RTX Telecom A/S

Annual report 2006/07

RTX Telecom A/S
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CONTENTS

CONTENTS

FINANCIAL HIGHLIGHTS AND KEY RATIOS OF THE GROUP

Amounts in DKKm	2002/03[1]	2003/04[1]	2004/05	2005/06	2006/07
Profit and loss account items					
Net turnover	178.9	222.0	317.2	285.1	216.1
Gross profit	148.7	144.2	179.4	152.3	98.3
Operating profit/loss (EBIT)	-12.1	-30.7	-3.9	-63.0	-98.7
Net financials	7.8	5.9	4.0	-1.5	68.4
Profit/loss before tax	-4.3	-24.8	0.1	-64.5	-30.3
Profit/loss for the year	-3.5	-17.3	-1.1	-64.7	-47.3
Balance sheet items					
Cash and current asset investments	291.3	231.2	161.5	106.9	115.7
Total assets	493.6	447.1	452.4	408.9	343.2
Equity	392.4	374.9	366.5	304.6	257.0
Liabilities	101.2	72.2	85.9	104.3	86.2
Other key figures					
Development costs	-	-	29.8	46.3	26.5
Depreciation, amortisation and impairment	10.8	19.9	10.2	14.7	10.7
Cash flows from operations	26.4	-30.5	-47.7	-46.2	-55.0
Cash flows from investments	-2.2	-13.6	27.6	33.8	100.5
Investments in tangible assets	4.9	6.0	3.4	12.3	2.4
Increase/decrease in cash and cash equivalents	28.2	-60.1	-27.0	-11.7	42.1
Key ratios					
Growth in net turnover (percentage)	-16.4	24.1	42.9	-10.1	-24.2
Profit margin (percentage)	-6.8	-13.8	-1.2	-22.1	-45.7
Return on invested capital (percentage)	-7.2	-19.9	-2.1	-27.0	-51.7
Return on equity (percentage)	-0.9	-4.5	-0.3	-19.3	-16.8
Equity ratio (percentage)	79.5	83.8	81.0	74.5	74.9
Employment					
Average number of full-time employees	244	225	249	276	232
Net turnover per employee (DKK '000)	733	987	1.274	1.033	932
Operating profit/loss per employee (DKK '000)	-50	-136	-16	-228	-426

FINANCIAL HIGHLIGHTS AND KEY RATIOS OF THE GROUP

Amounts in DKKm	2002/03[1]	2003/04[1]	2004/05	2005/06	2006/07
Shares (number of shares in thousands)					
Average number of shares in circulation	9,222	9,410	9,285	9,300	9,289
Average number of diluted shares[2]	9,384	9,580	9,406	9,364	9,299
Share data, DKK per share at DKK 5					
Profit/loss for the year (EPS)	-0.4	-1.8	-0.1	-7.0	-5.1
Profit/loss for the year, diluted (DEPS)	-0.4	-1.8	-0.1	-6.9	-5.1
Cash flows from operations	1.1	-3.7	-5.1	-4.9	-5.9
Dividends	0.0	0.0	0.0	0.0	0.0
Equity value	41.8	39.1	39.5	32.7	27.7
Listed price	65.1	53.3	135.5	73.0	52.5

Note: The Group's financial year runs from 1 October to 30 September.
The stated key ratios have been calculated in accordance with "Recommendations and Ratios 2005" issued by the Danish Association of Financial Analysts. The financial highlights and key ratios for 2004/05, 2005/06 and 2006/07 have been prepared in accordance with the International Financial Reporting Standards (IFRS).

1 Comparative figures for 2002/03 and 2003/04 have not been restated to the changed accounting policies upon transition to financial reporting according to IFRS but have been computed in accordance with the previous accounting policies based on the provisions of the Danish Financial Statements Act and the Danish Accounting Standards.

2 Including all unexercised warrants. A total of 9,150 warrants at DKK 5 have been issued in the years 2002 - 2003 (including) to a limited number of key employees which, upon full conversion, can be converted into 9,150 shares at DKK 5 in the period 20 January 2008 to 4 February 2009.

COMPANY DETAILS

Company

RTX Telecom A/S
Strømmen 6
9400 Nørresundby
Denmark

Central Business Registration No: 17 00 21 47
Registered in: Aalborg municipality, Denmark

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Web-site:	www.rtx.dk

Supervisory Board

Poul Lind, Chairman, born 1952.
Elected by the Annual General Meeting, first time in 2000. Term of office expires January 2008.

Education:	Engineer (Low Voltage Electricity) 1976.
Title:	CEO, PowerSense A/S.
Other directorships:	Member of the Supervisory Board of MT Højgaard a/s and Monberg & Thorsen A/S.

Per Møller, Deputy Chairman, born 1943.
Elected by the Annual General Meeting, first time in 2000. Term of office expires January 2008.

Education:	MSc (Economics) 1968.
Other directorships:	Chairman of the Supervisory Board of Højgaard Holding A/S, MT Højgaard a/s, Atrium Partners A/S, Det Danske Klasselotteri A/S and Glunz & Jensen Fonden. Member of the Supervisory Board of BioMar Holding A/S.

Jørgen Dalby-Jakobsen, born 1962.
Elected by the employees, first time in 2003. Term of office expires January 2009.

Education:	MSc (Engineering) 1987.
Title:	Senior Coordinator, RTX Telecom A/S.

COMPANY DETAILS

Supervisory Board

Jørgen Elbæk, born 1952.
Elected by the Annual General Meeting, first time in 2007. Term of office expires January 2008.

Education:	MSc (Engineering) 1977.
Title:	Vice President, RTX Telecom A/S.
Other directorships:	Member of the Supervisory Board of Aalborg University, Nordjyske Holding A/S, Futarque A/S and LitePoint Corporation, USA.

Jens Hansen, born 1958.
Elected by the Annual General Meeting, first time in 1994. Term of office expires January 2008.

Education:	MSc (Engineering) 1984.
Title:	Member of Strategic Technology Group, RTX Telecom A/S.
Other directorships:	Chairman of the Supervisory Board of Futarque A/S. CEO and member of the Supervisory Board of JH Venture A/S.

Christian Jørgensen, born 1959.
Elected by the Annual General Meeting, first time in 2006. Term of office expires January 2008.

Education:	MSc (Economics) 1985 and MBA 1992.
Title:	General Manager, Western Europe, Baxter Healthcare, USA.
Other directorships:	Member of the Supervisory Board of Deadline Games A/S.

Else Baldvinsson Larsen, born 1950.
Elected by the employees, first time in 2007. Term of office expires January 2011.

Education:	Bachelor of Commerce (tax revision).
Title:	Finance Controller, RTX Telecom A/S.

Jens Toftgaard Petersen, born 1959.
Elected by the Annual General Meeting, first time in 1994. Term of office expires January 2008.

Education:	MSc (Engineering) 1984.
Title:	Head of Strategic Technology Group, RTX Telecom A/S.

COMPANY DETAILS

Executive Board

Tage Rasmussen, born 1947.

Education:	MSc M.E. 1973
Title:	CEO, RTX Telecom A/S.
Other directorships:	Managing partner of Quinterion PLC, UK and Member of the Supervisory Board of Radiocomp ApS

Company auditor

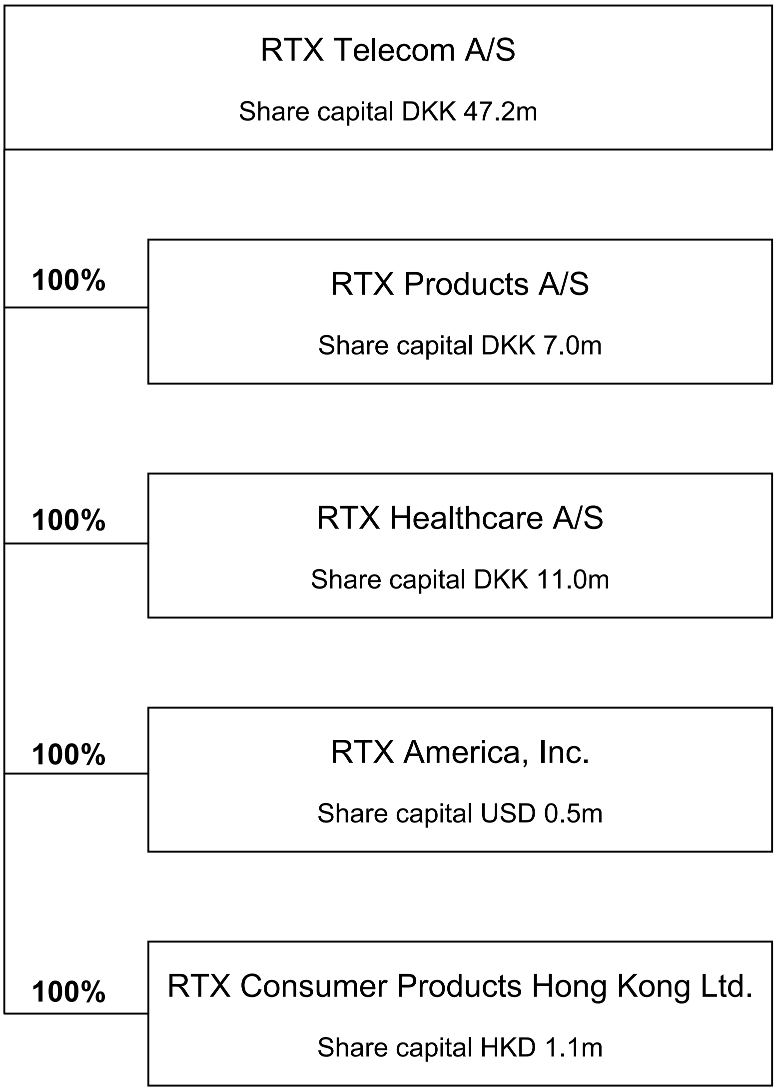
Deloitte Statsautoriseret Revisionsaktieselskab

Annual General Meeting

The Annual General Meeting is held at the Company's premises Strømmen 6, 9400 Nørresundby, Denmark, on Monday, 21 January 2008, at 3 pm.

THE GROUP, BUSINESS CONCEPT AND BUSINESS AREAS

Group chart at 30 September 2007



THE GROUP, BUSINESS CONCEPT AND BUSINESS AREAS

Business concept

RTX Telecom is an internationally operating group which sells, develops and manufactures products, technological solutions and services within wireless communication and telehealth as well as other telecom products.

It is the RTX Telecom Group's objective to be the customers' preferred partner for development and supply of advanced solutions within wireless technologies, in particular including DECT, Bluetooth^{TM} and IP communication solutions as well as telehealth.

The Group, which has subsidiaries in Hong Kong and the US, aims to create added value for the customers' business areas through flexibility, fast response time, high quality as well as thorough knowledge of customers' needs and market conditions.

The RTX Group is making a targeted effort to retain and improve strong cooperative relations with important chip suppliers of wireless technologies. In this way, RTX Telecom aims at obtaining a unique and early access to state-of-the-art technology and global sales channels.

The Group is making a targeted effort to develop platform solutions, which makes it possible to supply the same basic technology to different customers. The reuse of technology platforms enables the customers to obtain more competitive prices and shorter time-to-market.

The Group offers attractive terms of employment for the employees in a social and professional working environment with challenging and interesting tasks in flexible and dynamic cooperative relations.

Business areas

During the year, the Group has split up the Group's activities into four business units with individual market and product focus. The Group's development resources and administrative functions are located centrally and allocated as required. RTX Consumer Products Hong Kong Ltd., however, has a special status as this subsidiary handles almost all the value chain from marketing and sales to supply.

The Group currently aims at balancing engineer resources between development and supply of customer assignments on one hand and continued development of the Group's technological and project management competences on the other. The Group's objective continues to be the maintenance of a leading position within development of products and equipment based on important wireless technologies such as DECT/CAT-iq and Bluetooth^{TM}.

THE GROUP, BUSINESS CONCEPT AND BUSINESS AREAS

In the following the individual business units are briefly described:

RTX Technology markets and sells, develops and produces advanced design and production solutions for wireless products and systems.

