to our directors and senior management for services in all capacities, other than professional fees, totaled approximately DKK 4.0 million (approximately \$732,000). In addition, we maintain a standard pension plan for our executive officers under the terms of which we contribute an amount equal to 15% of their annual salary to the plan. The total contribution for 2004 totaled approximately DKK 315,000 (approximately \$58,000).

We entered into new employment agreements with Aldo M.N. Petersen, our Chief Executive Officer and Soren Degn, our Chief Financial Officer, each of which is effective as of January 1, 2005.

The agreement with Mr. Petersen provides, among other things, for an annual salary of DKK 1.8 million an annual vacation payment of DKK 50,000 and a 10 year option to purchase 225,000 ADSs at a price of DKK 4.75 per ADS (the market price of our ADSs on the date of the grant). Mr. Petersen's employment agreement will initially expire on December 31, 2007. However the agreement will automatically be extended for unlimited 1-year periods unless we provide him with 2 1/2 years advance notice that the Company will not renew his employment.

The agreement with Mr. Degn provides, among other things, for an annual salary of DKK 1,080,000 an annual vacation payment of DKK 50,000 and a 10 year option to purchase 112,500 ADSs at a price of DKK 4.75 per ADS (the market price of our ADSs on the date of the grant). Mr. Degn's employment agreement will initially expire on December 31, 2007. However the agreement will automatically be extended for unlimited 1-year periods unless we provide him with 2 years advance notice that the Company will not renew his employment.

OPTIONS

Options that were granted pursuant to our stock option plan to the named executive officers during the year ended December 31, 2004 and are set forth in the following table:

NAME	SECURITIES UNDERLYING OPTIONS (1)	SECURITIES UNDERLYING OPTIONS (2)	EXERCISE PRICE PER SHARE (\$) (1)	EXERCISE PRICE PER SHARE (\$) (2)
Aldo M. N. Petersen	151,463	151,463	3.2571	3.2571
Soren Degn	68,158	68,158	3.2571	3.2571

(1) These securities are reflected as ordinary shares (after giving effect to a 1 for 6 reverse stock split on May 19, 2005).

(2) These securities are reflected in ADSs.

DIRECTOR COMPENSATION

Directors are reimbursed for expenses they incur in connection with attending meetings of the Board of Directors and committees thereof. We periodically grant options to our directors, although the amount and timing of those grants are determined by the Board in its sole discretion. In addition, our independent directors are paid (U.S.) \$5,000 per quarter for serving as a director and receive (U.S.) \$1,000 for each Board meeting which they attend in person. On May 12, 2004, the Board granted to each director who was not also an executive officer of the Company an option to purchase 25,000 ordinary shares (equivalent to 25,000 ADSs) with an exercise price equivalent to the closing market price on the date of grant.

C. BOARD PRACTICES

Our Board of Directors may consist of between three and seven members. As of May 20, 2005, the Board consisted of five members. Under certain provisions of the Danish Companies Act, our employees have the right to elect three board members. However, our employees have not exercised this right.

Each director is elected by a vote at the annual or special meeting of the shareholders and serves for a term of one year. All of our current directors were elected or re-elected at the annual general meeting held on May 19, 2005.

There is no restriction on the re-election of directors. The quorum for a meeting of the Board of Directors is a simple majority. All members of the Board of Directors have equal voting rights and all resolutions are passed by a simple majority.

The citizenships of the directors are as follows:

Name	Country of Citizenship
ALDO M.N. PETERSEN	Denmark
KAROLY LASZLO NEMETH	Denmark
JOHN J. STUART, JR.	United States
JAN BERGER	Norway
ROBERT M. GUTKOWSKI	United States

There are no agreements with our Board members that provide for the payment of benefits upon termination of their directorship.

The Board has determined that Messrs. Berger, Gutkowski and Stuart meet the standard for independent directors as required by the listing standards of NASDAQ.

BOARD COMMITTEES

Our Board of Directors has an audit committee and a compensation committee.

The audit committee reviews our financial statements and accounting practices, approves the selection of the Company's independent auditors and meets and interacts with the independent auditors to discuss questions in regard to the Company's financial reporting, reviews the results and scope of the audit and other services provided by our independent auditors, and our internal controls. The audit committee consists of Messrs. Berger, Gutkowski and Stuart. The Board has determined that Mr. Stuart is an "audit committee financial expert", as defined under the rules promulgated by the United States Securities and Exchange Commission.

The compensation committee makes recommendations to the Board regarding remuneration of executive officers and reviews our compensation plans and policies. The compensation committee consists of Messrs. Berger, Gutkowski and Stuart.

INDEMNIFICATION

Except to the extent indicated below, neither our Articles of Association nor any contract or other arrangement to which we are a party contains any provision under which any of our directors, members of management or officers are insured or indemnified in any manner against any liability that he or she may incur in his or her capacity as a director or an officer.

We have obtained an insurance policy under which our directors and officers are insured against losses arising from their acts or omissions in their capacities as directors or officers up to DKK 40 million. This policy has a DKK 50,000 deductible.

Under the Danish Act on Limited Companies, our directors and officers, who are registered as managers with the Danish Commerce and Companies Agency, are liable for losses caused deliberately or by negligence in connection with the performance of their duties to us and to third parties. Officers not so registered are indemnified by us under applicable Danish law in respect of actions taken by them in their official capacity.

Insofar as indemnification for liabilities under the Securities Act of 1933, as amended, may be permitted to our directors, officers or controlling persons as set forth above, we have been informed that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

D. EMPLOYEES

As of December 31, 2004, we had 101 employees, a decrease of 36 employees from the prior year. All of our employees are located in Denmark (see the following table.) This decrease is primarily attributable to the selling of our e-security businesses, partially offset by a growth of 33% in our broadcast media segment. The table below gives a breakdown of our employees and area of employment:

	Denmark	Total
Sales and marketing	5	5
Customer service and support	5	5
Technical	76	76
Finance and administration	15	15
	--	--
Totals	101	101
	===	===

Some of our employees are members of various labor unions; however, we are not required to, and we do not have agreements with any union. We have not experienced any work stoppages, and we consider our relations with our employees to be good.

Competition in the recruiting of highly-qualified personnel is intense. We believe that our future success will depend, in part, on our continued ability to hire, motivate and retain qualified management, marketing and technical personnel. To date, we have not experienced any difficulty in attracting and retaining qualified personnel, but we can provide no assurance that we will be able to continue to attract and retain qualified personnel in the future.

We believe that our relations with our union and non-union employees are good.

E. SHARE OWNERSHIP

The following table sets forth the ownership of our ordinary shares by the individuals named in Item 6.A., as of May 13, 2005 after giving effect to a 1 for 6 reverse stock split on May 19, 2005

NAME	NUMBER ORDINARY SHARES (1)	NUMBER OF ADSs (2)
-----	-----	-----
Aldo M.N. Petersen	924,742 (4)	924,742
Karoly Laszlo Nemeth	80,000 (5)	80,000
Soren Degn	94,291 (6)	94,241
John J. Stuart, Jr.	80,000 (7)	80,000
Robert M. Gutkowski	*	*
Jan Berger	*	*

Edgar Filing: EUROTUST A/S - Form 20-F

All officers and directors

As a group (6 persons)

1,248,983 (8)

1,248,983

42

* Less than 1%

- (1) Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and generally includes voting or investment power with respect to securities. Common shares relating to options currently exercisable or exercisable within 60 days of May 13, 2005 are deemed outstanding for computing the percentage of the person holding such securities but are not deemed outstanding for computing the percentage of any other person. Except as indicated by footnote, and subject to community property laws where applicable, the persons named in the table above have sole voting and investment power with respect to all shares shown as beneficially owned by them.
- (2) The number of ADS shares beneficially owned.
- (3) As of May 13, 2005, 5,108,267 ordinary shares are issued, including no treasury shares. Beneficial ownership percentages are calculated based on 5,108,267 ordinary shares issued and outstanding as of May 13, 2005. Of the amount issued, ordinary shares have been deposited and ADSs issued (represented by 5,108,267 ADSs, each representing one ordinary share issued under the Deposit Agreement with The Bank of New York.
- (4) Includes an aggregate of (i) 836,373 ordinary shares beneficially owned by Mr. Petersen; (ii) 88,369 currently exercisable options to purchase ordinary shares, at an exercise price of \$3.2571 per share, expiring on March 31, 2009.
- (5) Includes an aggregate of 80,000 ordinary shares beneficially owned by Mr. Nemeth.
- (6) Includes an aggregate of (i) 4,000 ordinary shares beneficially owned by Mr. Degn; (ii) 8,333 currently exercisable options to purchase ordinary shares, at an exercise price of \$5.52 per share, expiring on May 30, 2005; (iii) 13,750 currently exercisable options to purchase ordinary shares, at an exercise price of \$1.50 per share, expiring on February 3, 2008; and (iv) 68,158 currently exercisable options to purchase ordinary shares, at an exercise price of \$3.2571 per share, expiring on March 31, 2009.
- (7) Includes an aggregate of (i) 8,333 ordinary shares beneficially owned by Mr. Stuart; (ii) 38,333 currently exercisable options to purchase ordinary shares, at an exercise price of \$1.50 per share, expiring on February 3, 2008 and 25,000 currently exercisable options to purchase ordinary shares, at an exercise price of \$3.76 per share, expiring on May 12, 2009.
- (8) Includes 320,276 ordinary shares underlying exercisable options and warrants.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

Edgar Filing: EUOTRUST A/S - Form 20-F

A. MAJOR SHAREHOLDERS

The following table sets forth information, as of May 13, 2005 with respect to the beneficial ownership of our ordinary shares (after giving effect to a 1 for 6 reverse stock split on May 19, 2005) by each shareholder known by us to beneficially own more than 5% of our ordinary shares.

NAME OF BENEFICIAL OWNER(1) -----	SHARES BENEFICIALLY OWNED -----	
	NUMBER(1) -----	PERCENT -----
Aldo M.N. Petersen (2).....	924,742	16.84%
TOTAL	924,742	16.84%

- (1) Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and generally includes voting or investment power with respect to securities. Ordinary shares issuable upon currently exercisable or convertible securities or securities exercisable or convertible within 60 days of May 13, 2005 are deemed beneficially owned and outstanding for computing the percentage owned by the person holding such securities, but are not considered outstanding for computing the percentage of any other person.
- (2) Includes an aggregate of (i) 836,373 ordinary shares beneficially owned by Mr. Petersen and (ii) 88,369 currently exercisable options to purchase ordinary shares, expiring on March 31, 2009.

43

Except, as set forth in the table above, to our knowledge, in the last three years, there has not been any significant change in ownership by major shareholders. Our major shareholders do not have different voting rights. We are not owned or controlled, directly or indirectly, by another corporation or by any foreign government. We are not aware of any arrangement that may at a subsequent date result in a change of control.

B. RELATED PARTY TRANSACTIONS

In the ordinary course of business, EuroTrust engages in transactions with certain entities and individuals that are considered to be related parties as follows:.

VERISIGN, INC

VeriSign, Inc. ("VeriSign") was a minority shareholder in EuroTrust A/S owning approximately 18% until April 1, 2004. The transactions entered into during the year and the accounts payable at the year end shown below are a result of commercial trade with VeriSign. Current accounts with VeriSign are not carrying any interest.

	DECEMBER 31,

2003	2004

Edgar Filing: EUROTUST A/S - Form 20-F

	----	----
VeriSign, Inc. (Annual fees and royalties)	4,204	2,082
	=====	=====
VeriSign, Inc. (Accounts payable)	477	0
	=====	=====

During 2001 we sold our domain name registration business to VeriSign for a gross cash consideration of DKK 210,687. Originally, during 2000 and 2001, we had purchased rights from VeriSign for DKK 75,305, which allowed us to sell VeriSign products in a number of European countries including, Denmark, Sweden, Norway, Finland, Austria, Switzerland and Italy. However, during 2002 the balance on the amount capitalized for the rights acquired from VeriSign was written-off due to the poor financial performance of the business.

On April 1, 2004, we sold the Secure Socket Layer (SSL) certificate assets of EuroTrust PKI to VeriSign. EuroTrust PKI, a wholly-owned subsidiary, is the operation through which we sold Public Key Infrastructure (PKI) Services, including VeriSign's SSL certificates and related services in Austria, Switzerland, Finland, Norway, Sweden and Denmark. Under the terms of the agreement, VeriSign paid us \$8.5 million U.S. in cash and assumed the ongoing obligations of EuroTrust PKI SSL contracts.

Simultaneously with the closing of the transaction to sell the assets of EuroTrust PKI to VeriSign, we repurchased 2,748,720 (458,120 after giving effect to the 6 reverse stock split) of our ordinary shares (equivalent to 458,120 American Depositary Shares or "ADSs") from VeriSign for \$1,136,138 U.S. The repurchase was authorized by our shareholders.

44

NEMETH & SIGETTY A/S

Mr. Karoly Laszlo Nemeth is the Chairman of the board of directors of EuroTrust A/S and is also the joint owner of Nemeth & Sigetty A/S. Nemeth & Sigetty A/S provided legal services to the Company during the three years ended December 31, 2004. For the years ended December 31, 2002, 2003 and 2004 Nemeth & Sigetty A/S has been paid DKK 1,115, DKK 418 and DKK 962, respectively. There were no outstanding payables due to Nemeth & Sigetty A/S as at December 31, 2003 and December 31, 2004.

C. INTERESTS OF EXPERTS AND COUNSEL.

Not applicable because this is an Annual Report filed under the Exchange Act of 1934.

ITEM 8. FINANCIAL INFORMATION

A. CONSOLIDATED STATEMENTS AND OTHER FINANCIAL INFORMATION

See Item 18. "Financial Statements" and pages F-1 through F-43 of this report.

LEGAL PROCEEDINGS

We recorded a provision in 2003 of DKK 1 million for expenses relating to an arbitration court settlement regarding the construction of our building

Edgar Filing: EUOTRUST A/S - Form 20-F

located in Soeborg, Denmark. The result of the arbitration court was a net payment to the contractor of approximately DKK 1 million. The case was fully settled in 2004.

Other than as described above, neither we nor our property is a party in any other pending material legal proceeding.

DIVIDEND PAYMENT POLICY

We have not paid out any dividend to our shareholders in the last three financial years. Payment of any future dividends will depend on our earnings and capital requirements, and other factors our board of directors deem appropriate.

B. SIGNIFICANT CHANGES

None.

ITEM 9. THE OFFER AND LISTING

A. TITLE

Our ordinary shares are not traded on any stock exchange or over-the-counter market. However, our ADS are traded on the Nasdaq SmallCap Market under the symbol "EURO".

On August 29, 2002, we implemented a one for six reverse ratio change in the number of ordinary shares represented by each ADS such that each new ADS issued subsequent to the ratio change will represent six ordinary shares (prior the ratio change, each ADS represented one ordinary share). Holders of our ADSs prior to the ratio change, each of which represents one ordinary share ("Old

45

ADSs"), exchanged their Old ADSs for new ADSs, each of which represents six ordinary shares ("New ADSs"). On May 19, 2005 our shareholders approved a one for six reverse split of our ordinary shares such that six ordinary shares nominal value DKK 1.25 were combined into one ordinary share nominal value DKK 7.50 ("New Ordinary Shares"). Therefore, each ADS now represents one New Ordinary Share.

On December, 31, 2004, there were 5,108,267 New ADSs issued and outstanding representing 5,108,267 ordinary shares.

The following table sets forth, for the periods indicated, the range of high and low market prices per ADS as quoted on the Nasdaq SmallCap Market. The prices shown below (in US Dollars) are adjusted to reflect the 1 for 6 reverse ratio change in our ADSs, described above, and represent quotations among securities dealers, do not include retail markups, markdowns or commissions and may not represent actual transactions.

	HIGH	LOW
	----	----
YEAR ENDED DECEMBER 31, 2000:	\$202.5000	\$8.2500
YEAR ENDED DECEMBER 31, 2001:	\$28.5000	\$5.7000
YEAR ENDED DECEMBER 31, 2002:	\$8.5200	\$2.15000
YEAR ENDED DECEMBER 31, 2003:		
First Quarter	\$2.6200	\$1.0000

Edgar Filing: EUROTUST A/S - Form 20-F

Second Quarter	\$4.0500	\$0.7500
Third Quarter	\$5.0200	\$1.7500
Fourth Quarter	\$2.7500	\$2.1100
YEAR ENDED DECEMBER 31, 2004:		
First Quarter	\$3.9000	\$2.2110
Second Quarter	\$5.5000	\$3.3600
Third Quarter	\$4.7500	\$4.0600
Fourth Quarter	\$6.0000	\$4.4000
MONTH ENDED:		
May 2005 (as of May 24, 2005)	\$6.0000	\$4.4100
April 2005	\$5.3700	\$4.8100
March 2005	\$5.9800	\$5.3000
February 2005	\$6.0000	\$4.3400
January 2005	\$4.6100	\$4.1200
December 2004	\$5.9700	\$4.9300

B. PLAN OF DISTRIBUTION

Not required because this Form 20-F is filed as an Annual Report.

46

C. MARKETS

Our ordinary shares are not traded on any stock exchange or over-the-counter market. However, our ADSs are traded on the Nasdaq SmallCap Market under the symbol "EURO".

D. SELLING SHAREHOLDERS

Not required because this Form 20-F is filed as an Annual Report.

E. DILUTION

Not required because this Form 20-F is filed as an Annual Report.

F. EXPENSES OF THE ISSUE

Not required because this Form 20-F is filed as an Annual Report.

ITEM 10. ADDITIONAL INFORMATION

A. SHARE CAPITAL

Not required because this Form 20-F is filed as an Annual Report.

B. MEMORANDUM AND ARTICLES OF ASSOCIATION

See Exhibit 1.1.

C. MATERIAL CONTRACTS

On September 30, 2004, we sold our Internet security division, Virus 112, to Comendo A/S, one of the largest providers of managed anti-virus and

Edgar Filing: EUOTRUST A/S - Form 20-F

anti-spam system solutions in Denmark, at a purchase price of approximately U.S. \$2.5 million. The purchase price was paid to us in the following manner: U.S. \$700,000 in cash and U.S. \$1.8 million 5-year, debenture bearing 6% interest. In accordance with the sale agreement, Comendo agreed to hire the Virus 112 employees and assume the employee obligations of Virus 112. In addition, Comendo entered into a 5-year lease for the portion of the facility then occupied by Virus 112.

On April 1, 2004, we sold our PKI services business to VeriSign and terminated the international affiliate agreement ("Affiliate Agreement") with VeriSign which we entered into on November 17, 2000 pursuant to which we became an affiliate of VeriSign, as a member of the VeriSign Global Affiliate Network, for the distribution and delivery of VeriSign's Internet Trust services and products within Denmark, Norway, Sweden, Finland, Austria, Switzerland and Italy. Under the terms of the sale agreement, VeriSign paid us \$8.5 million U.S. in cash and assumed the ongoing obligations of EuroTrust PKI SSL contracts.

47

D. EXCHANGE CONTROLS AND OTHER LIMITATIONS AFFECTING SECURITY HOLDERS

There are no governmental laws, decrees or regulations of the Kingdom of Denmark that restrict the export or import of capital (including, without limitation, foreign exchange controls), or that affect the remittance of dividends, interest or other payments to nonresident holders of ordinary shares. There are no limitations imposed by the laws of the Kingdom of Denmark or our Articles of Association on the right of nonresident or foreign holders to hold or vote ordinary shares.

E. TAXATION

The following summary contains a description of the material United States federal income tax and Danish tax consequences of the purchase, ownership and disposition of ordinary shares or ADSs by a beneficial owner that (i) is an individual citizen or resident in the United States (for United States federal income tax purposes), a corporation or partnership organized under the laws of the United States or any state thereof, or estates or trusts the income of which is subject to United States federal income tax regardless of its source, (ii) is not also a resident or corporation of Denmark and is not domiciled in Denmark, (iii) does not hold ordinary shares or ADSs in connection with any permanent establishment or fixed base in Denmark, (iv) does not own, and has not owned (directly, indirectly or by attribution) at any time, 10% or more of our total combined voting power or equity, and (v) holds ordinary shares or ADSs as capital assets. The term "United States holder," as used in this summary, means a beneficial owner of ordinary shares or ADSs meeting these requirements.

The following summary of certain United States federal and Danish tax matters is based on tax laws of the United States and Denmark as in effect on the date of this report and the current Income Tax Treaty between the United States and the Kingdom of Denmark (the "Treaty"), which is a generally effective as of January 1, 2001. We cannot assure you that future legislation, regulations, administrative rulings or court decisions will not adversely affect the accuracy of the statements contained in this report. Also, changes in United States and Danish law and the Treaty made after the date of this report could have retroactive effect.

The following summary does not consider or discuss the tax laws of any country other than the United States or Denmark. This summary does not describe

Edgar Filing: EUROTUST A/S - Form 20-F

United States federal estate and gift tax considerations, or state, local or provincial tax considerations. Furthermore, it does not address United States federal income tax or Danish tax considerations that apply to United States holders of our ordinary shares or ADSs who are also subject to taxing jurisdictions other than or in addition to the United States. Finally, it does not address all possible categories of United States holders, some of whom (such as financial institutions, trusts, estates, insurance companies, dealers in securities, certain retirement plans and tax exempt organizations) may be subject to special rules.

THE FOLLOWING DISCUSSION DOES NOT PURPORT TO BE EXHAUSTIVE OF ALL POSSIBLE TAX CONSIDERATIONS. UNITED STATES HOLDERS OF ORDINARY SHARES OR ADSs SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE UNITED STATES, DANISH OR OTHER TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF ORDINARY SHARES OR ADSs.

48

UNITED STATES TAX CONSEQUENCES OF OWNERSHIP OF ORDINARY SHARES OR ADSs

DIVIDENDS. For United States federal income tax purposes, the gross amount of all dividends (that is, the amount before reduction for Danish withholding tax) paid to a United States holder with respect to ordinary shares or ADSs out of our current or accumulated earnings and profits ("E&P") will be taxable for United States federal income taxation as a foreign source dividend income. As such, these dividends are not eligible for the dividends received deduction otherwise available to United States corporations in connection with dividends received from United States corporations. To the extent that a distribution exceeds E&P, it will be treated first as a return of capital to the extent of the United States holder's basis, and then, as gain from the sale of a capital asset.

For United States federal income tax purposes, the amount of any dividend paid in Danish kroner will be the United States dollar value of the kroner at the exchange rate in effect on the date of receipt, whether or not the kroner is converted into United States dollars at that time.

The withholding tax imposed by Denmark generally is a creditable foreign tax for United States federal income tax purposes. As a result, a United States holder generally will be entitled to include the amount withheld as foreign tax paid in computing a foreign tax credit (or in computing a deduction for foreign income taxes paid, if the United States holder does not elect to use the foreign tax credit provisions of the Internal Revenue Code of 1986, as amended (the "Code")). The Code, however, imposes a number of limitations on the use of foreign tax credits, based on the particular facts and circumstances of each taxpayer. United States holders who hold ordinary shares or ADSs should consult their tax advisors regarding the availability of the foreign tax credit.

Backup withholding, imposed at the rate of 31%, may apply to a United States holder in connection with the sale or exchange of ordinary shares or ADSs. Generally, backup withholding does not apply to a United States holder (i) that is a corporation or comes within certain other exempt categories or (ii) provides a taxpayer identification number, certifies as to no loss of exemption from backup withholding and otherwise complies with applicable requirements of the backup withholding rules.

SALE OR OTHER DISPOSITION OF ORDINARY SHARES OR ADSs. Gain or loss recognized by a United States holder on the sale or other disposition of

Edgar Filing: EUOTRUST A/S - Form 20-F

ordinary shares or ADSs will be taxable for United States federal income tax purposes as capital gain or loss in an amount equal to the difference between such United States holder's basis in the ordinary shares or ADSs and the amount realized on the disposition. The capital gain or loss will be long term if the securities were held for more than 12 months and will be short term if they were held for less than 12 months. Capital losses are generally deductible only against capital gains and not against ordinary income.

Capital gain recognized by a United States holder on the sale or other disposition of ordinary shares or ADSs will be United States source gain. Losses from the sale of ordinary shares or ADSs would generally be sourced in the same manner as gains from the sale of such ordinary shares or ADSs. However, treasury regulations include a dividend recapture rule and other exceptions that may apply. United States holders of ordinary shares or ADSs should consult their tax advisors regarding the proper treatment of such losses.

DANISH TAX CONSEQUENCES OF OWNERSHIP OF ORDINARY SHARES OR ADSs.

DIVIDENDS. For Danish income tax purposes, the gross amount of all distributions made by us to our shareholders is taxed as a dividend. However, a distribution of liquidation proceeds made by us to

49

our shareholders during the calendar year in which we are finally liquidated and dissolved is taxed as capital gain. In addition, the gross amount paid by us to redeem ordinary shares or ADSs are generally taxed as a dividend. However, a shareholder may apply to Danish tax authorities for a ruling allowing for capital gains treatment. If the ruling is obtained before the distribution is decided the ruling includes an exemption from the dividend tax. If the exemption request is granted, the consideration will be taxed as capital gain.

The granting of bonus shares to shareholders, and the right of shareholders to subscribe for ordinary shares or ADSs at a price that is less than the current trading value of such ordinary shares or ADSs, are not considered taxable distributions to shareholders.

In general, a Danish withholding tax of 28% is levied on all dividends. However, corporate shareholders holding at least 20 % of the share capital for a consecutive period for at least one year may be exempt from Danish withholding tax on dividends. The dividend in question must be covered by the double tax treaty between Denmark and United States. Further, a United States holder (individual or a company) may apply to the Danish tax authorities for a partial refund of the dividends tax that has been withheld under the Treaty. If this refund request is granted, the Danish withholding tax on such dividends is effectively reduced to 15%. The rate is reduced to 5% for corporate shareholders holding at least 10% of the share capital. We do not presently contemplate the payment of any dividends on our ordinary shares or ADSs. However, should we decide to make payment of dividend, we will apply to the Danish tax authorities for a blanket exemption allowing us to withhold only 15% of all gross dividends paid to a United States holder. While we believe that such an exemption will be granted, there can be no assurance that this will occur. Shareholders eligible for further reduction must apply individually for such reduction.

SALE OR OTHER DISPOSITION OF ORDINARY SHARES OR ADSs. Capital gains realized by United States holders upon the sale or other disposition of ordinary shares or ADSs may be exempt from Danish tax.

DANISH SHARE TRANSFER DUTY.

Edgar Filing: EUROTUST A/S - Form 20-F

No Danish share transfer duty is levied on the disposal of ordinary shares or ADSs.

DANISH ESTATE AND GIFT TAXES.

Generally, if a United States holder acquires or disposes of ordinary shares or ADSs by inheritance, legacy or gift, such holder will not be subject to Danish gift or inheritance taxes. If a United States holder should make a gift of ordinary shares or ADSs to any person resident in Denmark the gift can only be subject to Danish gift tax when forming part of the business property of a permanent establishment in Denmark. Other transfers of shares or ADS's shall be taxable only in the state in which the transferor was domiciled at the time of his death or when making the gift according to the United States-Denmark Double Taxation Convention with respect to taxes on estates, inheritance and gifts.

F. DIVIDENDS AND PAYING AGENTS

Not required because this Form 20-F is filed as an Annual Report.

G. STATEMENTS BY EXPERTS

Not required because this Form 20-F is filed as an Annual Report.

50

H. DOCUMENTS ON DISPLAY

We are subject to the information requirements of the Securities Exchange Act of 1934, as amended and, to the extent required, we file periodic reports and other information with the Securities and Exchange Commission. These reports and information are available and may be copied at the public reference facilities listed below. We intend to give our shareholders annual reports containing audited financial statements and a report thereon from our independent auditors and quarterly reports for the first three quarters of each fiscal year containing unaudited interim financial information.

Statements made in this annual report about the contents of contracts or other documents are not necessarily complete and we refer you to the copy of such contracts or other documents filed as exhibits to this annual report.

You can obtain a copy of the exhibits hereto and other information about us at the public reference facilities of the Securities and Exchange Commission located at:

Public Reference Room 1024
Judiciary Plaza
450 Fifth Street, N.W.
Washington, D.C. 20549

You may obtain information about the operation of the public reference facility by calling the Securities and Exchange Commission at (800) 732-0330.

We will also provide our shareholders with proxy statements prepared according to Danish law. As a Danish company, we are exempt from the Exchange Act rules about the provision and content of proxy statements and about short-swing profit reporting and liability.

Edgar Filing: EUROTRUST A/S - Form 20-F

I. SUBSIDIARY INFORMATION

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

At December 31, 2004, we did not believe that market risk financial instruments would have a material affect on future operations or cash flows nor did we view currency exchange risk or interest rate risk as material. Operational currency exchange risk would arise if we priced products in one currency while material costs and expenses were denominated in a different currency. We do not believe that the operational currency exchange risk is material. However, from time to time we enter into a contract denominated in a currency other than the currency of operating expenses and, in such cases, may enter into currency forward arrangements with respect to and for the period covering such contract. Throughout the year 2004 and specifically at December 31, 2004, we had no material foreign exchange contracts outstanding.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Not required because this Form 20-F is filed as an Annual Report.

51

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

None.

ITEM 15. CONTROLS AND PROCEDURES

a) EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES. EuroTrust's management, with the participation of the chief executive officer and the chief financial officer, carried out an evaluation of the effectiveness of EuroTrust's "disclosure controls and procedures" (as defined in the Securities Exchange Act of 1934 (the "Exchange Act") Rules 13a-15(e) and 15-d-15(e)) as of the end of the fiscal year covered by this Annual Report (the "Evaluation Date"). Based upon that evaluation, the chief executive officer and the chief financial officer concluded that, as of the Evaluation Date, EuroTrust's disclosure controls and procedures are effective, providing them with material information relating to EuroTrust as required to be disclosed in the reports EuroTrust files or submits under the Exchange Act on a timely basis.

b) MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING. Not applicable for fiscal years ending before July 15, 2006.

c) ATTESTATION REPORT OF THE REGISTERED PUBLIC ACCOUNTING FIRM. Not applicable for fiscal years ending before July 15, 2006.

d) CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING. There were no changes in EuroTrust's internal controls over financial reporting, known to the chief executive officer or the chief financial officer, that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, EuroTrust's internal control over financial

Edgar Filing: EUROTUST A/S - Form 20-F

reporting.