The development tasks are primarily focused around technologically advanced solutions within the technology areas DECT, DECT 6.0, Bluetooth™ and VoIP. The Group makes a target effort to deliver the same basic technology to different industrial customers.

Within this business unit, RTX Telecom also develops test solutions, extensive test instruments and test equipment as well as current maintenance of test equipment for the customers in their production facilities.

RTX Consumer Products markets and sells, develops and produces professional telephony equipment such as wireless telephones, handsets and repeaters on OEM/ODM basis for leading international brands within the telecommunications industry.

Furthermore, RTX Consumer Products markets and sells own-developed products under the name of DU@Lphone, e.g. Skype™ products DU@Lphone 3058 and DU@Lphone 3088 as well as repeaters, wireless telephone line extenders and other telecom products.

RTX Consumer Products Hong Kong Ltd. represents the major part of the business unit.

RTX Network Systems markets and sells, develops and produces infrastructure solutions and terminals to telecom networks based on the Wireless IP/DECT and WiFi technologies. The activities are often performed in cooperation with international partners.

RTX Network Systems has developed solutions for public networks, hosted PABX solutions as well as "stand-alone" telephony solutions for e.g. hotels, factories, supermarkets, etc.

Moreover, RTX Network Systems markets and sells special communications modules based on the GSM/GPRS technology for installation in various appliances for remote monitoring, process measurement and tracking.

RTX Healthcare markets and sells, develops and produces wireless products and solutions for remote monitoring of patients with chronic diseases.

RTX Healthcare mainly sells the products on OEM/ODM basis. The business unit aims at having a high degree of reuse for the different customers, among whom are leading international American and European enterprises within the healthcare industry.

MANAGEMENT'S REVIEW

Summary for the year

The RTX Telecom Group is in the process of implementing an operational and financial turn-around process. During the financial year 2006/07, the Group has taken a number of initiatives to support the turn-around process, which was initiated as a focus strategy in the autumn of 2006.

The main elements of the strategy comprise:

- Enhancement of the commercial activities in the four business units: RTX Technology, RTX Consumer Products, RTX Network Systems and RTX Healthcare.
- Transfer of important activities to RTX Consumer Products Hong Kong Ltd.
- Extensive capacity reduction in order to adjust the Group's costs and staff. More than every third employee left the Group during 2006/07.
- Increased efforts to sell professional telephony products to OEM/ODM customers.
- Introduction of the RTX3370 Telehealth Monitor OEM/ODM platform.
- Enhanced cooperation with the chip supplier SiTel Semiconducter BV, Holland.
- Establishment of strategic sales and cooperative relations for RTX Network Systems.

The purpose of the implemented focus strategy is to strengthen the sales and marketing area, to obtain a significant reduction in the level of the Group's capacity costs and to create a more cost-effective organisation and improved risk management concurrently with the strategy being put into practice. The implementation of the focus strategy and turn-around process has been long-lasting and more resource demanding than expected.

In continuation of the focus strategy, strategic initiatives were launched in the present financial year to adapt RTX Telecom to the highly competitive market to which the Group sells its products and services. Also in the coming financial year, Management will currently plan and implement strategic initiatives to secure a continued adjustment of the Group.

In the financial year, the Group's sales and marketing activities were restructured with focus on four main business areas which are organised in four separate business units. The aim of these forward-looking changes in activities was to create a strong and coordinated platform for the Group's international strategy, which will become increasingly important to the Group in a globalised market. The changes made to the sales and marketing organisation, however, have been extremely resource-demanding, and despite the high priority given to the sales efforts towards potential ODM customers, the expected significant ODM delivery contracts were not executed in the financial year due to the customers' decision time, the development time of the products and the delivery time of components.

MANAGEMENT'S REVIEW

During the present financial year, the Group has intensified sales and marketing of the Wireless IP Network technology towards new customers. In the financial year, the Group has delivered the first commercial order for products for a Wireless IP Network system in Latin America.

In 2006/07, RTX Healthcare has executed a considerable part of the order from American Alere Medical Inc. for a wireless monitoring unit, DLM112 Daylink® Monitor, which is a user-friendly unit for remote reading and transmission of objective patient information such as blood pressure, blood glucose, weight, etc. The supplies stretch into the financial year 2007/08. In the financial year 2006/07, RTX Healthcare has also introduced a similar product, RTX3370 Telehealth Monitor, which has aroused great interest among potential customers in Europe and USA. The first supplies of RTX3370 were delivered in September 2007. The product is registered with the US health authorities, FDA, and CE labelled in accordance with current EU legislation which means that the product is supplied in accordance with the rules and regulations applicable to medical equipment in the US and EU.

A number of the activities which have turned out to be unprofitable have been closed down in the financial year 2006/07, and the extent of the internal development projects has been reduced during the present financial year. These initiatives were carried out as a follow-up on Management's initiation of a comprehensive capacity reduction at the end of the 2005/06 financial year in order to adjust the Group's costs. As a result of the adjustment, the staff in the Group's Danish companies was reduced by 84 net during the year whereas the staff in the Group's foreign subsidiaries was increased by 23 net. The increase in employees abroad has taken place in Hong Kong.

Considerable parts of the Group's competences have been transferred to the Hong Kong-based subsidiary RTX Consumer Products Hong Kong Ltd. and to external cooperative partners. Transfer to the subsidiary has included marketing and sales, development and production of professional telephony equipment and a number of own-developed products. The Group's essential core competences and critical functions, including significant development activities, have remained intact in Denmark.

At the end of the financial year, the RTX Telecom Group has an overdue receivable of DKK 33.0 million from a Romanian customer. The receivable amount has mainly arisen from invoicing of supplies of goods in connection with the customer's expansion of a Wireless IP Network system in Romania. The Group has made provisions of DKK 30.0 million for loss on this customer. During the latest three years the customer has paid considerable amounts. In order to collect the remaining receivables the RTX Telecom Group will take necessary juridical action.

MANAGEMENT'S REVIEW

RTX Telecom sold its minority interest in the US company LitePoint Corporation in 2006/07. The sale was conducted at the time of an increase in the number of shareholders of the US company. Other major shareholders of LitePoint Corporation have also sold shares in the company. The share sale has resulted in a positive impact on RTX Telecom's financial income of DKK 72.6 million in 2006/07. The shares were acquired in 2002.

Tax on profit/loss for the year is recognised at an expense of DKK 17.0 million. The amount is highly affected by the write-down of deferred tax assets to DKK 0.0 million due to significant uncertainty regarding the use of these tax assets.

In 2006/07, RTX Telecom completed a share buy-back program as, on 18 December 2006, the Company acquired 25,000 treasury shares at a purchase price of DKK 1.8 million, corresponding to an average price of DKK 73.18 per share at DKK 5. The share buy-back program comprised an acquisition in the region of 0.3% of the share capital, and it was launched to cover issued share options totaling 25,000 shares.

The following main points relating to the Group appear from the annual report for 2006/07, for instance:

- In connection with closing and preparation of the annual report for 2006/07 the Group has decided to make extraordinary provisions of DKK 30.0 million to cover loss on a Romanian customer.
- Operating profit/loss (EBIT) before the above provisions amounts to a negative DKK 68.7 million which is within expectations announced in May 2007.
- After extraordinary provisions operating profit/loss (EBIT) amounts to a negative DKK 98.7 million compared to a negative DKK 63.0 million last year.
- The Group's cash and current asset investments amounts to DKK 115.7 million at 30 September 2007 which is an increase of DKK 8.8 million compared to the same time last year.
- During the year, RTX Telecom has sold its shares in LitePoint Corporation. The share sale resulted in a positive impact on RTX Telecom's financial income of DKK 72.6 million.
- Net turnover has decreased by 24.2% and amounts to DKK 216.1 million compared to DKK 285.1 million in 2005/06.
- Profit/loss before tax amounts to a negative DKK 30.3 million compared to a negative DKK 64.5 million in 2005/06.
- Profit/loss after tax amounts to a negative DKK 47.3 million compared to a negative DKK 64.7 million in 2005/06.
- Management expects net turnover of DKK 240 – 300 million and operating profit/loss (EBIT) in the range from a negative DKK 30 million to DKK 0 million in the financial year 2007/08.

MANAGEMENT'S REVIEW

Key figures for the year
In 2006/07 net turnover decreased by 24.2% to a total of DKK 216.1 million.

Operating profit/loss (EBIT) amounted to a negative DKK 98.7 million (after provision of DKK 30.0 million to cover loss on a Romanian cutomer) compared to a negative DKK 63.0 million last year. Profit/loss after tax amounted to a negative DKK 47.3 million compared to a negative DKK 64.7 million last year.

The Group's cash and current asset investments amounted to DKK 115.7 million at 30 September 2007 which is an increase of DKK 8.8 million compared to the same time last year.

At 30 September 2007, the Group's equity amounted to DKK 257.0 million equivalent to a decline of DKK 47.6 million compared to the same time last year.

Primary activity

Business areas

RTX Telecom was established in May 1993, and since June 2000 the Company's shares have been listed at OMX The Nordic Stock Exchange Copenhagen (formerly the Copenhagen Stock Exchange).

The RTX Telecom Group markets, develops and produces advanced and high-technological wireless technology solutions and products. Today, the Group's technology development is focused around advanced solutions within the technology areas DECT, DCT2.4 GHz, CAT-iq, Bluetooth^{TM} and WiFi, VoIP and telehealth.

The activities within sales, development, production and distribution of wireless niche products account for an increasing part of the Group's total activities. Previously, the activities primarily related to customer-financed development contracts and royalty. Future growth in earnings is therefore primarily expected to come from products sold as OEM/ODM deliveries for industrial customers or through distributors. In addition, the Group is making a targeted effort to maintain the income level from customer-financed development contracts as a minimum.

The Group's activities have covered four business units since the autumn of 2006: RTX Technology (technology projects), RTX Consumer Products (consumer products), RTX Network Systems (network products) and RTX Healthcare (healthcare and medical products). In the following the four business units, each with its own focused sales and marketing department, will be described in detail.

MANAGEMENT'S REVIEW

RTX Technology

Business strategy and business concept

The business unit RTX Technology carries on RTX Telecom's traditional business area within customer-financed development contracts selling wireless communications solutions to industrial customers.

The development tasks are primarily focused on technologically advanced solutions within the technology areas DECT, CAT-iq, Bluetooth™ and VoIP. Furthermore, RTX Technology offers development and delivery of ODM specialty products to the same customers. Finally, RTX Technology offers development, supply, installation and support of production test solutions, including supply of test instruments to customers for whom RTX Technology has performed development tasks. Within the latter area, RTX Technology also offers a portfolio of dedicated measuring and test instruments as well as development tools for use in the customers' own internal development work.

Through increased market focus RTX Technology aims at identifying itself with the customers' success criteria in selected market segments in order to identify and take advantage of the opportunities which occur. RTX Technology is focused on solutions partly within high-end consumer products, partly professional solutions in small and medium-sized enterprises and partly special applications with a high content of technology. RTX Technology's ability to offer a number of well-defined technological platforms is the key to the future growth of the business area.

Market and customers

RTX Technology's principal markets are high-end wireless telephony, wireless handsets and headsets as well as special applications within wireless technologies.

In the past financial year, RTX Technology has currently focused on additional sales to key customers within the core competences of the business area, and in the last three months of the financial year RTX Technology has obtained an increasing portfolio of customer-financed development projects.

Expected market development

The wireless DECT market in Europe is mature and relatively stable whereas the breakthrough of DECT on the North American market is quite limited for the time being. DECT did not obtain a reserved frequency area in North America until in 2005, and the use of DECT solutions in North America is expected to increase over the coming years.

MANAGEMENT'S REVIEW

The market for low-cost wireless standard solutions for the consumer market is highly focused on prices, and the Group assesses that RTX Technology can only provide additional value to a limited extent relating to these solutions. RTX Technology therefore primarily focuses on medium- and high-quality solutions and on the more advanced wireless solutions. The next generation of DECT – called CAT-iq – has been standardised, which makes it possible to market DECT as a suitable technology within a large number of applications not only covering wireless telephony. VoIP applications are expected to drive the penetration of CAT-iq as wideband sound (called Wideband Audio or High Definition Audio) is considered one of the primary driving forces. Together with the Group's partners, RTX Technology is very focused on ranking among the leading suppliers of CAT-iq solutions.