ITEM 16. RESERVED

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

The Board has determined that, Mr. John Stuart, is an "audit committee financial expert," as that term is defined in Item 401(h) of Regulation S-K, and "independent" for purposes of current and recently-adopted Nasdaq listing standards and Section 10A(m) (3) of the Securities Exchange Act of 1934.

ITEM 16B. CODE OF ETHICS

We have adopted a code of conduct that applies to our principal executive officer, principal financial officer and other persons performing similar functions, as well as all of our other employees and directors. This code of conduct is posted on our website at www.eurotrust.dk and is filed as Exhibit 11.1 to this report.

52

ITEM 16 C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

AUDIT FEES

For the fiscal years ended 2003 and 2004, our principal accounting firm, Gregory & Eldredge, LLC, billed aggregate fees of approximately \$100,000 and \$102,772, respectively for the audit of our 2003 and 2004 financial statements.

AUDIT-RELATED FEES

None.

TAX FEES

None.

ALL OTHER FEES

None.

AUDIT COMMITTEE PRE-APPROVAL POLICIES AND PROCEDURES

The Audit Committee charter provides that the Audit Committee will pre-approve audit services and non-audit services to be provided by our independent auditors before the accountant is engaged to render these services other than the minimums non-audit services for which the pre-approval requirements are waived in accordance with the rules and regulations of the SEC. The Audit Committee may consult with management in the decision-making process, but may not delegate this authority to management. The Audit Committee may delegate its authority to pre-approve services to one or more committee members, provided that the designees present the pre-approvals to the full committee at the next committee meeting.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES.

Not Applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED

Edgar Filing: EUROTUST A/S - Form 20-F

PURCHASERS.

ISSUER PURCHASE OF EQUITY SECURITIES				
PERIOD	(A) TOTAL NUMBER OF ADSs PURCHASED	(B) AVERAGE PRICE PAID PER ADS	(C) TOTAL NUMBER OF ADSs PURCHASED AS PART OF PUBLICLY ANNOUNCED PLANS OR PROGRAMS	(D) TOTAL NUMBER OF ADSs PURCHASED AS PART OF PRIVATELY ANNOUNCED PLANS OR PROGRAMS
MONTH #7 JULY 1, 2004 THROUGH JULY 31, 2005	150,000 (1)	\$4.25	NONE	NONE

(1) All of these shares were purchased directly from a shareholder of our ADSs in a private transaction.

53

PART III

ITEM 17. FINANCIAL STATEMENTS

See Item 18, below.

ITEM 18. FINANCIAL STATEMENTS

See the Company's Consolidated Financial Statements, which are incorporated herein by reference and set forth on pages F-1 through F-43.

54

ITEM 19. EXHIBITS

- 1.1 Amended Articles of Association of the Registrant, as of December 6, 2001 (1)

Edgar Filing: EUOTRUST A/S - Form 20-F

- 1.2 Rules of Procedures of the Registrant, as amended (2)
- 2.1 Employee and Director Subscription Option Plan*
- 4.5 Form of Employment Agreement between the Registrant and Aldo Petersen, effective as of January 1, 2005*
- 4.6 Form of Employment Agreement between the Registrant and Soren Degn, effective as of January 1, 2005*
- 8.1 List of the Subsidiaries of the Registrant *
- 11.1 Code of Ethics (4)
- 12.1 Chief Executive Officer Certification pursuant to Rule 13a-14(a) or Rule 15d-14(a).*
- 12.2 Chief Financial Officer Certification pursuant to Rule 13a-14(a) or Rule 15d-14(a).*
- 13.1 Chief Executive Officer Certification pursuant to Rule 13a-14(b) or Rule 15d-14(b) and 18 U.S.C. Section 1350.*
- 13.2 Chief Financial Officer Certification pursuant to Rule 13a-14(b) or Rule 15d-14(b) and 18 U.S.C. Section 1350.*

* Included herewith.

- (1) Filed as an exhibit to the Company's Annual Report on Form 20-F, filed on June 27, 2002, and incorporated by reference herein.
- (2) Filed as an exhibit to the Company's original filing of the Registration Statement on Form F-1 (File No. 333-7092), filed on June 20, 1997, and incorporated by reference herein.
- (3) Filed as an exhibit to the Company's Annual Report on Form 20-F, filed on September 23, 2003, and incorporated by reference herein.
- (4) Incorporated by reference. Filed as an exhibit to the Company's Annual Report on Form 20-F, filed on May 12, 2004.

SIGNATURES

Pursuant to the requirements of Section 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant certifies that it meets all of the requirements for filing on Form 20-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Søborg, Denmark.

Edgar Filing: EUROTUST A/S - Form 20-F

EUROTUST A/S

Dated: June 1, 2005

By: /s/ ALDO M.N. PETERSEN

Aldo M.N. Petersen
Chief Executive Officer
(Principal Executive Officer)

Dated: June 1, 2005

By: /s/ SOREN DEGN

Soren Degn
Chief Financial Officer
(Principal Financial and Accounting
Officer)

56

EUROTUST A/S AND SUBSIDIARIES
Formerly known as Euro909.com A/S

INDEX TO FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm	F-2
Consolidated Balance Sheets as of December 31, 2003 and 2004	F-3
Consolidated Statements of Operations for the Years Ended	
December 31, 2002, 2003 and 2004	F-5
Consolidated Statements of Shareholders' Equity for the Years Ended	
December 31, 2002, 2003 and 2004	F-6
Consolidated Statements of Comprehensive Income (Loss) for the Years	
Ended December 31, 2002, 2003 and 2004.....	F-7
Consolidated Statements of Cash Flows for the Years Ended	
December 31, 2002, 2003 and 2004	F-8
Notes to Consolidated Financial Statements	F-9

F-1

Edgar Filing: EUROTUST A/S - Form 20-F

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders
EuroTrust A/S AND SUBSIDIARIES

We have audited the accompanying consolidated balance sheets of EuroTrust A/S and Subsidiaries as of December 31, 2004 and 2003 and the related consolidated statements of operations, comprehensive income, shareholders' equity and cash flows for the years ended December 31, 2004, 2003 and 2002. The financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards of the Public Company Accounting Oversight Board in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of EuroTrust A/S and Subsidiaries at December 31, 2004 and 2003 and the consolidated results of its operations and its cash flows for the year ended December 31, 2004, 2003 and 2002, in conformity with accounting principles generally accepted in the United States.

/s/Gregory & Eldredge, LLC.

March 4, 2005, except for Note 24
As to which the Date is May 19, 2005
Salt Lake City, Utah

F-2

EUROTUST A/S AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT PER SHARE AND SHARE DATA AND WHERE OTHERWISE INDICATED)

	DECEMBER 31,

2003	2004
-----	-----

Edgar Filing: EUROTRUST A/S - Form 20-F

	DKK	DKK
ASSETS		
Current assets:		
Cash and cash equivalents	9,363	6,7
Restricted cash	--	5,3
Accounts receivable trade, net of allowance for doubtful accounts of DKK 2,239 in 2003 and DKK 592 in 2004	25,150	17,1
Notes receivable current	--	2,2
Broadcasting programming rights, current	952	2,9
Inventories	128	
Deferred tax assets	2,036	
Valued added tax receivables	184	3
Prepaid expenses and deposits	12,568	2,2
Other receivables	3,994	2,7
	-----	-----
Total current assets	54,375	39,7
Marketable securities - available for sale	304	1
Notes receivable, net of current portion	--	8,8
Broadcasting programming rights, net of current portion	--	2,8
Rent and other long term deposits	1,379	3,2
Other receivables, long term	64	5
Long term investments at cost	2,494	
Equity method investment in Mediehuset Danmark ApS	1,500	1,6
Property, plant and equipment, net	55,341	92,5
Goodwill	23,941	24,5
Deferred long-term tax assets	347	3,9
License rights, net	1,100	
	-----	-----
Total assets	140,845	178,2
	=====	=====

DKK amounts have been converted into US\$ at an exchange rate of \$1=DKK 5.4676.
The accompanying notes are an integral part of these consolidated financial
statements.

F-3

EUROTRUST A/S AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS (IN THOUSANDS, EXCEPT PER SHARE AND SHARE DATA AND WHERE OTHERWISE INDICATED)

	2003	DECEMBER 31, 2004
	-----	-----
	DKK	DKK
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		

Edgar Filing: EUROTUST A/S - Form 20-F

Secured line of credit	--	8,417
Bank loan current portion	--	741
Lease obligations, current portion	1,176	1,244
Accounts payable	26,914	24,026
Accounts payable, related parties	477	--
Accrued expenses	26,282	12,613
Equipment purchase obligation, current portion	--	12,152
Deferred revenue, current	35,139	--
Income tax payable	61	--
	-----	-----
Total current liabilities	90,049	59,193
Long term liabilities:		
Long term equipment purchase obligation, net of current portion	--	9,749
Deferred revenue	1,576	--
Bank loan, net of current portion	--	3,099
Lease obligations, net of current portion	--	4,585
	-----	-----
Total long term liabilities	1,576	17,433
Minority interest in subsidiaries	2,860	56
Shareholders' equity:		
Common shares - par value DKK 7.50, 8,175,000 and 7,991,000 authorized, 5,292,245 and 5,108,267 issued at December 31, 2003 and 2004	39,693	38,312
Additional paid-in capital	526,040	519,844
Accumulated deficit	(515,840)	(457,386)
Accumulated other comprehensive income	512	796
Treasury stock, 71,093 in 2003 and no treasury shares in 2004 respectively, at cost	(4,045)	--
	-----	-----
Total shareholders' equity	46,360	101,566
	-----	-----
Total liabilities and shareholders' equity	140,845	178,248
	=====	=====

DKK amounts have been converted into US\$ at an exchange rate of \$1=DKK 5.4676.
The accompanying notes are an integral part of these consolidated financial statements.

F-4

EUROTUST A/S CONSOLIDATED STATEMENTS OF OPERATIONS (IN THOUSANDS, EXCEPT PER SHARE DATA AND WHERE OTHERWISE INDICATED)

	YEARS ENDED DECEMBER		
	2002	2003	2004
	DKK	DKK	DKK
Net revenue	135,789	166,411	111,000
Operating expenses:			
Cost of revenue	96,018	82,215	60,000

Edgar Filing: EUOTRUST A/S - Form 20-F

Cost of revenue - related parties	24,988	4,204	
Selling and marketing	48,541	44,707	2
Selling and marketing - related parties	908	1,074	
General and administrative	43,768	40,195	2
General and administrative - related parties	1,115	418	
Depreciation	17,006	8,317	1
Amortization and write down	83,768	--	
Goodwill impairment	65,343	--	
Total operating expenses	381,455	181,130	13
Operating loss	(245,666)	(14,719)	(18)
Other income (expenses)			
Interest income	1,859	229	
Interest expense	(1,076)	(1,714)	(1)
Foreign currency exchange loss, net	(5,291)	(1,906)	(1)
Gains from divestitures	--	7,449	9
Write-down of long term investments & marketable securities	(19,126)	(196)	(14)
Equity in earnings of Mediashuset Danmark ApS	--	--	
Other (expenses) income, net	(8,618)	693	(1)
Net (Loss) income from continuing operations before income taxes and minority interest	(277,918)	(10,164)	5
Income tax expense - current and deferred	(2,499)	1,491	
Minority interest in net income (loss) of subsidiaries	3,069	(257)	
Net (Loss) income from continuing operations	(277,348)	(8,930)	5
(Loss) gain from discontinued Print/On line Media division, net of tax, 0 in 2002, 2003 and 2004	(6,000)	2,600	
NET (LOSS) INCOME	(283,348)	(6,330)	5
BASIC INCOME (LOSS) PER WEIGHTED AVERAGE COMMON SHARE			
(Loss) Income from continuing operations	(63.61)	(1.91)	
(Loss) income from discontinued operations	(1.38)	0.56	
Net (loss) income	(64.99)	(1.35)	
Weighted average common shares outstanding	4,360	4,671	
DILUTED INCOME (LOSS) PER WEIGHTED AVERAGE COMMON SHARES			
(Loss) Income from continuing operations	(63.61)	(1.91)	
(Loss) income from discontinued operations	(1.38)	0.56	
Net (loss) income	(64.99)	(1.35)	

Edgar Filing: EUROTUST A/S - Form 20-F

Weighted average common shares outstanding

4,360

4,671

DKK amounts have been converted into US\$ at an exchange rate of \$1=DKK 5.4676.
The accompanying notes are an integral part of these consolidated financial statements.

F-5

EUROTUST A/S AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF SHAREHOLDER'S EQUITY [RESTATE] (IN THOUSANDS, EXCEPT PER SHARE DATA AND WHERE OTHERWISE INDICATED)

	COMMON SHARES AMOUNT	ADDITIONAL PAID-IN CAPITAL	ACCUMULATED DEFICIT	ACCUMULATED OTHER PREPARED INCOME
	DKK	DKK	DKK	DKK
BALANCE AT DECEMBER 31, 2001	34,006	532,280	(226,162)	(1,500)
Purchase of 116,000 shares of treasury stock	--	--	--	--
Foreign currency translation adjustments	--	--	--	--
Unrealized loss on marketable securities	--	--	--	--
Net loss	--	--	(283,348)	--
BALANCE AT DECEMBER 31, 2002	34,006	532,280	(509,510)	(500)
Issuance of 758,000 common shares for cash				
through exercise of stock options	5,687	605	--	--
Sale of 140,000 shares of common				
stock from treasury	--	(6,845)	--	--
Currency translation adjustments	--	--	--	--
Unrealized loss on marketable securities	--	--	--	--
Net income	--	--	(6,330)	--
BALANCE AT DECEMBER 31, 2003	39,693	526,040	(515,840)	(1,000)
Issuance of 285,000 common shares for				
cash through exercise of stock options	2,138	141	--	--
Issuance of 60,000 common shares for cash				
through exercise of stock options	450	332	--	--
Foreign currency translation adjustments	--	--	--	--
Other than temporary losses on marketable securities	--	--	--	--
Purchase of 608,120 common shares into				
treasury at cost	--	--	--	--
Sale of 150,000 shares of treasury stock	--	319	--	--
Compensation for the issuance of 25,000				
warrants to purchase common stock at				
DKK 23.76 per ordinary share	--	85	--	--
Cancellation of 529,000 common shares				
held in treasury at cost	(3,969)	(7,073)	--	--

Edgar Filing: EUROTUST A/S - Form 20-F

Net income	--	--	58,454	
BALANCE AT DECEMBER 31, 2004	38,312	519,844	(457,386)	
BALANCE AT DECEMBER 31, 2004	USD\$7,007	USD\$95,077	USD\$(83,654)	USD\$

DKK amounts have been converted into US\$ at an exchange rate of \$1=DKK 5.4676.
The accompanying notes are an integral part of these consolidated financial statements.

F-6

EUROTUST A/S AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (IN THOUSANDS, EXCEPT PER SHARE DATA AND WHERE OTHERWISE INDICATED)

	2002	YEARS ENDED DECEMBER 31, 2003	2004
	DKK	DKK	DKK
Net income (loss)	(283,348)	(6,330)	58,454
Currency translation adjustment, net of taxes of DKK 0 in 2002, 2003 and 2004	958	921	(110)
Net change in unrealized loss on marketable securities, net of taxes of DKK 0 in 2002, 2003 and 2004	(14)	147	394
Comprehensive net income (loss)	(282,404)	(5,262)	58,738

DKK amounts have been converted into US\$ at an exchange rate of \$1=DKK 5.4676.
The accompanying notes are an integral part of these consolidated financial statements.

F-7

EUROTUST A/S AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF CASH FLOWS (IN THOUSANDS, EXCEPT PER SHARE DATA AND WHERE OTHERWISE INDICATED)

	2002	YEARS ENDED D 2003
	DKK	DKK

Edgar Filing: EUROTRUST A/S - Form 20-F

Cash flows from operating activities:

Net (loss) income from continuing operations	(277,348)	(8,930)
Adjustments to reconcile net loss (income) to cash used in operating activities:		
Depreciation, amortization and write down	185,243	8,317
Non-cash compensation expense options and warrants	6,785	(2,287)
(Gain) on sale business	--	(7,449)
(Gain)/loss on sale of fixed assets	(594)	(1,703)
Provision for doubtful accounts	--	(699)
Loss on write-down of investments and marketable securities	--	197
Deferred tax	(350)	(1,677)
Minority interest	(3,069)	257
(Gain) on equity method investments	--	--
Non-cash issuance of common shares from treasury	--	1,088
Changes in operating assets and liabilities:		
Accounts receivable	6,845	(5,156)
Accounts receivable, related parties	3,084	--
Broadcasting programming rights	3,244	3,804
Inventories and other assets	14,012	934
Prepaid expenses	6,525	2,270
Income tax payable	1,263	(1,202)
Other receivables	5,310	4,337
Accounts payable	(10,658)	7,225
Accounts payable, related parties	6,273	(12,356)
Accrued expenses	(15,170)	(3,094)
Deferred revenue	13,452	1,018
Cash used in operating activities	(55,153)	(15,106)
Cash used in discontinued operations	--	(3,400)
	(55,153)	(18,506)
	=====	=====

Cash flows from investing activities:

Net (Purchase of investments) proceeds from sales of investments	(5,128)	216
Acquisition of businesses, net of cash acquired	(15,586)	(1,500)
Proceeds from sale of business, net of cash disposed of	40,121	1,986
Purchase of fixed assets	(17,471)	(15,505)
Proceeds from sales of fixed assets	2,177	1,448
Cash (used in) provided by investing activities	4,113	(13,355)
	=====	=====

Cash flows from financing activities:

Net change in short- and long-term borrowings	(3,201)	(809)
Purchase of treasury stock	(6,523)	--
Proceeds from sale and lease back	7,000	--
Lease payments	(3,573)	(2,852)
Net change in restricted cash	--	--
Proceeds from issuance of common shares, treasury shares and stock options	--	6,292
Cash provided by (used in) financing activities	(6,297)	2,631
	=====	=====

Effect of currency exchange rate changes on cash and cash

Edgar Filing: EUROTRUST A/S - Form 20-F

equivalents	958	921
	-----	-----
Net (decrease) in cash and cash equivalents	(56,379)	(28,309)
Cash and cash equivalents, beginning of period	94,051	37,672
	-----	-----
Cash and cash equivalents, end of period	37,672	9,363
	=====	=====
Cash paid for interest	(1,076)	(1,714)
	=====	=====
Cash paid for taxes	618	1,373
	=====	=====

DKK amounts have been converted into US\$ at an exchange rate of \$1=DKK 5.4676. The accompanying notes are an integral part of these consolidated financial statements.

F-8

EUROTRUST A/S AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (DKK AND US\$ AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS AND WHERE OTHERWISE INDICATED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF BUSINESS

EuroTrust A/S and its subsidiaries (the "Company") engage in providing production and broadcasting services and operating the Danish cable channel DK4. The Company previously provided Internet security products and services in Scandinavia these operations were sold during 2003 and 2004.

The Company operated in two reportable service-based segments from 2002 through 2004: The Production and Broadcasting Segment and the Internet Security Product and Services Segment.

PRODUCTION AND BROADCASTING SEGMENT

The Company's Production and Broadcasting Segment consists of the Danish Cable Channel DK4, and one of the largest media production companies in Scandinavia with a special focus on sports programming. The Company's media division also offers educational courses in television production.

INTERNET SECURITY PRODUCT AND SERVICE SEGMENT

At December 31, 2004, the Internet services segment monitors the continuing royalty payments received in connection with the sale of our secure hosting and remote back-up services business in 2004.

The Company's Internet Security Product and Services Segment previously offered trusted Internet security products and services including virus detection products and services, email security products, vulnerability testing, secure remote backup services, digital video surveillance, secure hosting and Public Key Infrastructure (PKI) Services until the sale of these businesses during 2003 and 2004.

Edgar Filing: EUROTRUST A/S - Form 20-F

BASIS OF PRESENTATION AND PRINCIPLES OF CONSOLIDATION

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States ("US GAAP") and include the accounts of EuroTrust A/S and its majority-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

The following is a list of our significant operating subsidiaries and their jurisdiction of incorporation and our ownership interest in those subsidiaries at December 31, 2004:

SUBSIDIARY -----	COUNTRY OF INCORPORATION -----	INTEREST OWNERSHIP -----
Europe-Visions A/S	Denmark	100.0%
EuroTrust PKI Services A/S	Denmark	100.0% (Assets sold April 1, 2004)
EuroTrust Virus112 A/S	Denmark	100.0% (Assets sold September 30, 2004)
InAphone A/S (1)	Denmark	60.0% (Subsequently Sold Jan. 1, 2005)

F-9

EUROTRUST A/S AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (DKK AND US\$ AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS AND WHERE OTHERWISE INDICATED)

(1) Formerly known as 909.909 A/S

On December 31, 2003, the Company purchased the remaining 15% interest in Europe-Visions A/S. The minority interests' proportionate share of income or loss of Europe-Visions A/S is included in the consolidated statement of operations through December 31, 2004.

The accompanying financial statements included the operating results of Public Key Infrastructure (PKI) Services through April 1, 2004, internet security products and services including virus detection services, email security products, vulnerability testing through September 30, 2004 the secure remote backup services through November 2003, digital video surveillance through December 2003, and secure hosting through January 1, 2004.

Other significant operating subsidiaries consolidated under Europe-Visions A/S and its jurisdiction of incorporation and the related Company ownership interest in those subsidiaries at December 31, 2004 are as follows:

SUBSIDIARY -----	COUNTRY OF INCORPORATION -----	INTEREST OWNERSHIP -----
Ciac A/S	Denmark	100.0%
Prime Vision A/S	Denmark	100.0%
Arhustudiet A/S	Denmark	100.0%
Publishing & Management ApS	Denmark	51.0%

Edgar Filing: EUROTUST A/S - Form 20-F

TV Akademiet A/S	Denmark	100.0%
Formedia A/S	Denmark	100.0%
Mobile Broadcasting A/S	Denmark	100.0%

On April 1, 2004, the Company purchased the remaining 25% interest of Mobile Broadcasting A/S. The minority interests' proportionate share of income or loss of Mobile Broadcasting is included in the consolidated statement of operations through March 31, 2004.

On July 1, 2004, the Company distributed a 49% interest of Publishing & Management ApS to current management. The minority interests' proportionate share of income or loss of Publishing & Management ApS is included in the consolidated statement of operations from July 1, 2004 through December 31, 2004.

On April 1, 2004 the Company merged TV Facilities A/S into Prime Vision A/S. The merger had no effect on the accompanying financial statements.

On June 25, 2004 the Company formed Formedia A/S as a wholly owned subsidiary of Europe-Visions A/S.

At December 31, 2004 and 2003, the Company held a 25% interest in Mediehuset Danmark ApS; the investment is accounted for under the equity method of accounting.

F-10

EUROTUST A/S AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (DKK AND US\$ AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS AND WHERE OTHERWISE INDICATED)

REPORTING CURRENCY

The consolidated financial statements are stated in Danish Kroner ("DKK"), the currency of the country in which the Company and its major subsidiaries are incorporated and operate. Balance sheet accounts of foreign subsidiaries are translated into DKK at the year-end exchange rate and items in the statement of operations are translated at the average exchange rate. Resulting translation adjustments are recorded to other accumulated comprehensive income, a separate component of shareholders' equity.

Translation adjustments arising from inter-company financing of a long-term investment nature are accounted for similarly. Some transactions of the Company and its subsidiaries are made in currencies other than the reporting currency. Gains and losses from these transactions are included in the statement of operations as foreign currency transaction gains and losses.

INFORMATION EXPRESSED IN US DOLLARS

Translation of DKK amounts into US Dollar amounts is included solely for the convenience of the reader and has been made at the rate of 5.4676 DKK to one US Dollar, the approximate exchange rate at December 31, 2004. Such translation should not be construed as a representation that the DKK amounts could be converted into US Dollars at that or any other rate.

USE OF ESTIMATES

Edgar Filing: EUROTRUST A/S - Form 20-F

The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates are used when accounting for items and matters such as the allowance for uncollectible accounts, inventory obsolescence, amortization, asset valuations, impairment assessments, taxes, guarantees and contingencies. Management bases its estimates on historical experience and on other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results may differ from these estimates under different assumptions or conditions.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash and short-term deposits with maturities of less than three months at the time of purchase.

RESTRICTED CASH

Restricted cash as of December 31, 2004, included an escrow account with respect to the secure communications, on-site solutions, and payment platforms to website owners, commercial enterprises and electronic commerce service providers business (PKI) that was sold in April 2004 amounting to DKK

F-11

EUROTRUST A/S AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (DKK AND US\$ AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS AND WHERE OTHERWISE INDICATED)

5,352. 50% of the holdback amount was released five business days following December 31, 2004 and the last 50% of the holdback amount is to be released five business days following September 30, 2005.

MARKETABLE SECURITIES - AVAILABLE FOR SALE

The Company accounts for investments in Marketable securities in accordance with Statement of Financial Accounting Standard (SFAS) 115, "Accounting for Certain Investments in Debt and Equity Securities". Under SFAS 115 the Company's investments in public companies are classified as "available-for-sale". These investments are carried at fair value based on quoted market prices. We review the marketable equity holdings in publicly traded companies on a regular basis to determine if any of the marketable securities have experienced an other-than-temporary decline in its fair value. We consider the investee company's cash position, earnings and revenue outlook, stock price performance over the past six months, liquidity and management, among other factors, when reviewing the marketable equity securities. If it is determined that an other-than-temporary decline in fair value exists in a marketable equity security, we record an investment loss in the consolidated statement of operations. Marketable securities are classified as current if the Company has the ability or intention of selling the security within 12 months.

LONG-TERM INVESTMENTS

Edgar Filing: EUROTUST A/S - Form 20-F

Investments in non-public companies are included in long-term investments in the consolidated balance sheet and are accounted for under the cost method and equity method. For these non-quoted investments, we regularly review the assumptions underlying the operating performance and cash flow forecasts based on information requested from these privately held companies. Generally, this information may be more limited, may not be as timely as and may be less accurate than information available from publicly traded companies. Assessing each investment's carrying value requires significant judgment by management. If it is determined that there is an other-than-temporary decline in the fair value of a non-public equity security, we write-down the investment to its fair value and record the related write-down as an investment loss in the consolidated statement of operations.

TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable are recorded at the amount invoiced to customers and they do not bear interest. The allowance for doubtful accounts is the Company's best estimate of amount of probable losses resulting from the inability of our customers to make required payments. We regularly review the adequacy of our accounts receivable allowance after considering the size of the accounts receivable balance, each customer's expected ability to pay and our collection history with each customer. We review significant invoices that are past due to determine if an allowance is appropriate based on the risk category using the factors described above.

The following includes the changes in the allowance for doubtful accounts for the years ended December 31, 2002 to December 31, 2004:

F-12

EUROTUST A/S AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (DKK AND US\$ AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS AND WHERE OTHERWISE INDICATED)

	Balance at January 1	Amounts charged (credited) to Operating Expenses	Write-offs	Balance at December 31
Allowance for doubtful accounts:	-----	-----	-----	-----
Year ended December 31, 2002	7,640	0	(3,011)	4,629
Year ended December 31, 2003	4,629	(699)	(1,691)	2,239
Year ended December 31, 2004	2,239	(720)	(927)	592

NOTES RECEIVABLE

Notes receivable were recorded as a result of the sale of Virus 112 and totaled DKK 11,000 at December 31, 2004. Interest of 6% per annum is recorded and receivable on a quarterly basis beginning December 31, 2004. Principal payments of DKK 550 are payable quarterly beginning March 31, 2005 through December 31, 2009. No allowance for doubtful accounts has been recorded on the notes as they are deemed collectable. The Company's policy for putting the loan on non-accrual status and to record an allowance for doubtful accounts is based

Edgar Filing: EUROTRUST A/S - Form 20-F

upon management's best estimate of amount of probable losses resulting from the purchaser inability to make required payments.

BROADCASTING PROGRAMMING RIGHTS

The Company acquires rights to broadcasting programming and produces programming for exhibit on its cable television station. The costs incurred in acquiring and producing programs are capitalized and amortized over the greater of when the program is aired or the license period or the projected useful life of the programming, currently 12 to 28 months. Program rights and the related liabilities are recorded at the gross amount of the liabilities when the license period has begun, the cost of the program is determinable, and the program is accepted and available for airing.

INVENTORIES

Inventories principally consist of 38,000 (not in thousands) IBM Tivoli licenses at both December 31, 2003 and 2004, relating to our remote back-up business. Inventories are stated at the lower of cost or market with cost determined on the basis of the first-in, first-out method. In order to evaluate the designated market value of such assets the company investigates the available market for these products and their expected sales price. As of December 31, 2002 these licenses were written-down by DKK 21.7 million to DKK 0. During 2003, the Company recognized a DKK 3,367 reduction in cost of revenues for inventory credits given on the return of 7,000 IBM Tivoli licenses. As of December 31, 2004 these licenses were valued at DKK 0, net of allowance for obsolescence or DKK 18,333.

PROPERTY, PLANT AND EQUIPMENT

Buildings, production and technical equipment, furniture and fixtures, automobiles and leasehold improvements are carried at cost less accumulated depreciation. Assets held under capital leases are recorded at the present value of minimum lease payments less accumulated depreciation. Land is carried at cost and is not depreciated.

Buildings are depreciated on a straight-line basis over 50 years. Production and technical equipment, furniture and fixtures and automobiles are depreciated on a straight-line basis over the expected useful lives

F-13

EUROTRUST A/S AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (DKK AND US\$ AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS AND WHERE OTHERWISE INDICATED)

of between three and ten years. Leasehold improvements are amortized over the shorter of their expected lives, which is ten years or the non-cancelable term of the leases.

GOODWILL AND OTHER DEFINITE LIFE INTANGIBLE ASSETS

Goodwill represents the excess of costs over the fair value of the identifiable net assets of businesses or remaining minority interest of businesses acquired. Other definite life intangibles assets consisted in 2003 of license rights to virus scanning software and other intangible assets. The

Edgar Filing: EUROTUST A/S - Form 20-F

Company accounts for Goodwill and Other Intangible Assets in accordance with SFAS No. 142, GOODWILL AND OTHER INTANGIBLE ASSETS, and accordingly Goodwill and indefinite intangible assets are tested for impairment at least annually or when circumstances change that could result in impairment; definite-life intangible assets with estimable useful lives are amortized over their respective estimated useful lives, and reviewed for impairment in accordance with SFAS No. 144, Accounting for Impairment or Disposal of Long-Lived Assets.