The leading chip supplier to Bluetooth™, CSR, expects the Bluetooth™ market to see annual growth rates of approx. 60-70%. The main part of the growth will be on a market with standard products. It is assessed that there will only be a slight possibility that RTX Technology can supply this market with value-creating services. RTX Technology's possibilities, however, consist of offering specialised solutions which impose large requirements on highly developed competences (e.g. complex antenna designs) or solutions where Bluetooth™ and other technologies are embedded in the same design.

VoIP telephony is still at its early stage, and the consumers' internet telephony is still primarily driven by the so-called SoftPhone applications on a PC. RTX Technology expects that the average consumer's accept of internet telephony as a stand-alone solution is still far away in the future. Various examinations have been performed relating to the users' application of VoIP services in which it is concluded, among other things, that the users are quite satisfied with traditional telephony services. This means that the users' VoIP consumption is most likely bought as an additional service (often from the present telephone company) in order to obtain savings.

The market opportunities for RTX Technology in the near future consist in developing solutions for existing teleoperators as well as alternative operators (e.g. wideband operators), who all seek to obtain a share of a coming market for VoIP traffic with VoIP as part of a total package.

Products and services

RTX Technology has many years of experience in design of advanced wireless products and has launched several hundreds of wireless high-quality telephone designs for brand manufacturers all over the world. RTX Technology masters a wide spectrum of wireless technologies ranging from DECT, DECT 6.0, CAT-iq and Bluetooth™ to DCT2.4 GHz and 5.8 GHz designs for VoIP (Skype™ and SIP).

MANAGEMENT'S REVIEW

RTX Technology offers contract development services based on a fixed contract payment and/or royalty payment from the customer.

RTX Technology participates in a number of different cooperative forms with customers and partners. For many years, RTX Technology has been monitoring and adjusting business models, and the business unit can therefore offer a cooperation with the customer based on the necessary flexibility.

Development competences and laboratory facilities
RTX Technology offers a wide range of competences within the main groups baseband, RF, project management, software development and mechanics. RTX Technology also has the disposal of all necessary internal laboratory facilities for measuring antenna radiation, acoustics, ESD/EMC, etc as well as the prototype production supported by an SMD automat and manual assembly.

Key technologies and key competences
RTX Technology carries out own IPR development within the DECT technology primarily whereas other technologies are regarded as application technologies for integration in system solutions. Through deep insight into the IPR development, RTX Technology is able to offer development of technically advanced solutions. Own IPR is also a precondition for selling user rights to IPR and in that way continue to receive royalty income.

For selected wireless technologies RTX Technology has employed a group of highly specialised engineers with many years of experience in a number of key areas.

RTX Consumer Products

Business strategy and business concept
Based on well-known technologies and competences in the RTX Telecom Group, RTX Consumer Products sells communication solutions on ODM basis. RTX Consumer Products handles all tasks within sales, product definition, development and production. The combination of the Group's competences and know-how in Denmark and RTX Consumer Products's presence in Hong Kong is assessed to give RTX Consumer Products a competitive advantage because of a relatively high technical level, relatively low cost structure and short time-to-market. By focusing on clearly defined market segments and ODM customers, RTX Consumer Products expects to be able to set up itself as an attractive partner to our customers in the years ahead. This will be made through reuse and adjustment of technology platforms combined with individual customer-specific mechanical designs, among other things.

MANAGEMENT'S REVIEW

Markets and customers

RTX Consumer Products primarily focuses its sales and marketing activities on communications solutions for professional users and for the exclusive part of the consumer market. With a wide portfolio of wired as well as wireless products, RTX Consumer Products has gradually obtained a wide product programme which is expected to be enlarged in the years ahead.

RTX Consumer Products aims at being an efficient, flexible and dynamic ODM partner. Time-to-market is essential for the customers as well as for RTX Consumer Products's success.

During the past financial year, considerable resources have been spent on technology and knowledge transfer to RTX Consumer Products Hong Kong Ltd., and the subsidiary is now able to handle most of the important functions in connection with marketing and sales, development and production. RTX Consumer Products has performed a strategy process, and the first positive results from this process have already appeared by way of ODM contracts for delivery of wireless high-end DECT telephones and PABX DECT handsets. The sale of DECT repeaters continues to be at a satisfactory level whereas the sale of the own-distributed Skype™ and VoIP products has not been up to expectations in the financial year 2006/07.

Products and services

Understanding of the ODM customers' needs and opportunities in the market serves as basis for all the business unit's products. RTX Consumer Products introduced new professional PABX handsets on ODM basis at three different feature and price levels in the financial year 2006/07. This platform is also expected to be the stepping stone to the growing professional market for VoIP.

Over the past three years, the RTX Telecom Group has invested considerable amounts in the development of Skype™ products, partly the two USB-based telephones, USB DU@Lphone 3045 and USB DU@Lphone 3058, and partly the LAN-based DU@Lphone 3088. Technologically and commercially, RTX Consumer Products ranks among the leaders in this market, and RTX Consumer Products has entered into a number of ODM agreements.

Finally, RTX Consumer Products markets and sells repeaters, wireless telephone line extenders and other telecom products.

Key technologies and key competences

RTX Consumer Products continues to develop, reuses and combines wireless technologies such as DECT, DECT 6.0, CAT-iq, SIP, Skype™ and Bluetooth™.

MANAGEMENT'S REVIEW

The key to the business unit's future growth will be insight into the above technologies and the ability together with the ODM customers to develop new ideas, new mechanical varieties and designs quickly and efficiently into finished products which can be introduced to the market. By combining the best from Europe and Hong Kong/China, RTX Consumer Products aims at obtaining a favourable market position.

The products are primarily expected to be produced and delivered from factories in China.

RTX Network Systems

Business strategy and business concept
RTX Network Systems offers sturdy wireless IP network solutions for teleoperators, VoIP suppliers and integrators of telecommunications solutions. The solutions comprise wireless networks for telephony as well as data. The network solutions can be integrated with the public fixed-line network enabling the teleoperator to offer the customers a wireless access to the internet as well as wireless telephony, with full mobility within a defined geographical area, among other things.

RTX Network Systems uses thoroughly tested and recognised technologies such as VoIP, high speed WiFi data access through IEEE802.11g and Voice-over-DECT for a scalable and cost-effective wireless communications network.

It is RTX Network Systems's vision to become known and recognised as a global market leader in wireless IP network systems based on the technologies DECT and IEEE802.11 by supplying the best adjusted and most cost-effective wireless network solution.

Market and customers
In industrialised and highly-developed continents like North America and Western Europe, there is a massive use of fixed as well as mobile telecommunications systems as well as highly-developed data and internet solutions for the professional as well as the private markets. This often conveys an impression of a saturated world market with high telecommunications density. This is, however, not really the case as the global teledensity of fixed lines only amounts to approx. 20 lines per 100 inhabitants.

The highly-industrialised regions account for 20% of the global population and have an average teledensity of more than 60% whereas the remaining 80% of the global population, of whom many live in developing countries, has an average teledensity of less than 15%.

MANAGEMENT'S REVIEW

The heavy growth within mobile telephony over the past 15 years with more than 2 billion users out of a total world population of approx. 6 billion has followed the same pattern as seen within fixed-line telephony where there is very high teledensity in highly-developed countries whereas the developing countries continue to be at a low level. Neither mobile communication nor fixed-line communication have been able to serve the large population who live outside the highly-developed and industrialised countries. There are therefore undeveloped markets for telecommunications solutions for large sections of the population – a market which in some geographical areas is tried to be established with pressure and subsidies from local governments. It is often markets where a former telemonopoly has been released and where new operators without established infrastructure want to build up wireless solutions with limited need for physical cables. RTX Network Systems's wireless IP network solutions are directed towards this market. The wireless IP network solutions are interesting for potential customers from a business point of view because of the low installation costs compared with mobile telephony and traditional fixed-line solutions.

The network solution allows for a flexible extension of the network (and thereby related successive investment), i.e. an extension driven by needs concurrently with the customer base being increased. It is also a decisive factor that the network solution also contains a wireless access to the internet including data transfer.

In this way, RTX Network Systems offers solutions where the operator can offer users mobility and basic mobile telephony services in a defined geographic area based on a relatively low investment. The operator can currently extend the network as the customer base increases. In this way, the operator ensures that networks and business can be extended successively without having to make large investments which are related to establishment and start-up of the traditional telecommunications networks.

The primary markets for RTX Network Systems cover growth markets where there is a need for improvement of the infrastructure within telecommunications. The secondary markets comprise the more developed countries with relatively high teledensity but with focus on sale of systems to limited mobility, primarily within the professional market.

Geographically, the primary markets comprise Latin America with focus on Mexico, Brazil, Chile and later on other Latin American countries as well as Africa where intensive sales work is performed in South Africa and in a number of other African countries. Finally, the Group is expected to expand its sales activities in Central and Eastern Europe as well as in parts of the Middle East. All these primary markets are characterised by low teledensity combined with a large population base. The areas stated are assessed to constitute a significant market potential for the business unit.

MANAGEMENT'S REVIEW

So far, there are systems installed in Romania and Mexico. Moreover, an order has been received from a customer in the southern part of Africa.

The secondary markets are developed West European countries. Focus here is to offer mobility to existing operators, including major established VoIP suppliers who typically deliver telecommunications services to the professional market. RTX Network Systems has tailored a variety of the system exactly for this focus group, which is characterised by having a need to add mobility and other services similar to mobile telephony to their existing services. It is typically major customers of VoIP suppliers (enterprises and public institutions) who demand mobility within a limited geographical area when they demand new communications networks.

In the financial year 2006/07, the Group has spent considerable resources on further development of the network and establishment of a wider sales organisation both regionally and on market segments. Key markets and key customer segments have been identified, and these are now cultivated systematically. Supplies and sales, however, have been disappointing in the financial year, primarily due to the slow roll-out of networks with existing customers. As an example it can be mentioned that the Group has not delivered products to any significant extent to the Romanian customer, Atlas Telecom Romania in the financial year. Activities and the sale of systems, however, have also disappointed in 2006/07 as potential customers have demanded unexpected long negotiation and decision time.

Products and services

RTX Network Systems has developed and product-ripened a flexible wireless telephony and data network solution based on a wireless IP network with related server solutions for operation and monitoring of the network. The wireless solutions are based on RTX Telecom's many years of experience partly in the DECT technology for telephony, partly in WiFi technology (IEEE802.11g) for wireless data transmissions.

The network systems are supplied as total solutions with different terminals, ranging from standard handsets to high-end handsets similar to mobile telephones with colour displays, SMS and calendar features, etc. Furthermore, RTX Network Systems offers a wireless telephone line extender with embedded access to the network for an analogous standard telephone, a fax or an analogous data modem. Finally, a wireless table telephone with a large display and hands-free, etc is offered for private or business purposes.

Furthermore, RTX Network Systems markets and sells special communications modules for installation in various appliances such as remote monitoring, process measurement and tracking. The modules are based on the GSM/GPRS technology.

MANAGEMENT'S REVIEW

Key technologies and key competences

Key competences in RTX Network Systems cover insight into how integration of the wireless technologies VoIP, WiFi and DECT can be realised in a price-effective and scalable communications network.

RTX Healthcare

Business strategy and business concept

RTX Healthcare has specialised in marketing and sales, development and production of wireless products for remote monitoring in own home of patients with chronic diseases.

Market and customers

Overall, RTX Healthcare serves its customers from two different but closely related market segments.

The product RTX3370 Telehealth Monitor is marketed by RTX Healthcare to American and European customers using technology to support telehealth and disease management. In this context RTX Healthcare then acts as a sub-supplier of standard products which are subsequently integrated in the customers' total solution. RTX Healthcare is in current negotiations with market players in the telehealth business segment, and it is expected that during the financial year 2007/08 cooperative agreements will be made with significant market players in the area in the US as well as Europe.

Furthermore, RTX Healthcare's standard products together with already developed technology platforms and existing competences create a possibility for supply of development tasks and OEM product development and product supply of special products within the healthcare area to producers of medical equipment. RTX Healthcare is in current negotiations with important producers of medical equipment on conclusion of new contracts in the area.