IMPAIRMENT OF LONG-LIVED ASSETS

In accordance with SFAS No. 144, long-lived assets, such as property, plant, and equipment, and purchased intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Circumstances which could trigger a review include, but are not limited to: significant decreases in the market price of the asset; significant adverse changes in the business climate or legal factors; current period cash flow or operating losses combined with a history of losses or a forecast of continuing losses associated with the use of the asset; and current expectation that the asset will more likely than not be sold or disposed of significantly before the end of its estimated useful life.

Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated undiscounted future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the balance sheet and reported at the lower of the carrying amount or fair value less costs to sell, and would no longer be depreciated. The depreciable basis of assets that are impaired and continue in use is their respective fair values

REVENUE RECOGNITION

The Company derives revenues from two primary categories: (i) Broadcasting, which includes cable and digital television subscriber income and program production income; and (ii) Internet services, which include managed public key infrastructure ("PKI") services and digital certificate services (through April 1, 2004), virus surveillance and detection services (through September 30, 2004), and royalty relating to remote data backup services. The Company's revenue recognition policies are in accordance with SEC Staff Accounting Bulletin ("SAB") No. 104, "REVENUE RECOGNITION, unless otherwise noted below. The revenue recognition policy for each of these categories is as follows:

F-14

EUROTUST A/S AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (DKK AND US\$ AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS AND WHERE OTHERWISE INDICATED)

BROADCASTING

The Company recognizes cable and digital television revenue in accordance with the terms of the contracts entered into with cable and

Edgar Filing: EUROTUST A/S - Form 20-F

digital television providers, which are based on the number of subscribers for the Company's television channel and as programming, is made available to viewers. Revenue and costs associated with program production are recognized when persuasive evidence of an arrangement exists, programs are completed and delivered to our customers, and fees are fixed and collectable with no further future obligation to the customer.

INTERNET SERVICES

The Company previously recognized revenues from issuances of digital certificates and managed PKI services, virus surveillance and detection services, and remote data backup, previous to the divestitures of these businesses in 2003 and 2004, when all of the following criteria were met: (1) persuasive evidence of an arrangement exists, (2) delivery of products and services has occurred, (3) the fee is fixed or determinable and (4) collectibility is reasonably assured. We determine each of the criteria in our revenue recognition as follows:

PERSUASIVE EVIDENCE OF AN ARRANGEMENT EXISTS. We enter into written agreements with our customers, that are signed by both the customer and the Company, or other related documentation from those customers who have previously negotiated an arrangement.

DELIVERY OF PRODUCTS AND SERVICES HAS OCCURRED. Certificate and security technologies may be delivered physically or downloaded by the customer. Undelivered components of these technologies that are essential to the functionality of the products, if any are not recognized until delivery in full is complete.

THE FEE IS FIXED OR DETERMINABLE. Agreements with customers do not include a right to return. The majority of the initial fees are due within one year or less. Should there be arrangements with payment terms that extending beyond customary payment terms, the fees then are considered not to be fixed or determinable, and revenues from such arrangements are recognized as payments become due and realizable.

COLLECTIBILITY IS PROBABLE. Collectibility is assessed for each customer class of which there is a history of successful collection based upon a credit review. Initial determination that collectibility is not probable results in the revenues being recognized as cash is collected.

In software arrangements involving multiple elements, as required by the EITF Issue 00-21, "Revenue Arrangements with Multiple Deliverables" and American Institute of Certified Public Accountants Statement of Position ("SOP") 97-2, as amended by SOP 98-9, the Company allocates and defers revenue for the undelivered elements based on vendor-specific objective evidence, or VSOE, of the fair value of the undelivered elements, and recognizes the difference between the total arrangement fee and the amount deferred for the undelivered elements as revenue. VSOE of each element is based on the price for which the undelivered element is sold separately. If VSOE does not exist for undelivered elements such as maintenance services, then the entire arrangement fee is recognized over the performance period.

Fees from the sales of digital certificates and managed PKI services, which include bundled

Edgar Filing: EUROTUST A/S - Form 20-F

EUROTUST A/S AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (DKK AND US\$ AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS AND WHERE OTHERWISE INDICATED)

maintenance services that are not sold separately, were deferred and recognized ratably over the period that such contracted services were provided, usually 12 to 24 months.

Revenues from virus surveillance and detection services, which include bundled maintenance services that were not sold separately, were deferred and recognized ratably over the period that the service was provided, usually 3 to 36 months.

Up-front fees from hosting and remote data backup services were deferred and recognized ratably over the period that the services are provided, usually 3 to 12 months.

The Company's consulting and installation services relating to secure communication, virus protection and network security were not essential to the functionality of the software. These software products were fully functional upon delivery and did not require any significant modification or alteration. Revenues from consulting and installation services, which were provided on a time and materials basis, were recognized as the services were performed and accepted by the customer.

Currently, the Company receives royalties on the sales of Internet products and services of divested subsidiaries. These royalties are recognized as revenues in the periods in which they are earned and deemed collectable.

ADVERTISING COSTS

Advertising costs are expensed as incurred. Advertising expenses totaled DKK 4.0 million, DKK 3.9 million and DKK 5.0 million in 2002, 2003 and 2004, respectively.

INCOME TAXES

The Company utilizes the asset and liability method to account for income taxes. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and to operating loss carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Company records a valuation allowance to reduce deferred tax assets to an amount which realization is more likely than not.

STOCK OPTIONS

At December 31, 2004, the Company has a number of stock options outstanding. We apply the intrinsic value-based method of accounting prescribed by Accounting Principles Board ("APB") Opinion No. 25, "ACCOUNTING FOR STOCK

Edgar Filing: EUROTUST A/S - Form 20-F

ISSUED TO EMPLOYEES", and related interpretations including FASB Interpretation No. 44, "ACCOUNTING FOR CERTAIN TRANSACTIONS INVOLVING STOCK COMPENSATION AN INTERPRETATION OF APB NO. 25" issued in March 2000, to account for our fixed plan stock options.

F-16

EUROTUST A/S AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (DKK AND US\$ AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS AND WHERE OTHERWISE INDICATED)

Under this method, compensation expense is recorded on the date of grant only if the current market price of the underlying stock exceeded the exercise price. SFAS No. 123 "ACCOUNTING FOR STOCK-BASED COMPENSATION," established accounting and disclosure requirements using a fair value-based method of accounting for stock-based employee compensation plans. As allowed by SFAS No. 123, we have elected to continue to apply the intrinsic value-based method of accounting described above, and have adopted the disclosure requirements of SFAS No. 123. The following table (in DKK) illustrates the effect on net loss and net loss per share if we had applied the fair value recognition provisions of SFAS No. 123, "ACCOUNTING FOR STOCK-BASED COMPENSATION," to stock-based employee compensation under which the estimated fair value of the options would have been over the options' vesting periods:

	2002	2003	2004
	-----	-----	-----
Reported net income (loss)	(283,348)	(6,330)	
Reported stock-based compensation expense	--	--	
Pro forma stock-based compensation expense	(12,036)	(8,027)	
	-----	-----	-----
Pro forma net income (loss)	(295,384)	(14,357)	
Reported basic income (loss) per share	(64.99)	(1.35)	
Reported diluted income (loss) per share	(64.99)	(1.35)	
Pro forma basic income (loss) per share	(67.75)	(3.07)	
Pro forma diluted income (loss) per share	(67.75)	(3.07)	

The fair value of these stock options was estimated at the date of grant using a Black-Scholes option pricing model with the following weighted average assumptions

	2002	2003	2004
	-----	-----	-----
Risk free interest rate	4.70%	3.62%	3.40%
Dividend yield	0%	0%	0%
ADR's Annual volatility of the expected market price	1.25	1.58	1.58
Expected life of the options	2.81	4.90	4.90

Edgar Filing: EUROTUST A/S - Form 20-F

CONCENTRATION OF CREDIT RISK

Cash and cash equivalents are, for the most part, maintained with several major financial institutions in Scandinavia. These balances are insured up to DKK 300 per account.

The company has one large customer in the broadcasting segment which alone accounts for 28% and 25% of the company's consolidated revenue for 2002, 2003, respectively. The company has two large customers

F-17

EUROTUST A/S AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (DKK AND US\$ AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS AND WHERE OTHERWISE INDICATED)

in the broadcasting segment which accounts for 32% and 16%, respectively of the company's consolidated revenue for 2004. These two customers account for approximately 33% and 22% of our outstanding receivables at December 31, 2004.

PENSIONS AND OTHER POST-RETIREMENT AND POST-EMPLOYMENT BENEFITS

The Company contributes to insurance companies for defined contribution pension benefits agreements between employees and insurance companies. The Company's contributions are expensed as incurred. The Company has no future liabilities related to pensions beyond the contribution.

Other than the pension benefits described above, the Company does not provide its employees with post-retirement and post-employment benefits.

RESTATEMENT

The financial statements have been restated for all periods presented to reflect a one-for-six reverse stock split of its ordinary common shares effected May 19, 2005 (See Note 14).

RECLASSIFICATIONS

Certain balances in the financial statements for December 31, 2002 and 2003 have been reclassified to conform to the headings and classifications used in the December 31, 2004 financial statements

RECENTLY ISSUED ACCOUNTING STANDARDS

In November 2004, the FASB issued SFAS No. 151, "Inventory Costs". SFAS No. 151 requires abnormal amounts of inventory costs related to idle facility, freight handling and wasted material (spoilage) to be recognized as current-period charges. In addition, SFAS No. 151 requires that allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. The Company will be required to adopt the provisions of SFAS No. 151 for fiscal years beginning after June 15, 2005.

Edgar Filing: EUROTUST A/S - Form 20-F

Management believes the provisions of this Standard will no effect on our financial position or results of operations.

In December 2004, the FASB issued SFAS No. 123(R), "Share-Based Payment". This Statement revises SFAS No. 123, "Accounting for Stock-Based Compensation" and supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees."

SFAS No. 123(R) requires that the compensation cost relating to share-based payment transactions be recognized in financial statements. The cost will be measured based on the fair value of the instruments issued. The Company will be required to apply SFAS No. 123(R) as of the first fiscal year begins after June 30, 2005. Accordingly, The Company will adopt SFAS No. 123(R) during the first quarter of fiscal 2006. Management is currently evaluating the impact SFAS No. 123(R) will have on the Company's results of operations as a result of adopting this new Standard. Upon adopting SFAS 123(R) the Company's income will decrease as a result of the additional compensation expense if additional options are granted.

In January 2003, the FASB issued Interpretation No. 46, "CONSOLIDATION OF VARIABLE INTEREST ENTITIES, AN INTERPRETATION OF ACCOUNTING RESEARCH BULLETIN ("ARB") NO. 51." In December 2003, the FASB issued a revision to Interpretation No. 46, and interpretation of ARB Opinion No. 51 ("FIN 46R").

F-18

EUROTUST A/S AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (DKK AND US\$ AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS AND WHERE OTHERWISE INDICATED)

FIN 46R clarifies the application of ARB 51 "CONSOLIDATED FINANCIAL STATEMENTS," to certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support provided by any parties, including the equity holders. FIN 46R requires the consolidation of these entities, known as variable interest entities ("VIE's"), by the primary beneficiary of the entity. The primary beneficiary is the entity, if any, that will absorb a majority of the entity's expected losses, receive a majority of the entity's expected residual returns, or both.

Among other changes, the revisions of FIN 46R (a) clarified some requirements of the original FIN 46, which had been issued in January 2003, (b) eased some implementation problems, and (c) added new scope exceptions. FIN 46R deferred the effective date of the interpretation for public companies to the end of the first reporting period ending after March 15, 2004, except that all public companies must at a minimum apply the unmodified provisions of the interpretation to entities that were previously considered "special-purpose entities" in practice and under the FASB literature prior to the issuance of FIN 46R by the end of the first reporting period ending after December 15, 2003.

Among the scope expectations, companies are not required to apply FIN 46R to an entity that meets the criteria to be considered a "business" as defined in the interpretation unless one or more of four named conditions exist. FIN 46R applies immediately to a VIE created or acquired after January 31, 2003. EuroTrust does not have any interests in VIE's and the adoption of FIN 46R did

Edgar Filing: EUROTUST A/S - Form 20-F

not have a material impact on EuroTrust financial position, results of operations or cash flows.

In March 2004, the FASB issued EITF Issue No. 03-1 ("EITF 03-1"), "The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments." EITF 03-1 includes new guidance for evaluating and recording impairment losses on debt and equity instruments, as well as new disclosure requirements for investments that are deemed to be temporarily impaired. The accounting guidance provided in EITF 03-1 is effective for fiscal years beginning after June 15, 2004, while the disclosure requirements are effective for annual periods ending after June 15, 2004. The Company does not expect the adoption of EITF 03-1 will have a material impact on its financial position, results of operations, or cash flows.

2. INVESTMENT SECURITIES

The following is a summary of available-for-sale investments held as long-term assets (in DKK):

	COST ----	GROSS UNREALIZED LOSSES -----	FAIR VALUE -----
December 31, 2003:			
Shares in Land and Leisure A/S	698	(394)	304
	-----	-----	-----
Total	698	(394)	304
	-----	-----	-----
	COST ----	OTHER THAN TEMPORARY LOSSES -----	FAIR VALUE -----
December 31, 2004:			
Shares in Land and Leisure A/S	698	(501)	197
	-----	-----	-----
Total	698	(501)	197
	-----	-----	-----

F-19

EUROTUST A/S AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (DKK AND US\$ AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS AND WHERE OTHERWISE INDICATED)

The unrealized loss on the available-for-sale investment securities is included in other cumulative comprehensive income during 2003. During 2004, the Company recognized a DKK 501 other than temporary loss on available-for-sale marketable securities.

Edgar Filing: EUROTUST A/S - Form 20-F

3. LONG TERM COST AND EQUITY METHOD INVESTMENTS IN UNCONSOLIDATED COMPANIES

The following is a summary of long-term investments that are stated at cost less impairment charges(in DKK)

	DECEMBER 31,	
	2003	2004
	----	----
Cost Method Investments		
Shares in Excelsa S.P.A.	2,494	0
Trust Italia S.p.A.	--	--
GBS A/S	--	0
	-----	-----
Total Cost Method Investments	2,494	0
	-----	-----
Equity Method Investments		
Mediehuset Danmark ApS	1,500	1,638
	=====	=====

EXCELSA SA s.r.l.

During the second half of 2004, the Company acquired additional 139,322 (not in thousands) ordinary shares of Excelsa S.P.A. for a total cash amount of DKK 11,948 or Euro 1,659. Subsequent to year ended December 31, 2004, Eurotrust discovered that Excelsa SA had overstated their 2004 and 2003 results. EuroTrust, MSGI and one other significant shareholders entered into negotiations with Excelsa to attempt to remediate the damages. As a result of overstatement and uncertainty of Excelsa ability to continue as a going concern management recorded an impairment charge of DKK 14,442 during 2004.

TRUST ITALIA S.p.A.

On September 1, 2004, the Company sold its approximately 16% interest in Trust Italia S.p.A. to Excelsa SA for a total consideration of DKK 7,436 or Euros 1,000. The investment was written down to zero at December 31, 2002 based on an impairment test.

GBS A/S

During 2004 the Company sold the remaining 10% of the shares in GBS A/S for DKK 72 in cash. The investment was written down to zero at December 31, 2002 based on an impairment test.