Because of the market's lack of maturity and the complexity of the products, RTX Healthcare has chosen a sales strategy with sales and distribution directly to the customer. As the market is growing, this strategy is considered replaced by or supplemented with conclusion of distribution agreements with strategic alliance partners.

MANAGEMENT'S REVIEW

In the financial year 2006/07 RTX Healthcare has further focused its product programme and its market strategy. RTX Healthcare has sold sample supplies to a considerable number of potential customers and has received constructive and positive feedback, which has been used for fine-tuning of products and market strategy. RTX Healthcare has been very dependent on single customers in the financial year 2006/07, and considerable sales resources have been spent on providing a wider portfolio of customers for the existing product programme.

Products and services

RTX Healthcare's main product is RTX3370 Telehealth Monitor, which was introduced in Europe and the US in 2007, and the first supplies were delivered in September 2007. The product is the first in a planned group of products for remote monitoring of patients with chronic diseases. The product is registered with the US health authorities, FDA, and is delivered in accordance with the requirements and regulations applicable to medical equipment in the US. The product is also CE approved for sale in Europe in accordance with current legislation in the area.

Since the autumn of 2006, RTX Healthcare has produced and delivered the product DLM112 Daylink® Monitor, which is an OEM product developed for and delivered to American Alere Medical Inc., which is a leading company within the health sector with speciality in remote monitoring of patients with chronic diseases. The product is closely related to RTX3370 Telehealth Monitor and is also registered with the US health authorities, FDA, and is delivered in accordance with the same requirements applying to RTX3370.

Moreover, RTX Healthcare offers present and potential customers the supply of customised development tasks based on a number of existing technology platforms. The Sleuth™ product is an example of such a development task. The product is developed in cooperation with Transoma Medical.

Expected market development

The use of wireless technology for remote monitoring in own home of patients is a relatively new market which is rapidly growing. The primary reason for the growth is that chronic life-style diseases are rapidly growing and that the average duration of life for the population in many countries is increasing these years. This development results in a huge pressure on the health systems in a number of industrialised countries. Moreover, the speed of the market development will depend on to which extent the established health systems choose to use the technology for remote monitoring in the treatment of patients.

MANAGEMENT'S REVIEW

As the market is growing and maturing, new competitors are expected to appear on the market. It is RTX Healthcare's expectation that the business unit will be able to maintain and enhance the company's competitiveness in a market with increased competition, partly through strategic positioning of products and services, partly through conclusion of strategic alliances within sales and distribution.

Key technologies and key competences

The key competences in RTX Healthcare cover insight into the possibilities of using wireless technologies within telehealth, including development of solutions for remote monitoring in own home for patients with chronic diseases. Development is often carried out in close cooperation with industrial customers.

Development in activities and finances

Annual report 2006/07

The comments on the financial statements are, unless otherwise stated, based on consolidated figures in the annual report for 2006/07 and compared with similar consolidated figures for 2005/06. The layout of the financial statements and the accounting policies applied are unchanged compared to the annual report presented for 2005/06.

Consolidated profit and loss account

Net turnover

In 2006/07, the Group realised a net turnover of DKK 216.1 million which represents a decrease of 24.2% compared to last year's net turnover of DKK 285.1 million. Thus, net turnover has not fulfilled the original expectations of a net turnover of DKK 310 – 350 million. Net turnover was realised at the level of readjusted expectations of DKK 200 – 240 million published by Management in May 2007 (see Announcement no. 8/2007 of 24 May 2007 with the interim annual report for the first six months of 2006/07).

Income from contract development projects is computed at DKK 38.2 million which represents a decline of 18.5% compared to last year's income of DKK 46.9 million. As a result of a relatively low volume of orders at the beginning of the financial year, development projects have been characterised by reduced turnover during the financial year compared with last year. In the last three months of the financial year 2006/07, the Group, however, obtained an increasing portfolio of customer-financed development projects.

Royalty income totals DKK 27.5 million which is an increase of 6.7% on last year's income of DKK 25.8 million.

MANAGEMENT'S REVIEW

Sale of own products, etc amounts to DKK 150.4 million, which is 29.2% below last year's sale of products of DKK 212.4 million. Production and delivery within the Group's own product programme has, during the financial year, mainly comprised DECT repeaters, wireless USB DU@Lphones, wireless Telephone Line Extenders (TLE), Wireless IP Network products, GSM modules as well as test equipment.

The Group has realised a considerable decrease in the sale of products in the financial year 2006/07. The reason for the decrease is primarily a delay in order intake and considerably slower realisation of sale and turnover from new ODM contracts compared to the assumptions on which Management has based its expectations. The Group has introduced a number of new products during the financial year, but due to the customers' decision time, the development time of products and delivery time of components the estimated significant ODM delivery agreements were not executed in the financial year 2006/07. The sale of own-developed products and ODM products has therefore not been up to expectations.

The sale of developed Skype products, including the Skype™ based DU@Lphone 3088 has been affected by the general stagnation in the sale of Skype™ products, and in the last months of the financial year there was a considerable decline in the sale of the Group's Skype™ products. The Skype™ product sale has therefore not been up to expectations.

As the roll-out of a Wireless IP Network in Romania has been subject to delays, products have only been delivered to an insignificant extent to the Romanian customer, Atlas Telecom Romania over the past financial year.

Sale and marketing of the Wireless IP Network technology towards potential customers have been intensified during the financial year 2006/07. Consequently, the Group has executed the first commercial order for products for a Wireless IP Network system in Latin America.

Turnover by business area

Amounts in DKKm	2002/03	*Share*	2003/04	*Share*	2004/05	*Share*	2005/06	*Share*	2006/07	*Share*
Development projects	78,9	*44%*	94.2	*43%*	75.6	*24%*	46.9	*16%*	38.2	*18%*
Royalty	50.6	*28%*	23.1	*10%*	21.0	*7%*	25.8	*9%*	27.5	*13%*
Sale of goods, etc	49.4	*28%*	104.7	*47%*	220.6	*69%*	212.4	*75%*	150.4	*69%*
Total net turnover	**178.9**	***100%***	**222.0**	***100%***	**317.2**	***100%***	**285.1**	***100%***	**216.1**	***100%***

MANAGEMENT'S REVIEW

Gross profit

RTX Telecom's gross profit amounted to DKK 98.3 million which is a decline of 35.5% compared to last year's gross profit of DKK 152.3 million.

Other external expenses

Other external costs amounted to DKK 76.2 million, which is an increase of 22.2% compared to 2005/06. The reason for the increase in costs is that the Group has made provisions of DKK 30.0 million to cover loss on a Romanian customer. In 2006/07 the Group realised savings compared to last year on external development costs, sales costs and administrative expenses. The savings are in all materiality obtained from the capacity adjustment made.

Staff costs

Staff costs amounted to DKK 110.1 million which is 20.4% lower than last year. Measured per employee, this is a decrease in costs of 5.3%, which is mainly attributable to an increasing part of the Group's staff being employed in the subsidiary in Hong Kong.

The average number of employees in the Group has decreased from 276 in 2005/06 to 232 in 2006/07, corresponding to a decrease of 15.9% on the same period last year.

Depreciation, amortisation and impairment

The Group's depreciation, amortisation and impairment have been reduced from DKK 14.7 million in 2005/06 to DKK 10.7 million in 2006/07. The reason for the reduction is primarily that the Group decided to write down goodwill by DKK 3.8 million in the financial year 2005/06.

Operating profit/loss (EBIT)

Operating loss for the year (EBIT) amounts to DKK 98.7 million after provisions of DKK 30.0 million to cover loss on a Romanian customer. EBIT (after provision of DKK 30.0 million to cover loss on a Romanian customer) shows a performance reduction of DKK 35.7 million compared to last year’s negative EBIT of DKK 63.0 million.

The operating profit/loss (EBIT) is significantly below expectations at the beginning of the financial year at which point EBIT was expected in the interval DKK -20 million to DKK 0 million. EBIT was realised at the level of the readjusted expectations in the range from DKK -70 to DKK -50 million published by Management in May 2007 (see Announcement no. 8/2007 of 24 May 2007 with interim annual report for the first six months of 2006/07) after adjustment for the provision of DKK 30.0 million for loss on a Romanian customer.

MANAGEMENT'S REVIEW

Net financials

Net financials were an income of DKK 68.5 million compared to an expense of DKK 1.5 million in the financial year 2005/06. The increase in net financials is attributable to a realised profit of DKK 72.6 million on the sale of shares in LitePoint Corporation, USA. Moreover, an increase has been recorded in other net financial expenses mainly caused by the loss for the year and significant funds tied up, which are derived from the activities within sale of own products. The major part of the Group's cash funds is invested in short-term current asset investments and bank deposits.

Profit/loss before tax

Loss for the year before tax amounted to DKK 30.3 million, which is an improvement of DKK 34.2 million compared to last year's loss before tax of DKK 64.5 million.

Tax on profit/loss for the year

Tax on profit/loss for the year is recognised at a negative DKK 17.0 million. The amount consists of current tax of DKK -0.3 million as well as change in deferred tax liability of a DKK -16.7 million. Tax on profit/loss for the year computed according to usual calculation constitutes a net income of DKK 22.1 million. The difference of DKK 39.1 million is not recognised in the profit and loss account in 2006/07, see below section on deferred tax assets.

Based on Management's expectations for the financial performance for a five-year period, the deferred tax assets have been valued. At 30 September 2007, the total tax value of deferred tax assets is calculated at a net amount of DKK 55.7 million. Due to uncertainty relating to the use of the deferred tax assets in the Group, the amount has been recognised in the balance sheet at DKK 0.0 million net.

Profit/loss after tax

Net loss for the year amounted to DKK 47.3 million, which is a reduction of the loss of DKK 17.4 million compared to last year's loss after tax of DKK 64.7 million.

The Supervisory Board recommends to the Annual General Meeting that the Group's loss for the year after tax is covered by the reserves.

Earnings per share (EPS)

Earnings per share (EPS) amounted to a negative DKK 5.1 compared to a negative DKK 7.0 the year before.

MANAGEMENT'S REVIEW

Consolidated balance sheet and cash flows

Equity and capital conditions

During the year, Group equity has decreased by DKK 47.6 million from DKK 304.6 million to DKK 257.0 million. The loss for the year has reduced equity by DKK 47.3 million, acquisition and sale of treasury shares have reduced equity by DKK 1.5 million net, whereas other adjustments have increased equity by DKK 1.2 million.

The equity ratio is 74.9%, which is an increase of 0.4% on last year.

The Supervisory Board recommends to the Annual General Meeting on 21 January 2008 not to pay dividend for the financial year 2006/07.

The Company's holding of 144,584 treasury shares was acquired in the financial year 2004/05 and 2006/07 in order to hedge the liabilities related to the share options granted by the Company to the Executive Board and a limited number of executives. In the financial year 2006/07, the Company acquired 25,000 treasury shares and sold 5,416 treasury shares.

The Company's Supervisory Board is authorised to acquire treasury shares of a total face value of 10% of the Company's share capital up to the next annual general meeting. The Supervisory Board does not intend to use this authorisation before the Annual General Meeting on 21 January 2008.

Consolidated cash flow, financing and cash

Cash flows from operations amounted to a negative DKK 55.0 million, which is an increase of DKK 8.8 million compared to 2005/06. Compared to last year, the increase is affected by significant changes in operating profit/loss, working capital and items without cash effect.

Investments

Cash flows from investments comprising investments in intangible assets, tangible assets and other long-term assets totalled DKK 100.5 million compared to DKK 33.8 million in 2005/06. The largest change relates to the sale of the shareholding in LitePoint Corporation, USA.

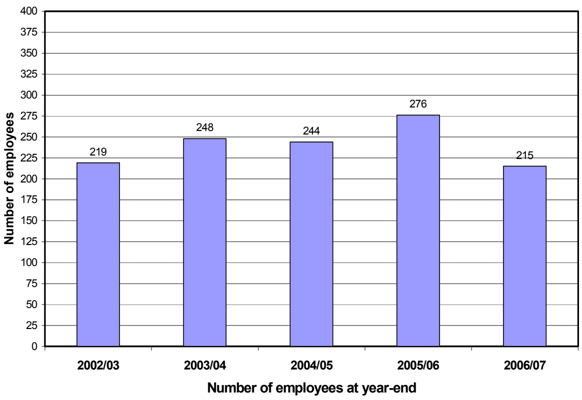
Balance sheet

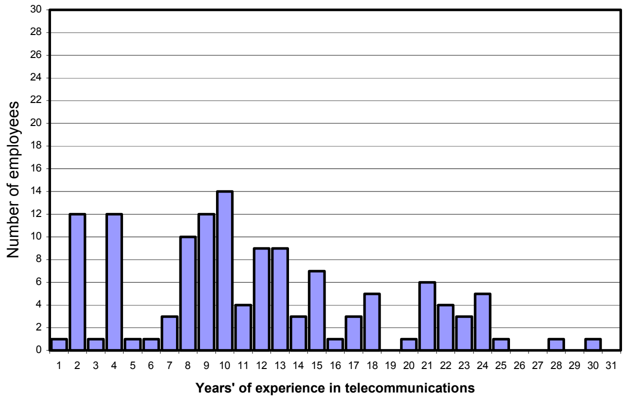
The Group’s balance sheet total amounted to DKK 343.2 million at 30 September 2007, which is a decline of DKK 65.7 million on last year. The decline in the balance sheet total covers a decrease in long-term assets of DKK 37.3 million and a decrease in short-term assets of DKK 28.4 million.

MANAGEMENT'S REVIEW

Management and employees

At 30 September 2007, the Group employed 215 people, of whom 130 people are engineers and technical staff. Compared to the same time last year, the total number of employees at the end of the financial year has decreased by 61 people net.





At the end of the 2005/06 financial year, Management initiated a comprehensive capacity reduction in order to adjust the Group's costs. On the staff side the reduction was primarily carried out by dismissals. The adjustment has resulted in a reduction in the number of employees in the Group's Danish companies by net 84 people in 2006/07, while the number of employees in the Group's foreign subsidiaries has increased by net 23 people in the same period. The increase in employees abroad has exclusively taken place in Hong Kong. The financial effect of this adjustment has shown impact in the second half of the financial year 2006/07.

In total, 49 new employees joined the Group, and 110 employees resigned in 2006/07.

Due to the dismissals it has been necessary to carry out an extensive transfer of knowledge and competences from the dismissed and resigned employees to those still employed in the Group. A very substantial part of the employees have participated in this work in different contexts and contributed constructively to the Group's maintaining as much knowledge and as many competences as possible.

Incentive schemes

Upon resolution at the general meeting on 17 April 2000, the Supervisory Board has been authorised, at one or more times, to issue warrants up to nominally DKK 2,000,000 without pre-emption right for the Company's shareholders in relation to the offering of warrants to the Company's employees, Supervisory Board or Executive Board. The authorisation was effective until 1 April 2005.

MANAGEMENT'S REVIEW

At the end of the financial year ending 30 September 2007, nominally DKK 45,750 granted unexercised warrants existed equivalent to 9,150 warrants at DKK 5.

The Supervisory Board decided in 2005 and 2006 to grant share options to a limited number of executives and to the Executive Board. Overall, at 30 September 2007 RTX Telecom has granted share options of nominally DKK 725,000 equivalent to a total of 145,000 share options at DKK 5.

In an ordinary process the share options can be exercised no earlier than 36 months after the time of issue and must be exercised no later than 84 months after the time of issue. Special conditions have been agreed regarding exercise if extraordinary conditions should occur in the period of agreement, for instance the employee's resignation.

The exercise price of share options is fixed as the average rate for a period of 5 trading days immediately up to the time of grant plus 5% per year commenced after the time of grant.

The granted share options account for approx. 1.5% of the Company's share capital.

Subsidiaries

RTX Products

RTX Products A/S is a wholly-owned subsidiary employing 36 people at the end of the financial year.

RTX Products A/S handles the Group's marketing and sales, development and production of wireless niche products, including OEM/ODM products and own distributed products.

RTX Products A/S's turnover amounted to DKK 125.8 million in 2006/07. The loss before financial income and expenses (EBIT) amounted to DKK 73.3 million, and the loss after tax amounted to DKK 82.2 million. At 30 September 2007, equity in RTX Products A/S was a negative DKK 47.9 million.

The loss is highly affected by the provisions made by the Company of DKK 30.0 million to cover loss on a Romanian customer.

At the beginning of the financial year 2006/07, the Group has initiated the implementation of a new focus strategy in order to strengthen the Group's commercial activities in four business units. The adopted strategy has resulted in material changes in RTX Products A/S and in the entire basis for the Company's activities. Consequently, the Group plans to merge the subsidiary with the Parent at 1 October 2007.

MANAGEMENT'S REVIEW

RTX Healthcare

RTX Healthcare A/S is a wholly-owned subsidiary, which employed 10 people at the end of the financial year.

The subsidiary has activities with focus on a relatively new and immature market within remote monitoring of patients with chronic diseases. Through its own and customer-related products, RTX Healthcare has built up important competences and a technological platform within a business area with considerable growth potential.

RTX Healthcare A/S realised a turnover of DKK 10.4 million in 2006/07. Loss before financial items (EBIT) amounted to DKK 3.1 million, and loss after tax amounted to DKK 5.9 million. Equity in RTX Healthcare A/S amounted to DKK 0.3 million at 30 September 2007.

RTX America, Inc.

RTX America, Inc. is a wholly-owned subsidiary with 5 employees at the end of the financial year.

The subsidiary is located in San Jose, California, USA and handles sales and marketing tasks on the North American market. Moreover, the subsidiary handles technical product support to selected American customers.

RTX America, Inc. realised a turnover of DKK 15.3 million in 2006/07. Profit after tax amounted to DKK 1.6 million. Equity in RTX America, Inc. amounted to DKK 2.4 million at 30 September 2007.

RTX Consumer Products Hong Kong Ltd., Hong Kong

RTX Consumer Products Hong Kong Ltd. (formerly D.R.S. Electronics Ltd.) is a wholly-owned subsidiary, which employed 40 people at the end of the financial year.

The activities in RTX Consumer Products Hong Kong Ltd., which is the head office of the Group's commercial activities within consumer products, are still under development, and the subsidiary has been provided with substantial resources in all areas. During the past financial year, the subsidiary has negotiated and entered into a number of ODM delivery contracts.

RTX Consumer Products Hong Kong Ltd. realised a turnover of DKK 25.5 million in 2006/07. Loss before financial items (EBIT) amounted to DKK 13.2 million, and loss after tax amounted to DKK 13.8 million. At 30 September 2007, equity in RTX Consumer Products Hong Kong Ltd. amounted to DKK 1.7 million.

MANAGEMENT'S REVIEW

Investments

Ilochip A/S (www.ilochip.com)

Ilochip A/S (formerly Thomsen Bioscience A/S) is a development company with focus on development and integration of advanced biological analytical methods in bio-chips. Bio-chips also called intelligent lab-on-chips are a kind of self-governing micro-labs in which biochemistry, biophysics, electronics and software are integrated. The technology can be used for detection of biological weapons, veterinarian diagnostics, diagnostics of food products and diagnosing of infectious diseases.

Ilochip A/S' objective is to develop portable sensor units which quickly and efficiently will facilitate the detection of different forms of disease-causing, in particular air-borne, spores, bacteria and vira and subsequently transmission of the retrieved data to a centrally based data treatment for the purpose of countering risks in the best possible way.

Since 2002, RTX Telecom has subscribed for shares in Ilochip A/S at a total market value of DKK 7.0 million. RTX Telecom's ownership share in the company amounts to 19.8%. Moreover, RTX Telecom has granted convertible loans of DKK 4.1 million including added interest.

Ilochip A/S has rented premises in RTX Telecom's head office in Nørresundby, and the two companies cooperate on the development of a mobile detector of biological substances.

Uncertainty relating to recognition and measurement

RTX Telecom has significant deferred tax assets at the end of the financial year. Ordinary computation and measurement of the deferred tax assets will result in a net asset of DKK 55.7 million. As a result of the unsatisfactory results realised by the Group in recent years, there may be significant uncertainty as to when it will be possible for the Group to use the developed assets. As a result of this uncertainty, the Group has chosen to recognise the deferred tax assets in the balance sheet at 30 September 2007 at a net amount of DKK 0.0 million. The non-recognised deferred tax assets amount to DKK 55.7 million at year-end. The corresponding amount at 30 September 2006 was DKK 16.6 million.

Unusual circumstances

Management implemented an extensive capacity reduction during the financial year 2006/07 in order to make an adjustment of the Group's costs. The adjustment included a staff reduction, primarily by dismissals. More than every third employee employed at the beginning of the financial year left the Group during 2006/07.

MANAGEMENT'S REVIEW

In 2006/07, the Group transferred a number of competences to external cooperative partners and to the subsidiary RTX Consumer Products Hong Kong Ltd.

The Group has made provisions of DKK 30.0 million to cover loss on a Romanian customer.

Particular risks

All investments in shares involve certain risks. The risk profile of RTX Telecom is partly a reflection of the day-to-day operations of the Group and partly a reflection of its continued development. In the following, a number of risk factors are presented which may impact on RTX Telecom's future growth, operation, financial position and performance. The factors stated are not necessarily all the factors posing a risk to the Group but the factors which Management considers to be of primary significance to the Group. It should be noted that the listing of the risk factors does not reflect their priority or significance. The description of risks should be considered in the context of the annual report in general.

Business risks

Rapid technological changes and new markets

The Group’s strategy is to continue to improve existing products as well as to develop and launch the results of its development efforts with new or improved functionality to meet the ever growing customer demands.

The RTX Telecom Group continuously aims at identifying and developing technological competence enabling the Group to produce technological solutions and products demanded by the customers. In addition, it is the intention of the Group to be able to currently predict or react to the technological development to the extent required as well as to changes in customer preferences.

The Group is working with a goal-directed effort with detailed project and resource control tools which enable very fast reaction time in relation to inquiries by customers.

Project management

By focusing on project planning, the Group tries to ensure synergies between parallel development activities. The progress of the individual development projects is supervised by achievement of the planned milestones. Despite the complexity of the parallel development projects, RTX Telecom has so far been able to meet the customers' expectations and supply the projects agreed in time.

The ability to attract and retain skilled employees

The employees represent RTX Telecom’s most important asset and are also sometimes a scarce resource. In order to develop and market its products, the Group will continue to rely on its ability to attract, retain, motivate and train skilled employees.

MANAGEMENT'S REVIEW

The companies in the Group are striving to be an attractive place to work for their employees by offering competitive terms of employment, by promoting both a professional and social working environment as well as by offering key employees to participate in an incentive scheme and by offering all employees the opportunity to subscribe for employee shares.

Development of technology platforms

Development of technology platforms involve development projects launched at the Group’s own account in order to provide RTX Telecom with new knowledge of and competence in new technologies.

A varying part of the Group’s development projects will continue to be at the Group’s own account. This will cause current development costs in the short term which should be regarded as an investment in new technology.

New technology platforms are often developed in close co-operation with well-reputed international producers of chips. To some extent, RTX Telecom is dependent on delivery of the agreed technology from the chip producers at the time agreed.

Managing level of activity

The Group’s ability to remain competitive and to follow the defined strategy will depend, among other things, on its ability to control and effectively manage the level of activity in the organisation. In order to effectively manage capacity adjustments, the Group has to continue to implement new systems and control routines and to adapt, train, integrate, motivate and effectively manage its staff.

Possible fluctuations in interim results

Management is of the impression that a period-to-period comparison of the interim results realised by the Group will not necessarily provide a complete picture of the Group’s financial situation and that such a comparison should not be used as an indication of the future results to be realised by the Group.

Dependence on single customers

Developers of the size of RTX Telecom may to some extent become dependent on single customers. During the past three financial years, between 52% and 71% of turnover was generated from the ten largest customers. The Group’s three largest customers accounted for between 26% and 43% of turnover in the same period. As many of these are ”regular” customers, the Group is dependent on single customers to some extent. However, there have been variations in the Group’s dependence on these customers, and in the last three years the position as the largest single customer has been held by different companies.