F-20

EUROTUST A/S AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DKK AND US\$ AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS
AND WHERE OTHERWISE INDICATED)

Edgar Filing: EUROTRUST A/S - Form 20-F

MEDIEHUSET DANMARK ApS

In 2003, as part of a severance agreement with our former COO, Brain Mertz Pedersen, the Company invested 1.5 million DKK for a 25% ownership of Mediahuset Danmark ApS. At the date of purchase the purchase price exceeded 25% of the net equity of Mediahuset Danmark ApS by DKK 998. The Company's Equity in earnings of Mediahuset Danmark ApS for the year ended September 30, 2004 was DKK 138.

4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment include the following (in DKK):

	Estimated Life	2003	DECEMBER 31, ----- 2004
Land	N/A		1,929
Building	50 years		27,321
Production & Technical equipment	3 to 5 years		24,998
Furniture and fixtures	3 to 5 years		10,031
Automobiles	5 years		3,536
Leasehold improvements	3 to 10 years		6,040

			73,855
Less accumulated depreciation and amortization			(18,514)

Net property, plant and equipment			55,341
			=====
Depreciation expense			7,872

The net book value of assets on capital lease arrangements included in property, plant and equipment total DKK 0 and DKK 5,829 at December 31, 2003 and 2004, respectively.

On April 1, 2005, the Company sold its building located at Poppelgardvej 11-13 in Søborg, Copenhagen to Lion Ejendomme ApS for DKK 20,000 in cash. At December 31, 2004 the net book value of the building was DKK 19,638.

At December 31, 2003 and 2004, certain of the Company's building and equipment was held as collateral on current and long term financing (See Note 9 & 10).

5. GOODWILL

Goodwill relating to the purchase of the Company's Broadcast Media segment. consisted of the following (in DKK):

Edgar Filing: EUROTUST A/S - Form 20-F

F-21

EUROTUST A/S AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (DKK AND US\$ AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS AND WHERE OTHERWISE INDICATED)

	December 31,	
	2003	2004
BALANCE AT THE BEGINNING OF THE YEAR	20,964	23,941
CHANGES:		
Additions	2,977	1,585
Disposals	0	0
Impairment	0	(965)
BALANCE AT THE END OF THE YEAR	23,941	24,561

On April 1, 2004, Prime Vision A/S purchased the remaining 25% of Mobile Broadcast A/S, from Euro Broadcast Hire A/S thereby becoming the 100% owner of Mobile Broadcast A/S. The purchase price exceeded the fair market value of net assets acquired by approximately DKK 620, which was recorded as goodwill.

On April 23, 2004, the Company's subsidiary InAphone (formerly known as 909.909 A/S) acquired the assets of Ideation House ApS. The purchase price exceeded the fair value of the net assets acquired by approximately DKK 965, which was recorded as Goodwill. At December 31, 2004, the Company recorded an impairment charge of DKK 965 related to the purchase as the projected future cash flows from the subsequent sale of InAphone were insufficient to realize the related goodwill.

On December 31, 2003, EuroTrust A/S purchased the remaining 15% of Europe-Visions A/S (formerly Euro909Media A/S), from Parken Sport & Entertainment thereby becoming the 100% owner of Europe-Visions A/S. The purchase price exceeded the fair market value of net assets acquired by approximately DKK 2,977, which was recorded as goodwill.

During the fourth quarter of 2003 and 2004, the Company performed the annual impairment test and recorded an impairment charge of DKK 0 and DKK 965, respectively.,

Fair value was estimated for each reporting unit, within EuroTrust, using the expected present value of discounted future cash flows the unit is expected to generate over its remaining life. When making these estimates, we were required to make estimates of future operating trends and judgments on discount rates and other variables. Actual future results and other assumed variables could differ from these estimates. The discount rates used ranged from 14 to 16 percent and the terminal values were estimated based on terminal growth rates of two percent. The assumptions supporting the estimated future cash flows, including the discount rate and estimated terminal values, reflect management's best estimates.

Edgar Filing: EUROTUST A/S - Form 20-F

6. LICENSE RIGHTS AND OTHER INTANGIBLES, NET

License rights and certain other intangible assets are classified as definite life intangible assets and consisted of the following:

F-22

EUROTUST A/S AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (DKK AND US\$ AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS AND WHERE OTHERWISE INDICATED)

	December 31,	
	2003	2004
Definite Life Intangible Assets:		
Software licensing rights	52,540	--
Other intangible assets	5,816	5,816
	58,356	5,816
Less accumulated amortization	(57,256)	(5,816)
Net definite life intangible assets	1,100	--
Amortization expense	(445)	(224)
Weighted average amortization period	5 Years	5 Years

During 2004, the Company sold the remaining software licensing rights in connection with the sale of Virus 112 (See Note 7).

7. BUSINESS ACQUISITIONS AND DIVESTITURES

ACQUISITIONS DURING 2004

On April 1, 2004, Prime Vision A/S purchased the remaining 25% of Mobile Broadcast A/S, from Euro Broadcast Hire A/S thereby becoming the 100% owner of Mobile Broadcast A/S. The purchase price exceeded the fair market value of net assets acquired by approximately DKK 620, which was recorded as goodwill.

On April 23, 2004, the Company's subsidiary formerly known as 909.909 A/S changed its name to InAphone A/S and acquired, in a transaction accounted for as a purchase, the assets and operations of Ideation House ApS which engages in the development and marketing of mobile phone software technologies. The terms of the purchase required the Company to surrender 40% of the outstanding equity of InAphone A/S to the current management and to loan DKK 3,000 of working capital to InAphone A/S. The purchase price exceeded the fair value of the net assets acquired by approximately DKK 965, which was recorded as Goodwill. The consolidated financial statements include the results of

Edgar Filing: EUROTUST A/S - Form 20-F

operations of InAphone A/S from April 23, 2004 through December 31, 2004. Further, the net loss for InAphone A/S for the period from April 23, 2004 through December 31, 2004 applicable to the 40% minority interest were not allocated to the holders of the non-controlling interest as there is an inability of the minority shareholders to share in such losses.

On January 1, 2005, and subsequent to December 31, 2004, the Company sold InAphone A/S as InAphone A/S had depleted the capital management was willing to allocate, without showing any significant increase in sales from the use of media in mobile phones and hand-held personal organizers. The minority shareholders paid DKK 1 for the Company's 60% interest and assumed the net liabilities of InAphone A/S as of December 31, 2004.

F-23

EUROTUST A/S AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (DKK AND US\$ AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS AND WHERE OTHERWISE INDICATED)

ACQUISITIONS DURING 2003

On December 31, 2003, EuroTrust A/S purchased the remaining 15% of Europe-Visions A/S (formerly Euro909Media A/S), from Parken Sport & Entertainment thereby becoming the 100% owner of Europe-Visions A/S. The purchase price exceeded the fair market value of net assets of Europe-Visions acquired by approximately DKK 2.9 million, which was recorded as goodwill.

ACQUISITIONS DURING 2002

ALPHASYS SAS

As of January 2002, the Company acquired 100% of the French IT-security company Alphasys SAS, for a cash consideration of DKK 40.2 million. This consideration was subsequently reduced by DKK 5,057 after a loss guarantee was negotiated and a refund paid by the vendor of Alphasys SAS in June 2002.

Alphasys was purchased from Synerco ApS, a Danish company, also known as Venture 2000. Peter Forchhammer is a majority shareholder of Synerco ApS and was one of the original founders of EuroTrust in 1985 and is currently a shareholder in EuroTrust.

The total purchase price has been allocated to the assets acquired and the liabilities assumed on the acquisition date. In the provisional purchase price allocation goodwill of DKK 33.2 million was recorded in connection with this acquisition, which forms part of The Company's Internet Security Product and Services Segment. The results of these operations have been consolidated in the Company's financial statements since January 21, 2002.

As of December 31, 2002, following an assessment of the current and future performance of the Alphasys business, we tested the goodwill arising on this acquisition for impairment. As a result of this test we wrote down the carrying value of the goodwill from DKK 33.2 million to zero. The tangible fixed assets acquired were also written down to zero as a result of this impairment test.

Edgar Filing: EUROTRUST A/S - Form 20-F

EUROTRUST NETVAULTING A/S (FORMERLY WISEHOUSE A/S)

As of December 31, 2002 Medani A/S exercised the written option issued at the time of the Company's purchase of an 85% equity interest in EuroTrust NetVaulting A/S to sell its remaining equity interest of 15% in EuroTrust NetVaulting A/S to the company. The consideration comprised 134,083 ADR's, valued at DKK 5,000. The share purchase was made in accordance with the terms of a shareholder agreement with the minority shareholder Medani A/S. The EuroTrust ADR's issued to Medani A/S in this transaction were purchased from a shareholder who had purchased the shares in the market, at the request of the Company, during the period August 2002 to November 2002. The shares were sold to the Company at the same price that the shareholder had paid in the market with an additional 1% to cover transaction costs. The shareholder has been working as a consultant to EuroTrust NetVaulting A/S.

The Company experienced a loss of DKK 4,923 with regard to this option which is included within other (expenses) income in the consolidated statement of operations as of December 31, 2002. The

F-24

EUROTRUST A/S AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (DKK AND US\$ AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS AND WHERE OTHERWISE INDICATED)

difference between the actual purchase price for the ADR's of DKK 4,575 and the fair value of the option of DKK 5,000 has been included within other (expenses) income, net in the consolidated statement of operations as a gain amounting to DKK 425.

EUROTRUST SECURE HOSTING A/S

As of January 1, 2002, we combined our Digiweb activity with DHT Hosting ApS (a Danish automated hosting company) to form EuroTrust Secure Hosting A/S, our secure web hosting subsidiary, in which we have a 75% ownership interest. DHT Hosting ApS has an option to sell its 25% interest in EuroTrust Secure Hosting A/S to us in 2004 and forward at a price based on the future profitability of Hosting or for a minimum of DKK 2,500. In addition, DHT Hosting ApS has an option to acquire an additional 10% of EuroTrust Secure Hosting A/S for a price of DKK 50 (at par). These options have been included in the financial statements at their respective fair values, resulting in an expense of DKK 2,287 in 2002 which is included within other (expenses) income, net in the consolidated statement of operations for the year ended December 31, 2002.

DIVESTITURES DURING 2004

VIRUS 112

On September 30, 2004 the Company sold the assets of Virus112, to Comendo A/S. Virus112 A/S, a wholly-owned subsidiary of the Company, through which the Company offered virus detection products and services. The purchase price was approximately U.S. \$2.5 million, of which U.S. \$700,000 was paid in cash and the balance was paid by a five-year note receivable in the principal amount of U.S. \$1.8 million, bearing interest of 6% per annum, and payable in quarterly installments. Comendo will also hire the Virus112 employees and assume

Edgar Filing: EUROTRUST A/S - Form 20-F

the employee and the ongoing contractual obligations of Virus112. In addition, Comendo will enter into a 5-year lease for the portion of the facility owned by the Company that is occupied by Virus 112.

In connection with the sale Comendo agreed to lease certain office space and equipment from the Company. The lease calls for Comendo to make monthly payments of DKK 79 the first 6 months and afterwards DKK 113 per month through September 30, 2009.

The following table summarizes the proceeds received, the assets and liabilities divested and the gain recorded by the Company on the closing date of the sale to Comendo:

	SEPTEMBER 30, 2004

	(IN THOUSANDS DKK)
Proceeds from sale of Virus112 A/S assets:	
Cash received (October 1, 2004)	4,000
Notes receivable	11,000

	15,000
	=====

F-25

EUROTRUST A/S AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (DKK AND US\$ AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS AND WHERE OTHERWISE INDICATED)

	SEPTEMBER 30, 2004

	(IN THOUSANDS DKK)
Assets and liabilities divested in sale of EuroTrust PKI assets:	
Current assets	3,190

Total assets divested	3,190

Current deferred revenue	10,868)

Total liabilities divested	10,868)

Net liabilities divested	(7,678)
	=====
Write-down of related property and equipment in connection with the sale	1,741
	=====
Related cost of divestiture	1,200

Edgar Filing: EUROTUST A/S - Form 20-F

Gain on sale of business

19,737

PKI

On April 1, 2004, the Company sold the Secure Socket Layer certificate assets of EuroTrust PKI to VeriSign. EuroTrust PKI, a wholly-owned subsidiary of the Company, is the operation through which the Company sells Public Key Infrastructure (PKI) Services, including VeriSign's SSL certificates and related services in Austria, Switzerland, Finland, Norway, Sweden and Denmark. Under the terms of the agreement, VeriSign paid the Company U.S. \$8.5 million in cash and assume the ongoing obligations of EuroTrust PKI SSL contracts.

In connection with the sale VeriSign agreed to lease certain office space and equipment from the Company. The lease calls for VeriSign to make monthly payments of U.S. \$10 through April 1, 2007. VeriSign may cancel the lease after 18 months through the payment of a U.S. \$50 cancellation fee.

The following table summarizes the proceeds received, the assets and liabilities divested and the gain recorded by the Company on the closing date of the sale to VeriSign:

F-26

EUROTUST A/S AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (DKK AND US\$ AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS AND WHERE OTHERWISE INDICATED)

APRIL 1, 2004

(IN THOUSANDS DKK)

Proceeds from sale of EuroTrust PKI assets:

Cash received	46,312
---------------	--------

Cash held in escrow	5,959
---------------------	-------

52,271

Assets and liabilities divested in sale of EuroTrust PKI assets:

Current assets	8,888
----------------	-------

Total assets divested	8,888
-----------------------	-------

Current deferred revenue	(29,620)
--------------------------	----------

Total liabilities divested	(29,620)
----------------------------	----------

Edgar Filing: EUROTUST A/S - Form 20-F

Net liabilities divested	(20,732)
	=====
Write-down of related property and equipment in connection with the sale	9,367
	=====
Legal and related cost of divestiture	574
	=====
Gain on sale of business	63,062
	=====

Secure Hosting A/S

In January 2004, the Company sold its hosting subsidiary, EuroTrust Secure Hosting A/S, to Mondo A/S. The consideration we received includes a three-year royalty agreement on future sales generated from our transferred customer base. The agreement includes a minimum royalty of DKK 7,100 over the three-year period. During 2004, the Company received royalty payment of DKK 1,435 which

F-27

EUROTUST A/S AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (DKK AND US\$ AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS AND WHERE OTHERWISE INDICATED)

have been included in the gain from sales of business line item on the consolidated statements of operations.

DIVESTITURES DURING 2003

NetVaulting A/S

On November 30, 2003, the Company sold the assets in its secure remote back-up business, EuroTrust NetVaulting A/S, to Munk IT. The consideration includes a 10-year royalty agreement on future sales generated from our transferred customer base, and a lease of our TSM assets.

EuroTrust Sweden AB

On December 31, 2003, the Company sold its 70% interest in EuroTrust Sweden AB to CEO/shareholder (30% of EuroTrust Sweden - Klas Carlin) and our previous CTO Tobias Wahlgren for DKK 1. All employment liabilities for Tobias Wahlgren is in connection with the agreement transferred from EuroTrust PKI Services A/S to EuroTrust Sweden AB. EuroTrust Sweden AB had a negative equity of approx. DKK 1,400 as of December 31, 2003. Due to the negative equity EuroTrust has given EuroTrust Sweden AB the possibility for a loan of a maximum of DKK 1,600 forward for the period ending December 31, 2005. The loan can at anytime be transferred into equity of a maximum of 25% in EuroTrust Sweden AB.