MANAGEMENT'S REVIEW

Dependence on sub-suppliers

Sub-suppliers in Denmark and abroad handle the majority of the Group's production. The Group depends on these sub-suppliers being able to produce and deliver the planned volume at the time requested and in the required quality. Significant changes in sales and contribution margin may occur if just a few sub-suppliers do not deliver at the time requested and in the required quality.

RTX Telecom is continuously in open and close contact with the sub-suppliers in order to plan and monitor the deliveries, quality management systems and production. Moreover, through own-developed production test equipment the Group has widely obtained independence from suppliers and flexibility in production.

Sale of own-distributed products

In relation to the initiated activities with own-distributed products, the Group has established its own marketing and independent distribution channels for these products. There is a risk that the own-distributed products cannot be sold in the expected volume and at the expected sales price.

The development in the number of own-distributed products will depend on the identified business opportunities for niche products with a high knowledge content. The Group strives to reduce commercial risks by continuously adjusting the organisation to the nature and extent of the activities and by maintaining well-developed planning tools for purchase, production, sale and cash flow.

Limited protection of proprietary rights

At present, RTX Telecom has applied for patents within a few key areas. In order to take out a patent, the Group would have to reveal extensive details in its product specifications, and doing so would be contrary to the Group’s policy of concealing the technology of the products they want to protect.

There can be no assurance that RTX Telecom’s efforts to protect its intellectual property rights will be sufficient or that the Group’s competitors will not develop similar technologies independently of the Group. If the Group does not successfully protect its intellectual property rights, this could have a negative effect on the Group’s activities, financial performance and general financial position.

Financial risks

Currency risks

During the past three financial years 71% to 86% of RTX Telecom’s turnover derived from customers outside Denmark. This sale is primarily invoiced in currencies other than Danish kroner, whereas most of the contract-based development, in-house development projects and a relatively small part of own production take place in Denmark. The main part of goods purchased from sub-suppliers is paid in foreign currencies.

MANAGEMENT'S REVIEW

As a consequence of the large international activity, the Group's cash flows are influenced by changes in exchange rates. If appropriate, RTX Telecom enters into transactions to hedge its commercial currency exposure in order to reduce the currency exposure. There can be no assurance that currency fluctuations will not have a material adverse effect on the Company's financial performance and financial development.

Interest rate risks

The Group is primarily exposed to interest rate risks through interest-bearing assets and liabilities. The overall purpose of management of the interest rate risk is to limit the negative effects of interest fluctuations on earnings and the balance sheet. Surplus cash is primarily invested in short-term solidly credit-rated cash bonds in Danish kroner or in money market deposits. The interest rate risk of these investments is managed based on duration compared to a pre-defined benchmark.

Credit risks

The Group's credit risks related to trade receivables are assessed on an ongoing basis. By experience, there may occur a relatively large credit risk from time to time as a large part of receivables often relates to a relatively small number of counterparties and customers.

The Group's credit risk on work in progress may be significant as a large part of the stated value of development projects in progress, net often relates to a relatively small number of counterparties and customers. Moreover, in special cases the customers' requests/requirements for specifications and delivery times may result in tasks being started before final agreements have been concluded.

Cash

The Group's cash at bank and in hand primarily consists of deposits in respected banks and credit institutions. Consequently, cash is not considered to be subject to any special credit risk. Bank deposits and bank debt carry a floating interest rate.

Organisational information

Management

RTX Telecom's present finance manager, state-authorised public accountant, Claus Toftegaard, 42 years old, will take up the position as finance director in the Group with effect from 1 April 2008. The Group's present finance director, Erling Andersen has announced, at his own option, that he wants to resign from Group Management at 1 April 2008. Erling Andersen will continue his work in the Group as part-time senior finance advisor.

MANAGEMENT'S REVIEW

Intellectual capital resources

Human resources

It is essential that the employees of the Group have wide knowledge of the engineering disciplines required to carry out high-technology development projects from definition to delivery of wireless communications services and products. The Group's employees have the required competences, which means that RTX Telecom is able to supply turnkey solutions and not only partial solutions which require that the customers have to complete the project themselves.

The Group is ready for changes and prepared for future growth as the structure of the organisation enables a prompt integration of more skilled employees. Through RTX Consumer Products Hong Kong Ltd. the Group has also secured access to low-price development, logistics and quality assurance resources. An organisation which is ready for changes makes it possible with short notice to transfer and appoint engineers to technological areas which are creating activity and need qualified staff. The project management is still being strengthened, and the technical competences within software, baseband and RF are currently updated.

Through visits to educational institutions and based on the Group's generally positive reputation among engineers within the industry, RTX Telecom aims at maintaining the reputation as an attractive workplace for employees with the best professional skills and human qualifications.

Responsibility for environment and social conditions

For a number of years, RTX Telecom has worked systematically on maintaining satisfactory environmental and working environmental conditions. The Group still strives to obtain continuous improvements, also more than is required by the authorities.

The Group’s activities include development and sale of advanced and high-technological wireless development projects and products. In-house RTX Telecom only has a small physical production as the majority of the Group’s production is outsourced to cooperative partners in Europe and the Far East. Therefore, the Group’s impact on environment is in all materiality indirect, and in-house it is restricted to electricity and heating as well as insignificant chemical consumption.

The Group encourages its sub-suppliers to use environmentally acceptable raw materials and products and to observe directives governing the environmental production and handling of electronic equipment (the RoHS and WEEE directives).

MANAGEMENT'S REVIEW

Research and development activities

RTX Telecom does not perform any basic research of importance.

In the financial year 2006/07, the RTX Telecom Group has carried out important development activities and completed the development of a Skype™-based LAN DU@Lphone (DU@Lphone 3088). Having completed a few of the large development projects and after an organisational adjustment, the impact from the development of own products has been decreasing in the last part of the financial year. The development activities from ODM customers, on the other hand, have shown an upward trend over the latest months of the financial year. Overall in the financial year 2006/07, development costs incurred at the Group's own account have affected the profit and loss account by DKK 26.5 million on last year's 46.3 million. Development costs contain salaries and expenses directly related to the Group's internal development projects less any project income. The development costs are fully expensed as costs in the profit and loss account.

In the financial year 2006/07, the newly developed products have contributed to turnover and earnings to a smaller extent than expected due to delays, etc.

Events after the balance sheet date

As from the financial year 2007/08 the Supervisory Board has decided to publish quarterly financial reports. The first quarterly financial report for the October quarter 2007 is expected to be published on 27 February 2008.

Prospects for the financial year 2007/08

The focus strategy and turn-around process initiated by the RTX Telecom Group at the beginning of the financial year 2006/07 has appeared to be long-lasting and more cost consuming than first assumed. The strategy was adopted for the purpose of enhancing the Group's competitiveness and recovering the Group's financial strength and stability.

The Group's activities are conducted within four business units, and the work on implementing the strategy will continue in the financial year 2007/08. The implementation will include increased sales efforts in order to sell professional telephony products to OEM/ODM customers. In continuation of the increased sales efforts the intake of orders has been rising in the latest months of the financial year of RTX Consumer Products. The business unit has entered into a considerable number of agreements with major ODM customers for the financial year 2007/08. The agreements primarily cover production and supply of professional telephony products.

MANAGEMENT'S REVIEW

The Group will continue its efforts in the financial year 2007/08 to establish new strategic sales and cooperative relations for RTX Network Systems, partly to strengthen the sales efforts and sales work on significant markets and partly to reduce the negotiation and decision time for potential customers.

During the financial year 2006/07, RTX Healthcare has launched its new main product, RTX 3370 Telehealth Monitor. A considerable number of potential customers have tested the product, and it is expected that commercial orders will be received in the first half of the financial year 2007/08. RTX Healthcare's other product DLM112 Daylink® Monitor, which is an OEM product developed for and delivered to American Alere Medical Inc., is also expected to contribute to net turnover and earnings in 2007/08.

The Group will continue to invest in development of new products in the coming financial years, and the work will primarily focus on development activities for ODM customers. The level of the Group's development activities is expected to be reduced compared to 2006/07, and the development costs are still expected to be expensed in all materiality as costs in the profit and loss account.

On this basis Management expects the RTX Telecom Group to realise a net turnover of DKK 240 - 300 million and an operating profit/loss (EBIT) in the range from a negative DKK 30 million to DKK 0 million in the financial year 2007/08.

Corporate Governance

OMX The Nordic Stock Exchange Copenhagen published on 6 October 2005 revised recommendations for good corporate governance in Denmark. RTX Telecom's Supervisory Board has assessed the individual recommendations and found that RTX Telecom observes most of the recommendations. Based on the Company's size and organisation, in a few areas, however, RTX Telecom has decided to organise differently than prescribed by the recommendations.

Shareholders' role and interaction with Management

In future, first time at the next Annual General Meeting in January 2008, RTX Telecom will, as far as possible, follow the recommendation to give shareholders the possibility of granting proxy to each item on the agenda, and not as previously, a general proxy.

Openness and transparency

The Supervisory Board of RTX Telecom has decided that the Company will publish quarterly financial reports as from the financial year 2007/08. The first quarterly financial report covering the period 1 October 2007 to 31 December 2007 is expected to be published on 27 February 2008.

MANAGEMENT'S REVIEW

Composition of the Supervisory Board

RTX Telecom's Supervisory Board consists of six members elected by the Annual General Meeting as well as two members elected by the employees.

A member elected by the Annual General Meeting is up for election every year and can be re-elected until and including the year when the member turns the age of 70.

Three of the Supervisory Board's six members elected by the Annual General Meeting are considered not independent. Jørgen Elbæk, Jens Hansen and Jens Toftgaard Petersen, who are all part of the Company's original group of founders and at the same time large shareholders, are all employed in the Company. The historical background of RTX Telecom is the reason for the present composition of the Supervisory Board as the founders of the Company continue to hold significant competences in respect of the business activities and also hold approx. 23% of the Company´s share capital.

The employee representatives are up for election every four years in accordance with current Danish legislation. The employee representatives in the Supervisory Board have the same rights, duties and responsibility as the members elected by the Annual General Meeting.

Based on the Group's size and complexity, the Supervisory Board has decided not to use fixed committees and systematic evaluations of the Supervisory Board and Executive Board and of the mutual cooperation.

The published description of the composition of the Supervisory Board does not comprise any information on the members' special competences, if any.

Formal recruiting criteria have so far not been used internally in the Supervisory Board. However, the Supervisory Board sees to it that the Supervisory Board has members with wide international experience meeting the Group's requirements.

Remuneration to the Supervisory Board and Executive Board

Members of the Company's Supervisory Board are remunerated with a fixed fee adopted once a year. None of the members of the Supervisory Board elected by the Annual General Meeting have so far participated in incentive programmes.

MANAGEMENT'S REVIEW

The Executive Board has a common executive service agreement. The remuneration consists of a basic salary, pension, non-monetary contributions as well as a long-term incentive programme which is to ensure that the Executive Board and shareholders have coincident interests (see also notes 6 and 34).

In its annual report RTX Telecom publishes disclosures on the Executive Board's remuneration and the total remuneration paid to the Supervisory Board.

Company auditor

The Supervisory Board has assessed that so far the Group's size and complexity has not required any set-up of an audit committee or an in-house audit department. On this basis the Supervisory Board has decided that it is primarily the Executive Board who enters into agreements with the external auditor on the audit planning and delivery of non-audit services. The Supervisory Board is, for instance, informed about the work performed through the audit book comments prepared by the auditor.

Shareholder information

Capital position

At 30 September 2007, the share capital of RTX Telecom had a nominal value of DKK 47,170,255 consisting of 9,434,051 shares at DKK 5. All shares carry the same rights, and the shares are not divided into classes.