Edgar Filing: EUROTUST A/S - Form 20-F

On December 31, 2003 we sold our interest in Alphasys for DKK 1 and recognized a gain of approximately DKK 6,400 gain on sale of subsidiary. Alphasys had previously been forced into liquidation in October 2003. Management believes in consultation with its French attorney that no liability will be raised against EuroTrust A/S.

On November 30, 2003 the Company disposed of the operations and assets of Realtime Security A/S for DKK 400 resulting in the Company recognizing a loss of DKK 520 on the sale.

8. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of the Company's cash equivalents and restricted cash, receivables, marketable securities, long-term investments, line of credit and long-term debt, payables and lease obligations approximates the carrying amount, which is the amount for which the instrument could be exchanged in a current transaction between willing parties. Information about each instrument follows:

CASH, CASH EQUIVALENTS AND RESTRICTED CASH

The carrying amount of cash, cash equivalents and restricted cash approximates their fair value as of December 31, 2003 and 2004, because of the short term maturities of those instruments.

ACCOUNTS RECEIVABLE, RECEIVABLES FROM RELATED PARTIES, VAT RECEIVABLE AND OTHER RECEIVABLES

The carrying amounts of accounts receivable, receivables from related parties, VAT receivable and other receivables approximate their fair value as of December 31, 2003 and 2004 because of the expected short term collection of those instruments.

F-28

EUROTUST A/S AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (DKK AND US\$ AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS AND WHERE OTHERWISE INDICATED)

NOTES RECEIVABLE,

The carrying amount of notes receivable approximates their fair value as of December 31, 2003 and 2004 because the interest rates approximate the rate of similar instruments as of December 31, 2004.

Marketable securities

The fair values of investment securities are estimated based on quoted market prices as of December 31, 2003 and 2004 and are stated at fair value.

LONG TERM INVESTMENTS

For long-term other investments for which there are no quoted market prices, a reasonable estimate of fair value as of December 31, 2003 and 2004 is based on a review of the assumptions underlying the operating performance of the privately held companies.

Edgar Filing: EUROTUST A/S - Form 20-F

LINE OF CREDIT AND LONG- TERM DEBT

The fair values of the Company's line of credit and long-term debt as of December 31, 2003 and 2004 approximate recorded values as of December 31, 2004, based on similar current rates offered to the Company for debt of the same remaining maturities.

ACCOUNT PAYABLE AND ACCOUNTS PAYABLE, RELATED PARTIES

The carrying amount of accounts payable and accounts payable -related party approximates fair value as of December 31, 2003 and 2004, because of the short term maturity of those instruments.

LEASE OBLIGATIONS

The fair value of the Company's lease obligations is estimated by discounting the future cash flows at rates currently offered to the Company for debt of comparable maturities by the Company's bankers and is similar to recorded amounts as of December 31, 2004.

9. SHORT-TERM BORROWING AND LINE-OF-CREDIT

Short-term borrowing from a Danish bank is due on demand and consists of the following (in DKK):

	DECEMBER 31,	
	2003	2004
	----	----
Forstaedernes Bank	--	8,417
	0	8,417
	=====	=====

At December 31, 2004 the Company also has secured lines-of-credit with Danish banks up to DKK 9.0 million. Interest rates fluctuate with the market rates of the major banks. The weighted average interest rates as of December 31, 2003 and 2004 were 6.0% and 5.5%, respectively. The Company has pledged a mortgage deed on the building of DKK 10,000 as collateral for the borrowings.

10. BANK LOANS

Bank loans consists of the following (in DKK):

F-29

EUROTUST A/S AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (DKK AND US\$ AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS AND WHERE OTHERWISE INDICATED)

	DECEMBER 31,	
	2003	2004
	----	----
Forstaedernes Bank 5.5% note payable, due September 2009, payable in monthly installments of DKK 77,		

Edgar Filing: EUROTRUST A/S - Form 20-F

with vehicles and broadcasting equipment valued at DKK 4,150 pledged as collateral	--	3,840
	-----	-----
Less current portion	--	741
	-----	-----
	--	3,099
	=====	=====

The estimated aggregate maturities required on long-term debt for each of the individual years at December 31, 2004 are as follows:

	2004

Year ending December 31:	
2005	741
2006	767
2007	810
2008	855
2009	667

	3,840
	=====

11. CAPITAL LEASES

The Company is obligated under capital leases for inventories and production van and equipment that expire at November 1, 2008. At December 31, 2003 and 2004, the gross amount of production vans and equipment and related accumulated depreciation recorded under capital leases and the amount of inventories subject to sale-and-leaseback arrangements were as follows:

	DECEMBER 31,	

	2003	2004
Inventories, net of impairment charges	--	--
OB van and equipment	--	7,095
	-----	-----
	--	7,095
Less accumulated depreciation	--	1,266
	-----	-----
	--	5,829
	-----	-----

F-30

EUROTRUST A/S AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DKK AND US\$ AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

Edgar Filing: EUROTUST A/S - Form 20-F

AND WHERE OTHERWISE INDICATED)

For the year ended December 31, 2004 the Company recorded depreciation expense on assets held under capital leases of DKK 1,172 which was included in depreciation expense on the statements of operations.

In 2002 the Company entered into a sale and lease back agreement with IBM regarding the company's inventories of Tivoli licenses. The lease payments amount to DKK 3,706 per year and the agreement expires April 30, 2004. The lease is secured by 15,000 Tivoli licenses valued at approximately DKK 7,215 before their impairment in 2002. During 2003 the Company stopped making payments on the lease obligations due to disagreements regarding the underlying Tivoli Licenses; resulting in the lease obligation being in default according to the terms of the lease agreement. At December 31, 2003 and 2004 the Company has included approximately DKK 3,839, in accounts payable representing approximately DKK 3,744 in principal and DKK 95 in interest relating to unpaid lease commitments. The Company is from time to time in discussions with IBM to resolve the underlying disagreements and to potentially renegotiate the terms of the lease agreement.

The Company also has several non-cancelable operating leases, primarily for office space, that expire over the next two years. These leases generally contain renewal options for one year and require the Company to pay all executory costs such as maintenance and insurance. Expenses under operating leases, amounted to DKK 3.4 million, DKK 1.8 million and DKK 1.3 million in the years ended December 31, 2002, 2003 and 2004, respectively.

Future minimum lease payments under non-cancelable operating leases (with initial or remaining lease terms in excess of one year) and future minimum capital lease payments, as of December 31, 2004 are:

	CAPITAL LEASES	OPERATING LEASES
	-----	-----
Year ending December 31:		
2005	1,560	1,115
2006	1,560	1,027
2007	1,560	754
2008	1,430	680
2009	--	225
2010	--	208
	-----	-----
Total minimum lease payments	6,110	4,009
		=====
Less amount representing interest	281	

Present value of net minimum capital lease payments	5,829	

Less current installments of obligations under capital leases	1,244	

Obligations under capital leases, excluding		

Edgar Filing: EUROTUST A/S - Form 20-F

current installments

4,585

=====

F-31

EUROTUST A/S AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (DKK AND US\$ AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS AND WHERE OTHERWISE INDICATED)

12. RELATED PARTY TRANSACTIONS

In the ordinary course of business, EuroTrust engages in transactions with certain entities and individuals that are considered to be related parties as follows:

VERISIGN INC

VeriSign was a minority shareholder in EuroTrust A/S (approx. 18%) until April 1, 2004. The transactions entered into during the year and the accounts payable at the year end shown below are a result of commercial trade with VeriSign. Current accounts with VeriSign are not carrying any interest.

	DECEMBER 31,	

	2003	2004
	----	----
VeriSign Inc. (Annual fees and royalties)	4,204	2,082
	=====	=====
VeriSign Inc. (Accounts payable)	477	--
	=====	=====

On April 1, 2004, the Company sold the Secure Socket Layer certificate assets of EuroTrust PKI to VeriSign. EuroTrust PKI, a wholly-owned subsidiary of the Company, is the operation through which the Company sells Public Key Infrastructure (PKI) Services, including VeriSign's SSL certificates and related services in Austria, Switzerland, Finland, Norway, Sweden and Denmark. Under the terms of the agreement, VeriSign paid the Company \$8.5 million U.S. in cash and assumed the ongoing obligations of EuroTrust PKI SSL contracts.

Simultaneously with the closing of the transaction to sell the assets of EuroTrust PKI to VeriSign, the Company repurchased 458,120 (Not in thousands) of its ordinary shares which is equivalent to 458,120 (Not in thousands) American Depositary Receipts or "ADRs" from VeriSign for \$1,136 U.S. The repurchase was authorized by the Company's shareholders on May 28, 2003.

NEMETH & SIGETTY A/S

Mr. Karoly Laszlo Nemeth is the Chairman of the board of directors of EuroTrust A/S and is also the joint owner of Nemeth & Sigetty A/S. Nemeth & Sigetty A/S provided legal services to the Company during each of the three years ended December 31, 2002, 2003 and 2004. For the years ended December 31,

Edgar Filing: EUROTUST A/S - Form 20-F

2002, 2003 and 2004 Nemeth & Sigetty A/S has been paid, DKK 1,115, DKK 418 and DKK 962 respectively. The total outstanding payables due to Nemeth & Sigetty A/S as at December 31, 2003 and December 31, 2004 were DKK 0 and DKK 0, respectively.

13. INCOME TAXES

The Company and each of its subsidiaries file separate tax returns in each country of incorporation. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

F-32

EUROTUST A/S AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (DKK AND US\$ AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS AND WHERE OTHERWISE INDICATED)

Significant components of the Company's deferred tax assets and liabilities as of December 31, 2003 and 2004 are as follows (in DKK):

	DECEMBER 31,	
	2003	2004
	----	----
DEFERRED TAX ASSETS		
Net operating loss carry forwards	105,365	
Tax value of fixed assets in excess of book value of fixed assets	7,415	
Other temporary differences	0	
Deductible goodwill and intangible assets	9,547	
Provisions	10,262	
Capital losses on shares	0	

Total deferred tax assets	132,589	

Less: Valuation allowance	(130,206)	(130,206)
	-----	-----
NET DEFERRED TAX ASSETS	2,383	
Deferred tax liabilities		0
Total net deferred tax assets		2,383

The recognized tax assets as of December 2003 and 2004 are related to temporary differences between the book and fiscal values of fixed assets in the profitable broadcasting segment and for the company EuroTrust Secure Hosting A/S.

The Company assessed the realization of the deferred tax assets based on available evidence, both positive and negative, to determine whether it is more likely than not that all or a portion of the deferred tax assets will be realized. The conclusion as to whether it is more likely than not that some

Edgar Filing: EUROTRUST A/S - Form 20-F

portion of these assets will not be realized takes into consideration the following factors, among others:

- o Future earnings potential determined through the use of internal forecasts
- o The carry forward period associated with the deferred tax assets and
- o The nature of the income that can be used to realize the deferred tax assets

To the extent that the Company determines it is more likely than not that all or a portion of the deferred tax assets will not be realized, a valuation allowance is recorded.

F-33

EUROTRUST A/S AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (DKK AND US\$ AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS AND WHERE OTHERWISE INDICATED)

The tax loss carry-forwards available at December 31, 2004 and their expiration years are as follows (in DKK):

EXPIRATION YEAR	DENMARK	SWITZERLAND	TOTAL
-----	-----	-----	-----
2005	28,355		28,355
2006	52,597		52,597
Indefinitely	195,700	12,250	207,950
	-----	-----	-----

The accumulated tax loss carry forwards cannot be used by all group companies as only a limited number of companies are jointly taxed.

For financial reporting purposes, income before income taxes is as follows (in DKK):

	DECEMBER 31,		
	-----	-----	-----
	2002	2003	2004
	----	----	----
Pretax income (loss):			
Denmark	(268,422)	(995)	28,026
Sweden	(2,844)	0	0
France	(3,616)	0	0
UK	45	0	0
Switzerland	(3,081)	(9,169)	0
	-----	-----	-----
	(277,918)	(10,164)	28,026

Edgar Filing: EUROTRUST A/S - Form 20-F

Significant components of the provision for income taxes are:	=====	=====	=====
Current: Denmark	(2,849)	(186)	0
Others	0	0	0
	-----	-----	-----
	(2,849)	(186)	0
	-----	-----	-----
Deferred: Denmark	350	1,677	(3,105)
Others	0	0	0
	-----	-----	-----
	350	350	(3,105)
	-----	-----	-----
Total:	(2,499)	(2,499)	(3,105)
	=====	=====	=====

F-34

EUROTRUST A/S AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (DKK AND US\$ AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS AND WHERE OTHERWISE INDICATED)

The reconciliation of income tax computed at the Danish statutory tax rate to income tax expense is:

	2002	2003	2004
	----	----	----
Danish income tax rate.....	30%	30%	30%
Non taxable gain on sold business.....	0%	0%	0%
Non deductible impairment charges.....	(10)%	0%	0%
Change in valuation allowance on deferred tax assets.....	(21)%	45%	45%
Other items, net.....	0%	0%	0%

Reported income tax expense.....	(1)%	(15)%	(15)%
	=====		

14. SHAREHOLDERS' EQUITY

TREASURY SHARES

During 2004, a total of 150,000 (not in thousands) shares were purchased from a shareholder into treasury and were later sold for DKK 4,148. Both transactions were at market price and resulted in a gain of DKK 319, which were booked under additional paid in capital. The Company repurchased 458,120 (Not in thousands) of its ordinary shares from VeriSign for \$1,136 U.S. simultaneously with the closing of the transaction to sell the assets of EuroTrust PKI to VeriSign,. The shares were purchased into treasury.

During the fourth quarter of 2004, the Company cancelled the 458,120 (not in thousands) in treasury with a cost of DKK 11,042.

Edgar Filing: EUROTUST A/S - Form 20-F

In 2003 the Company issued from treasury 139,423 (not in thousands) treasury shares valued at DKK 1,088 (the market price of the common share on the date issued from treasury) in connection with a guarantee for equity financing in EuroTrust in the event of needed funding. The guarantee expired May 9, 2004. The DKK 1,088 has been recorded as interest expense in the accompanying financial statements.

During the period from September 2002 to December 2002, a total of 15,400 (not in thousands) shares were purchased by a shareholder and were then sold back to the Company at the same price as that originally paid by the shareholder. During 2002 the Company purchased an additional 100,542 (not in thousands) treasury shares through its stockbroker. The Company has not bought any additional treasury shares in 2003.

COMMON STOCK

During 2004, the Company issued 345,254 shares (not in thousands) upon the exercise of options at pricing ranging from \$1.32 to \$2.46 per share.

During 2003, the Company issued 758,079 shares (not in thousands) upon the exercise of options at pricing ranging from \$1.26 to \$1.50 per share.

F-35

EUROTUST A/S AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (DKK AND US\$ AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS AND WHERE OTHERWISE INDICATED)

1 FOR 6 REVERSE STOCK SPLIT OF ORDINARY SHARES

On May 19, 2005, and reflected in the accompanying financial statements the Company effected a 1 for 6 reverse stock split of its ordinary shares wherein in lieu of issuing a fraction of a New Share, to pay to each holder the value thereof based upon the closing price of an ADR on the NASDAQ Small Cap Market on the day on which the change shall have occurred. The Company further effected a change in the par value of each ordinary common share of the Company from DKK1.25 to DKK 7.50.