Treasury shares

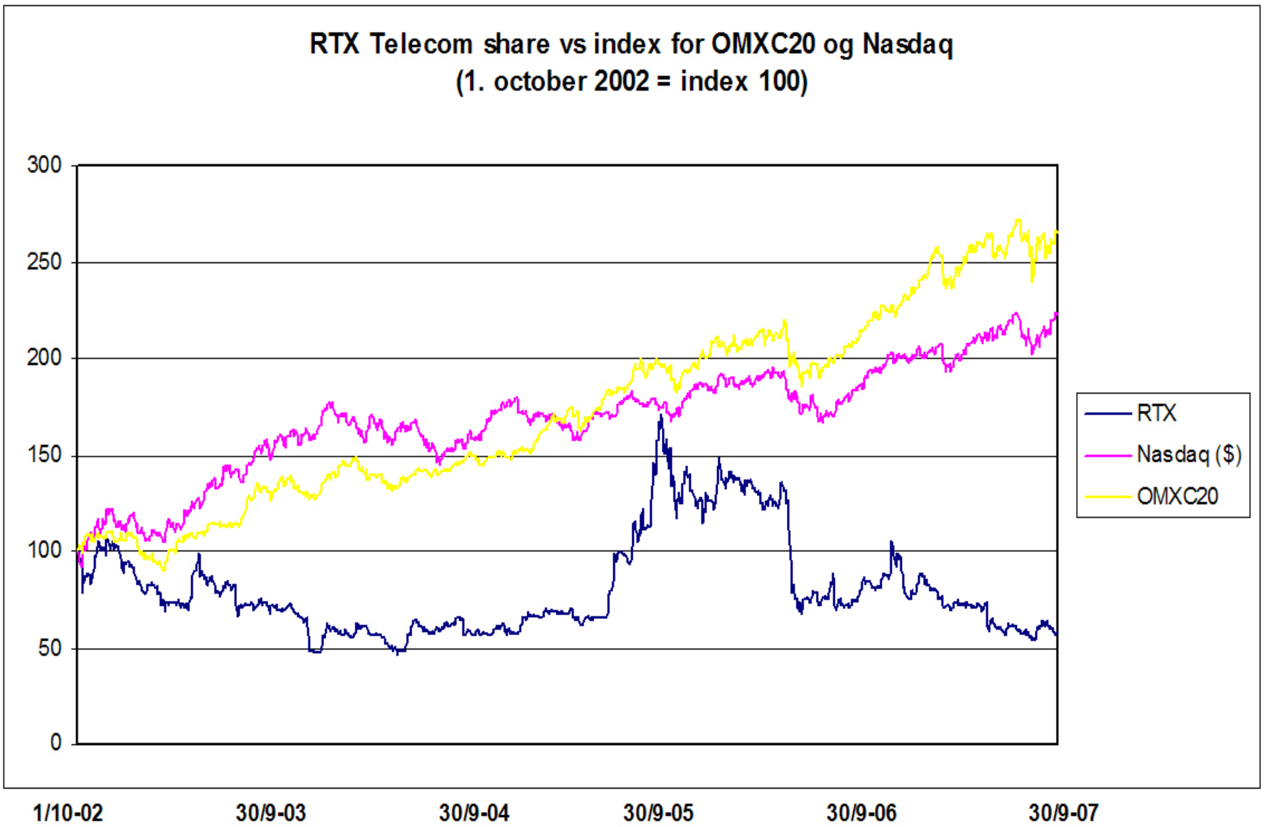
In 2006/07, RTX Telecom completed a share buy-back program as, on 18 December 2006, the Company acquired 25,000 treasury shares at a purchase price of DKK 1,829,563, corresponding to an average price of DKK 73.18 per share at DKK 5. The share buy-back program comprised an acquisition in the region of 0.3% of the share capital, and it was launched to cover issued share options totalling 25,000 shares.

RTX Telecom's holding of treasury shares amounts to nominally DKK 722,920, equivalent to 144,584 shares. The shares were acquired for DKK 8.9 million.

Information to the Stock Exchange

Since June 2000, the Company’s shares have been listed on OMX The Nordic Stock Exchange Copenhagen (ISIN DK0010267129).

MANAGEMENT'S REVIEW



The closing price was DKK 52.50 at 30 September 2007, which is a decline of 28% on the closing price at 30 September 2006. In the financial year 2006/07, the highest closing price was DKK 95 and the lowest DKK 48.

The market value of the Company's shares amounted to approx. DKK 495 million at 30 September 2007.

Dividend conditions

RTX Telecom does not expect to pay dividend until the Group has obtained stability in its earnings. Once the required stability in earnings has been ensured, the Supervisory Board will assess the capital base in relation to the business volume and the Group's investment plans. Based on this, the Supervisory Board recommends the next Annual General Meeting not to pay dividends for the financial year 2006/07.

MANAGEMENT'S REVIEW

Insider rules

The Group's insider rules have been updated in accordance with amendments to the Danish Securities Trading Act at 1 April 2005. The Executive Board, the Supervisory Board and executives as well as their close family are obliged to inform the Company about their transactions with the Company's shares for the purpose of subsequent reporting to OMX The Nordic Stock Exchange Copenhagen.

In the internal rules, the Company has also chosen to operate with an insider list containing more than 200 persons who may possess internal, price-sensitive knowledge of the Group's situation qua their relation to the Company. Persons included on this insider list are only allowed to trade in the Company's shares for a period of four weeks after the Company's announcement of interim annual reports and annual reports.

IR policy and investor information

RTX Telecom's objective is to ensure a high and consistent information level to the stock market's players for the purpose of creating a basis for fair pricing of the Company's shares - a pricing which constantly reflects the Group's strategy, financial ability and expectations for the future. The flow of information is to contribute to reducing the company-specific risk related to investments in the Company's shares so that the Group's cost of capital can be reduced as much as possible.

The Company strives to meet its objective by giving relevant, correct and adequate information in the Company's announcements to OMX The Nordic Stock Exchange Copenhagen. Moreover, the Group has an active and open dialogue with analysts as well as current and potential investors. Regular meetings and telephone conferences are held with shareholders, investors and analysts in Denmark and abroad. The Executive Board of RTX Telecom participates in the meetings as far as possible.

It is RTX Telecom’s policy that the Executive Board does not participate in meetings with investors and analysts or makes comments to the daily press for a period of three weeks before the issue of financial reports.

The Group also uses its web-site www.rtx.dk as a tool for communicating with the stock market. The web-site contains further information about the Group and its business areas.

MANAGEMENT'S REVIEW

Proposals for the Annual General Meeting

Treasury shares

It is recommended to the Annual General Meeting that the Supervisory Board, until the next Annual General Meeting, is authorised to allow the Company to acquire treasury shares within 10% of the share capital at the current listed price "all trades" at the time of acquisition with a deviation of up to 10%.

ANNOUNCEMENTS AND FINANCIAL CALENDAR

Announcements to the Stock Exchange in 2007 (up to and including 5 December 2007)

9 January 2007	No. 01	Annual General Meeting of RTX Telecom held on 24 January 2007
22 January 2007	No. 02	New employee representative on the Supervisory Board of RTX Telecom
24 January 2007	No. 03	Annual General Meeting of RTX Telecom
6 February 2007	No. 04	Extraordinary General Meeting of RTX Telecom to be held on 26 February 2007
26 February 2007	No. 05	Extraordinary General Meeting in RTX Telecom
1 May 2007	No. 06	New employee representative on the Supervisory Board of RTX Telecom
2 May 2007	No. 07	RTX Telecom holds a meeting for financial analysts and the press on 25 May 2007
24 May 2007	No. 08	Interim annual report for the first six months of 2006/07
1 June 2007	No. 09	Voting rights and capital of RTX Telecom
3 September 2007	No. 10	RTX Telecom sells its remaining shareholding in American LitePoint Corporation
30 October 2007	No. 11	Financial calendar 2007/08 for RTX Telecom
4 December 2007	No. 12	Change of financial calendar 2007/08 for RTX Telecom
5 December 2007	No. 13	Summary of annual report 2006/07
5 December 2007	No. 14	Annual report 2006/07

ANNOUNCEMENTS AND FINANCIAL CALENDAR

Financial calendar 2008

Expected dates for publication of financial information until 31 January 2009:

Beginning of January 2008	Publication of the printed annual report for 2006/07
21 January 2008	Annual General Meeting
27 February 2008	Interim annual report for the first quarter of 2007/08
22 May 2008	Interim annual report for the first six months of 2007/08
26 August 2008	Interim annual report for the third quarter of 2007/08
December 2008	Annual report for 2007/08.
January 2009	Annual General Meeting

News on the internet

Announcements to the Stock Exchange, news and financial reports can be found on the website www.rtx.dk.

CONSOLIDATED FINANCIAL STATEMENTS AND FINANCIAL STATEMENTS

PROFIT AND LOSS ACCOUNT FOR 2006/07

		Group		Parent	
Amounts in DKK '000	**Note**	**2006/07**	**2005/06**	**2006/07**	**2005/06**
Net turnover	3,4	**216,112**	**285,107**	**111,292**	**180,107**
Cost of sales, etc	5,8	(117,785)	(132,762)	(10,919)	(38,441)
Other external expenses	8,9	(76,223)	(62,359)	(30,868)	(48,228)
Staff costs	6,8	(110,111)	(138,306)	(76,427)	(97,181)
Depreciation/amortisation/impairment	7,8	(10,736)	(14,692)	(5,026)	(6,131)
Operating profit/loss (EBIT)		**(98,743)**	**(63,012)**	**(11,948)**	**(9,874)**
Financial income	10	76,945	5,652	80,238	6,956
Financial expenses	11	(8,478)	(7,107)	(5,665)	(6,072)
Impairment of investments in subsidiaries	16	-	-	(106,261)	(10,230)
Profit/loss before tax		**(30,276)**	**(64,467)**	**(43,636)**	**(19,220)**
Tax on profit/loss for the year	12	(16,981)	(201)	(10,821)	1,363
Net profit/loss for the year		**(47,257)**	**(64,668)**	**(54,457)**	**(17,857)**
Earnings per share (EPS), DKK	13	(5.1)	(7.0)		
Diluted earnings per share (DEPS), DKK	13	(5.1)	(6.9)		
Proposed distribution of profit/loss					
Retained earnings				(54,457)	(17,857)
				(54,457)	**(17,857)**

BALANCE SHEET AT 30 SEPTEMBER 2007

Amounts in DKK '000	Note	Group 2007	Group 2006	Parent 2007	Parent 2006
Assets					
Completed development projects at the Group's own account	14	0	1,282	0	0
Licences	14	1,859	2,479	1,859	2,479
Goodwill	14	7,884	7,884	0	0
Intangible assets		**9,743**	**11,645**	**1,859**	**2,479**
Land and buildings	15	85,040	86,958	85,040	86,958
Plant and machinery	15	6,887	10,772	799	1,720
Other fixtures and fittings, tools and equipment, etc	15	3,678	4,985	2,947	3,863
Leasehold improvements	15	208	331	0	0
Tangible assets		**95,813**	**103,046**	**88,786**	**92,541**
Investments in subsidiaries	16	0	0	45,036	32,882
Other investments	17	7,014	18,186	7,014	18,186
Subordinated convertible loan	17	4,117	3,511	4,117	3,511
Deposits	17	195	964	7	773
Deferred tax assets	18	689	17,489	0	9,329
Other long-term assets		**12,015**	**40,150**	**56,174**	**64,681**
Total long-term assets		**117,571**	**154,841**	**146,819**	**159,701**
Inventories	19	**41,574**	**41,855**	**851**	**1,076**
Trade receivables	20	61,342	91,489	13,011	42,839
Contract development projects in progress	21	443	3,305	356	3,105
Receivables from subsidiaries	16	0	0	73,341	97,372
Income taxes	12	113	0	0	0
Other receivables		4,407	8,630	3,768	2,895
Accruals		2,033	1,904	903	1,488
Receivables		**68,338**	**105,328**	**91,379**	**147,699**
Short-term current asset investments	22	**67,369**	**85,674**	**66,421**	**83,735**
Cash at bank and in hand	23	**48,359**	**21,177**	**31,999**	**13,677**
Total short-term assets		**225,640**	**254,034**	**190,650**	**246,187**
Total assets		**343,211**	**408,875**	**337,469**	**405,888**

BALANCE SHEET AT 30 SEPTEMBER 2007

		Group		Parent	
Amounts in DKK '000	**Note**	**2007**	**2006**	**2007**	**2006**
Equity and liabilities					
Share capital	24	47,170	47,170	47,170	47,170
Share premium account		301,166	301,166	301,166	301,166
Retained earnings		(91,362)	(43,731)	(58,626)	(3,248)
Equity		**256,974**	**304,605**	**289,710**	**345,088**
Mortgage debt	26	22,738	24,612	22,738	24,612
Deferred tax liabilities	18	723	811	0	0
Provisions	27	849	800	0	0
Long-term liabilities		**24,310**	**26,223**	**22,738**	**24,612**
Current portion of long-term liabilities	26	1,927	1,934	1,927	1,934
Bank debt	23	4,994	19,870	0	5,734
Prepayments received from customers	21	3,691	0	1,878	0
Trade payables	28	24,839	22,782	2,076	2,905
Contract development projects in progress	21	1,370	876	1,255	642
Payables to subsidiaries	16	0	0	531	648
Income taxes	12	225	207	225	193
Provisions	27	3,068	3,640	2,000	3,120
Other payables	29	21,773	28,738	15,129	21,012
Accruals		40	0	0	0
Short-term liabilities		**61,927**	**78,047**	**25,021**	**36,188**
Total liabilities		**86,237**	**104,270**	**47,759**	**60,800**
Total equity and liabilities		**343,211**	**408,875**	**337,469**	**405,888**

Notes without references - see overall note summary on page 53.