15. EARNINGS PER SHARE

Basic net (loss) income per share is computed by dividing net (loss) income (numerator) by the weighted-average number of shares of common stock outstanding during the period (denominator). Diluted net (loss) income per share gives effect to stock options considered to be potential common shares, if dilutive. Potential common shares consist of shares issuable upon the exercise of stock options computed using the treasury stock method.

The following table presents the computation of basic and diluted average common shares outstanding:

YEAR ENDED DECEMBER 31,

Edgar Filing: EUROTUST A/S - Form 20-F

	2002	2003	2004
Determination of basic and diluted shares:			
Weighted-average shares outstanding	4,360	4,671	4,947
Potential common shares--dilutive stock options	-- -----	-- -----	319 -----
Basic and diluted average common shares outstanding	4,360	4,671	5,266

In 2004, the Company excluded 267 common share equivalents with a weighted-average share price of \$5.52, in 2003, the Company excluded 136 weighted-average common share equivalents with a weighted-average share price of \$1.38 and in 2002, the Company excluded 14 weighted-average common share equivalents with a weighted-average share price of \$5.04 from the potential common shares because their effect would have been anti-dilutive. Weighted-average common share equivalents do not include stock options with an exercise price that exceeded the average fair market value of the Company's common stock for the period.

Subsequent to the year ended December 31, 2004 the Company issued 71,094 (not in thousands) common ADR shares upon the exercise of stock options, issued 207,458 (not in thousands) common ADR shares upon the exercise of stock options, issued 16,666 (not in thousands) common ADR shares upon the exercise of stock options, issued 15,000 (not in thousands) common ADR shares upon the exercise of stock options and issued 587,500 (not in thousands) warrants to purchase the Company's Common Stock at \$4.75 per share expiring on April 30, 2015.

F-36

EUROTUST A/S AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (DKK AND US\$ AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS AND WHERE OTHERWISE INDICATED)

16. STOCK OPTIONS

STOCK OPTIONS

2001 INCENTIVE OPTION PLAN

During 2001, the Board authorized the grant and issue of 354,167 (not in thousands) options each to purchase one common share at various share prices ranging from \$6.30 to \$10.26 per share to employees and directors of the Company. The exercise price of the stock options was equal to the market price on the date of grant. The stock options are exercisable during the year of grant through their expiration dates ranging from August 31, 2003 to December 31, 2005. At December 31, 2004, 26,667 (not in thousands) options were outstanding.

In addition during 2001, the Board authorized the grant and issue of 7,500 (not in thousands) options each to purchase one common share at a price of \$6.54. A total of 2,500 (not in thousands) of these options became exercisable

Edgar Filing: EUROTUST A/S - Form 20-F

during 2002, another 2,500 (not in thousands) vest in 2003 and the remainder vest in 2004. These options all expired on January 1, 2005.

2002 INCENTIVE STOCK OPTION PLAN

During 2002, the Board authorized the grant and issue of 413,924 (not in thousands) stock options each to purchase one common share at various share prices ranging from \$2.34 to \$7.86 to employees and directors of the Company. The exercise price of the options was equal to the market price on the date of grant. A total of 294,458 (not in thousands) of these options were outstanding at December 31, 2004. The stock options are exercisable during the year of grant through their expiration dates ranging from January 1, 2005 to May 30, 2005.

2003 INCENTIVE STOCK OPTION PLAN

During 2003, the Board authorized the grant and issue of 1,318,750 (not in thousands) stock options each to purchase one common share at various share prices ranging from \$1.20 to \$2.88 to employees and directors of the Company. The exercise price of the options was equal to the market price on the date of grant. Of these options 215,417 (not in thousands) were outstanding at December 31, 2004. The stock options are exercisable during the year of grant through their expiration dates ranging from May 30, 2005 to February 3, 2008.

2004 INCENTIVE STOCK OPTION PLAN

During 2004, the Board authorized the grant and issue of 434,621 (not in thousands) stock options each to purchase one common share at various share prices ranging from \$3.24 to \$3.76 to employees and directors of the Company. The exercise price of the options was equal to the market price on the date of grant. Of these options all were outstanding at December 31, 2004. 434,621 stock options are exercisable during the year of grant and all stock options have expiration dates ranging from May 12, 2007 to May 12, 2009.

A summary of the Company's stock option activity, and related information for the three years ended December 31, 2004 is as follows:

F-37

EUROTUST A/S AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (DKK AND US\$ AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS AND WHERE OTHERWISE INDICATED)

	2002		2003		
	OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	OPTI
Outstanding, beginning of year	723	\$11.46	1,021	\$7.92	
Granted	414	4.92	1,319	1.38	
Exercised	--	--	(758)	1.26	
Forfeited	(17)	7.20	(250)	5.94	
Expired	(99)	21.00	(385)	7.50	

Edgar Filing: EUROTUST A/S - Form 20-F

Outstanding, end of year	1,021	\$7.92	947	\$3.12
Exercisable, end of year	1,016	\$7.92	944	\$3.12
Weighted average fair value of options granted during the year		\$3.60		\$6.42

The following table summarizes information about stock options outstanding as of December 31, 2004:

RANGE OF EXERCISE PRICES	SHARES OUTSTANDING	WEIGHTED-AVERAGE REMAINING CONTRACTUAL LIFE	WEIGHTED-AVERAGE EXERCISE PRICE	SHARES EXERCISABLE	WEIGHTED-AVERAGE REMAINING CONTRACTUAL LIFE
-----	-----	-----	-----	-----	-----
\$1.44 - \$1.50	166	3.0 years	\$1.50	166	
\$2.34 - \$2.88	52	2.5 years	\$2.82	52	
\$3.00 - \$3.30	298	3.3 years	\$3.24	298	
\$3.78 - \$3.78	215	3.3 years	\$3.78	215	
\$4.68 - \$8.40	242	0.28 years	\$5.64	242	
Total	973	2.46 years	\$3.48	973	

No compensation cost is recognized in income for any of the years presented above as the options can be exercised at a price equal to or greater than the price on the date of grant.

WARRANTS

During 2004, the Company recorded DKK 85 in consulting expense for the issuance of warrants to purchase 25,000 (not in thousands) common shares at DKK 23.76 expiring February 28, 2005. The warrants were valued using the Black Scholes method and with the following variables Yield of 0%, Volatility of 42.79%, Risk free interest rate of 3%, and estimated life of 0.5 years.

F-38

EUROTUST A/S AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (DKK AND US\$ AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS AND WHERE OTHERWISE INDICATED)

17. PENSIONS

During 2002, 2003 and 2004, the company has recognized expenses for defined contribution pension agreements with paid to pension and insurance companies on behalf of employees totaling DKK 1.5 million, DKK 1.8 million and DKK 0.8 million, respectively. The Company has no liability beyond their contributions related to the pensions.

Edgar Filing: EUROTRUST A/S - Form 20-F

18. NON-CASH FINANCING AND INVESTING ACTIVITIES

Capital lease obligations of DKK 525, DKK 1,176 and DKK 5,829 were incurred in 2002, 2003 and 2004 respectively. The Company entered into the leases for machinery, equipment and automobiles.

In 2003 the Company issued from treasury, 139,422 (not in thousands) shares of its common stock in connection with a guarantee for committing a private Placement in EuroTrust valid for 12 months.

In 2002 the Company issued from treasury, 134,083 (not in thousands) shares of its common stock with a market value of DKK 5,000 as consideration for the purchase of a 15% interest in the subsidiary EuroTrust NetVaulting A/S.

19. COMMITMENTS

The Company issues product guarantees in accordance with Danish law, normally covering the subscription period of services provided to customers. The Company has not incurred any costs in fulfilling these guarantees and the Company estimated a liability of DKK \$0 for the cost of such guarantees as of December 31, 2003 and 2004.

20. LITIGATION

During 2003, the Company recorded a provision of DKK 1,000 for expenses relating to an arbitration court regarding the construction of our building located in Soeborg. The constructor claimed bills for extra work performed and EuroTrust claim compensation due to insufficient work performed by the constructor. During 2004, as a result of the arbitration the Company paid a net payment to the constructor of approx. DKK 1,000 in settlement of the case.

During 2004, the Company paid Cyberguard DKK 994 in settlement of claims arising out of a disagreement regarding a reseller agreement signed in October 2002.

The Company is from time to time involved in routine legal and administrative proceedings and claims of various types. While any proceedings or claim contains an element of uncertainty, Management does not expect them to have an affect on our results of operations or financial position.

21. SEGMENT REPORTING

The Company's Chief Operating Decision-maker, as defined in SFAS No. 131, is considered to be EuroTrust's CEO. The Chief Operating Decision-maker reviews separate consolidated financial information for the Internet services business segment, the broadcast media business segment and prior to

F-39

EUROTRUST A/S AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (DKK AND US\$ AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS AND WHERE OTHERWISE INDICATED)

2002 other segments. Each of the Company's business segments are managed

Edgar Filing: EUROTUST A/S - Form 20-F

separately because they offer and distribute distinct services to different customer segments. The Company therefore considers that it has three reportable segments under SFAS 131 from 2002 to 2004 as follows: (i) Internet services, and (ii) broadcast media. The print and online media segment was disposed of in December 2001 and is, therefore, treated as a discontinued operation thereafter.

The Chief Operating Decision-maker evaluates performance and allocates resources based on profit or loss from operations before interest, gains and losses on the Company's investment portfolio, and income taxes. The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies. It is the Company's policy that trade between the segments is entered into on an arms-length basis.

Net sales by geographical location and reportable segment information for each and business segment for each of the years ended December 31, 2002, 2003 and 2004 is presented in the following tables:

F-40

EUROTUST A/S AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (DKK AND US\$ AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS AND WHERE OTHERWISE INDICATED)

	2002		2003		2004		2004
	DKK	%	DKK	%	DKK	%	USD
Denmark	110,992	82%	133,397	80%	95,952	85%	17
Norway	4,967	4%	8,278	5%	4,349	4%	
Sweden	2,874	2%	7,736	5%	8,996	8%	1
France	9,636	7%	5,770	3%	0	0%	
Finland	2,763	2%	4,718	3%	1,163	1%	
Austria	1,884	1%	1,593	1%	616	1%	
Switzerland	2,673	2%	4,563	3%	955	1%	
Other	0	0%	356	0%	80	0%	
	-----		-----		-----		-----
	135,789	100%	166,411	100%	112,111	100%	20
	-----		-----		-----		-----

The segmented data are as follows:

[BALANCE OF PAGE INTENTIONALLY LEFT BLANK]

Edgar Filing: EUROTRUST A/S - Form 20-F

F-41

EUROTRUST A/S AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DKK AND US\$ AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS
AND WHERE OTHERWISE INDICATED)

	2002	YEARS ENDED DECEMBER 31, 2003	2004
	DKK	DKK	DKK
INTERNET SERVICES:			
Net revenue	63,769	77,792	21,098
Operating expenses:			
Cost of sales	80,472	28,374	8,847
Selling and marketing expenses	39,299	33,696	11,015
General and administrative expenses	34,949	28,076	10,876
Depreciation, amortization and write down	161,289	3,553	2,723
Total operating expenses	316,009	93,699	33,461
Operating (loss)	(252,240)	(15,907)	(12,363)
Capital expenditure	9,210	1,762	2,541
Total assets	99,962	65,655	55,581
BROADCAST MEDIA			
Net revenue	72,020	88,619	91,013
Operating expenses:			
Cost of sales	40,534	58,045	60,949
Selling and marketing expenses	10,150	12,085	14,225
General and administrative expenses	9,934	12,537	12,638
Depreciation, amortization and write down	4,828	4,764	9,069
Total operating expenses	65,446	87,431	96,881
Operating income (loss)	6,574	1,188	(5,868)
Capital expenditure	8,261	13,743	29,261
Total assets	68,255	75,190	122,667
CONSOLIDATED			
Net revenue	135,789	166,411	112,111
Operating expenses:			

Edgar Filing: EUROTRUST A/S - Form 20-F

Cost of sales	121,006	86,419	69,796
Selling and marketing expenses	49,449	45,781	25,240
General and administrative expenses	44,883	40,613	23,514
Depreciation, amortization and write down	166,117	8,317	11,792
Total operating expenses	381,455	181,130	130,342
Operating (loss)	(245,666)	(14,719)	(18,231)
Capital expenditure	17,471	15,505	31,802
Total assets	168,217	140,845	178,248

DKK amounts have been converted into US\$ at an exchange rate of \$1=DKK 5.4676.

F-42

EUROTRUST A/S AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (DKK AND US\$ AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS AND WHERE OTHERWISE INDICATED)

24. SUBSEQUENT EVENTS

The Company issued 310,218(not in thousands) common ADR shares upon the exercise of stock options at DKK 13.02 to DKK 21.72 per share.

On April 1, 2005, the Company sold its building located at Poppelgardvej 11-13 in Søborg, Copenhagen to Lion Ejendomme ApS for DKK 20,000 in cash. At December 31, 2004 the net book value of the building was DKK 19,638.

On May 16, 2005, the Company issued 587,500 warrants to Officers and Directors of the Company to purchase the Company's common stock at \$4.75 per share. The warrants vest immediately and are expire April 30, 2015. The estimated fair value of the warrants on the date issued is approximately DKK15,600.

On May 19, 2005, and reflected in the accompanying financial statements the Company effected a 1 for 6 reverse stock split of it's ordinary shares wherein in lieu of issuing a fraction of a New Share, to pay to each holder the value thereof based upon the closing price of an ADR on the NASDAQ Small Cap Market on the day on which the change shall have occurred. The Company further effected a change in the par value of each ordinary common share of the Company from DKK1.25 to DKK 7.50.

F-43

INDEX TO EXHIBITS

EXHIBITS

- 1.1 Amended Articles of Association of the Registrant, as of December 6, 2001 (1)
- 1.2 Rules of Procedures of the Registrant, as amended (2)
- 2.1 Employee and Director Subscription Option Plan*
- 4.5 Form of Employment Agreement between the Registrant and Aldo Petersen, effective as of January 1, 2005*
- 4.6 Form of Employment Agreement between the Registrant and Soren Degn, effective as of January 1, 2005*
- 8.1 List of the Subsidiaries of the Registrant *
- 11.1 Code of Ethics(4)
- 12.1 Chief Executive Officer Certification pursuant to Rule 13a-14(a) or Rule 15d-14(a).*
- 12.2 Chief Financial Officer Certification pursuant to Rule 13a-14(a) or Rule 15d-14(a).*
- 13.1 Chief Executive Officer Certification pursuant to Rule 13a-14(b) or Rule 15d-14(b) and 18 U.S.C. Section 1350.*
- 13.2 Chief Financial Officer Certification pursuant to Rule 13a-14(b) or Rule 15d-14(b) and 18 U.S.C. Section 1350.*

* Included herewith.

- (1) Filed as an exhibit to the Company's Annual Report on Form 20-F, filed on June 27, 2002, and incorporated by reference herein.
- (2) Filed as an exhibit to the Company's original filing of the Registration Statement on Form F-1 (File No. 333-7092), filed on June 20, 1997, and incorporated by reference herein.
- (4) Filed as an exhibit to the Company's Annual Report on Form 20-F, filed on September 23, 2003, and incorporated by reference herein.
- (5) Filed as an exhibit to the Company's Annual Report on Form 20-F, filed on May 12, 2004, and incorporated by reference herein.