EQUITY STATEMENT FOR THE GROUP

Amounts in DKK '000	Share capital	Share premium account	Retained earnings	Total
Equity at 1 October 2005	**47,048**	**298,703**	**20,707**	**366,458**
Foreign exchange rate adjustment of foreign subsidiaries	0	0	(372)	(372)
Income and expenses recognised directly on equity	0	0	(372)	(372)
Net profit/loss for the year	0	0	(64,668)	(64,668)
Total income for the year	**0**	**0**	**(65,040)**	**(65,040)**
Capital increase after exercise of granted warrants	122	2,064	0	2,186
Share-based remuneration including tax effect	0	0	601	601
Refunded VAT relating to initial public offering	0	399	1	400
Other transactions	**122**	**2,463**	**602**	**3,187**
Equity at 30 September 2006	**47,170**	**301,166**	**(43,731)**	**304,605**
Foreign exchange rate adjustment of foreign subsidiaries	0	0	547	547
Income and expenses recognised directly on equity	0	0	547	547
Net profit/loss for the year	0	0	(47,257)	(47,257)
Total income for the year	**0**	**0**	**(46,710)**	**(46,710)**
Share-based remuneration including tax effect	0	0	558	558
Acquisition of treasury shares	0	0	(1,830)	(1,830)
Sale of treasury shares	0	0	351	351
Other transactions	**0**	**0**	**(921)**	**(921)**
Equity at 30 September 2007	**47,170**	**301,166**	**(91,362)**	**256,974**

EQUITY STATEMENT FOR THE PARENT

Amounts in DKK '000	Share capital	Share premium account	Retained earnings	Total
Equity at 1 October 2005	**47,048**	**298,703**	**14,007**	**359,758**
Net profit/loss for the year	0	0	(17,857)	(17,857)
Total income for the year	**0**	**0**	**(17,857)**	**(17,857)**
Capital increase after exercise of granted warrants	122	2,064	0	2,186
Share-based remuneration including tax effect	0	0	601	601
Refunded VAT relating to initial public offering	0	399	1	400
Other transactions	**122**	**2,463**	**602**	**3,187**
Equity at 30 September 2006	**47,170**	**301,166**	**(3,248)**	**345,088**
Net profit/loss for the year	0	0	(54,457)	(54,457)
Total income for the year	**0**	**0**	**(54,457)**	**(54,457)**
Share-based remuneration including tax effect	0	0	558	558
Acquisition of treasury shares	0	0	(1,830)	(1,830)
Sale of treasury shares	0	0	351	351
Other transactions	**0**	**0**	**(921)**	**(921)**
Equity at 30 September 2007	**47,170**	**301,166**	**(58,626)**	**289,710**

The share capital of DKK 47,170,255 consists of 9,434,051 shares at DKK 5.

The Group holds 144,584 treasury shares at 30 September 2007 (125,000 shares at 30 September 2006).

There are no shares carrying special rights.

CASH FLOW STATEMENT FOR 2006/07

Amounts in DKK '000	Note	Group 2006/07	Group 2005/06	Parent 2006/07	Parent 2005/06
Operating profit/loss (EBIT)		(98,743)	(63,012)	(11,948)	(9,874)
Reversal of items with no effects on cash flow					
Depreciation, amortisation and impairment		10,736	14,692	5,026	6,131
Other items with no effects on cash flow	32	39,764	14,294	(434)	4,189
Working capital changes					
Change in inventories		(7,688)	(28,157)	167	(23)
Change in receivables		6,988	16,481	7,274	(40,315)
Change in trade payables, etc		(683)	724	(4,221)	(5,727)
Cash flows from operating activities		**(49,626)**	**(44,978)**	**(4,136)**	**(45,619)**
Financial income received	10	3,604	5,652	6,897	6,956
Financial expenses paid	11	(8,478)	(7,107)	(5,665)	(6,072)
Income taxes paid	12	(544)	225	(544)	225
Cash flows from operations		**(55,044)**	**(46,208)**	**(3,448)**	**(44,510)**
Acquisition of enterprises and activities	38	0	(7,884)	0	(12,112)
Acquisition of tangible assets		(2,399)	(12,300)	(705)	(2,935)
Sale of tangible assets		55	0	54	0
Capital increase in subsidiaries	16	-	-	(70,472)	0
Sale of equity investments		83,727	0	83,727	0
Acquisition of other long-term assets		(36)	(2,707)	0	(2,682)
Sale of other long-term assets		795	0	766	0
Acquisition of short-term current asset investments (over 3 months)		0	(80,662)	0	(78,724)
Proceeds from sale of short-term current asset investments (over 3 months)		18,320	137,387	17,494	137,387
Cash flows from investments		**100,462**	**33,834**	**30,864**	**40,934**
Instalment on and repayment of long-term liabilities		(1,881)	(1,904)	(1,881)	(1,904)
Acquisition of treasury shares		(1,830)	0	(1,830)	0
Sale of treasury shares		351	0	351	0
Proceeds from share issues		0	2,186	0	2,186
Costs relating to share issues, net income		0	400	0	400
Cash flows from financing activities		**(3,360)**	**682**	**(3,360)**	**682**
Increase/decrease in cash and cash equivalents		**42,058**	**(11,692)**	**24,056**	**(2,894)**
Cash and cash equivalents at 1 October, net		1,307	12,999	7,943	10,837
Value adjustment of cash and cash equivalents		0	0	0	0
Cash and cash equivalents at 30 September, net	23	**43,365**	**1,307**	**31,999**	**7,943**

CASH FLOW STATEMENT FOR 2006/07

		Group		Parent	
Amounts in DKK '000	**Note**	**2006/07**	**2005/06**	**2006/07**	**2005/06**
Cash and cash equivalents at 30 September, net is composed as follows:					
Cash at bank and in hand		48,359	21,177	31,999	13,677
Bank debt		(4,994)	(19,870)	0	(5,734)
Cash and cash equivalents at 30 September, net		**43,365**	**1,307**	**31,999**	**7,943**

NOTES

Note summary

1. Accounting policies
2. Material accounting estimates, assumptions and uncertainties
3. Segment information
4. Net turnover
5. Cost of sales, etc
6. Staff costs
7. Depreciation/amortisation/impairment
8. Development costs
9. Fee to auditor
10. Financial income
11. Financial expenses
12. Tax on profit/loss for the year
13. Earnings per share
14. Intangible assets
15. Tangible assets
16. Investments in subsidiaries
17. Other long-term assets
18. Deferred tax
19. Inventories
20. Trade receivables
21. Contract development projects in progress
22. Short-term current asset investments
23. Cash at bank and in hand
24. Share capital
25. Treasury shares
26. Long-term liabilities
27. Provisions
28. Trade payables
29. Other payables
30. Operating lease commitments
31. Contingent liabilities, collateral and contractual obligations
32. Other items with no effects on cash flow
33. Related parties
34. Share-based remuneration
35. Ownership
36. Derivative financial instruments
37. Public grants
38. Acquisition of enterprises and activities

NOTES

1. Accounting policies

Basis of preparation

The annual report of RTX Telecom A/S for 2006/07, which includes both the annual report for the Group and the Parent, is presented in accordance with the provisions of the International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for listed companies.

Additional Danish disclosure requirements for annual reports are determined in IFRS's announcement issued in accordance with the Danish Financial Statements Act as well as by the OMX The Nordic Stock Exchange Copenhagen.

This annual report also complies with the International Financial Reporting Standards (IFRS) issued by IASB.

The annual report is presented in Danish kroner (DKK), which is the primary currency of the Group's activities and the functional currency of the Parent.

The annual report is presented based on historical cost prices, except items where IFRS require measurement at fair market value. Otherwise the accounting policies applied are as described below.

Figures in brackets indicate a negative amount or an amount which must be deducted or amounts with a negative sign.

Standards and interpretations that became effective in the financial year 2006/07

In the financial year 2006/07 the Group has used all the new and changed standards and interpretations which are relevant to RTX Telecom A/S and which came into force with effect for financial years from 1 October 2006.

The new and changed standards and interpretations have been implemented without impact on the annual report for 2006/07 or previous years.

Standards and interpretations that have not become effective

Changed standards and interpretations which were issued though had not become effective at the time when this annual report was made public are not incorporated in this annual report.

In Management's opinion, the future implementation of other standards and interpretations which have not become effective can be performed without any significant influence on the annual report.

NOTES

1. Accounting policies (continued)

Material accounting estimates, assumptions and uncertainties

Several financial statement items cannot be measured with certainty but only be estimated. Such estimates comprise assessments made on the basis of the latest information available at the time of the financial reporting.

In relation to the practical application of the described accounting policy, Management has performed normal accounting assessments within the valuation of long-term assets, inventories, receivables and liabilities.

Consolidated financial statements

The consolidated financial statements include RTX Telecom A/S (Parent) and the enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

RTX Telecom A/S together with its subsidiaries is referred to as the Group.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of RTX Telecom A/S and its subsidiaries. The consolidated financial statements are prepared by combining financial statement items of a uniform nature. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' pro rata share of profit/loss forms part of the Group's profit or loss for the year and is a separate element of the Group's equity.

NOTES

1. Accounting policies (continued)

Business combinations

Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the time of acquiring or establishing such enterprises. Time of acquisition is the date on which control of the enterprise is actually acquired. Divested or wound-up enterprises are recognised in the consolidated profit and loss account up to the time of their divestment or winding-up. Time of divestment is the date on which control of the enterprise actually passes to a third party. Comparative figures are not restated for newly acquired or divested enterprises.

The purchase method is applied in the acquisition of new enterprises, under which identifiable assets, liabilities and contingent liabilities of these enterprises are measured at fair market value at the acquisition date. Long-term assets acquired for the purpose of resale, however, are measured at fair market value less anticipated selling costs. Restructuring costs are only recognised in the pre-acquisition balance sheet if they, at the time of acquisition, constitute a liability to the acquiree. Allowance is made for the tax effect of the restatements.

The cost of an enterprise consists of the fair market value of the consideration paid plus costs which are directly attributable to the acquisition of enterprise. If the final assessment of the consideration is conditioned upon one or several future events, these adjustments are only included in cost if the relevant event is probable and the effect on cost can be calculated reliably.

Positive differences (goodwill) between cost of the enterprise acquired and the fair market value of the assets, liabilities and contingent liabilities acquired are recognised as an asset under intangible assets and tested for impairment at least once a year. If the asset's carrying amount is higher than its recoverable amount, impairment is performed to this lower recoverable amount.

For negative differences (negative goodwill), the calculated fair market values and the calculated cost of the enterprise are reassessed. If the fair market value of the assets, liabilities and contingent liabilities acquired still exceeds cost after the reassessment, the difference is recognised as income in the profit and loss account.

NOTES

1. Accounting policies (continued)

Profits or losses from divestment of subsidiaries

Profits or losses from divestment or winding-up of subsidiaries are calculated as the difference between selling price or settlement price and carrying amount of the net assets at the time of divestment or winding-up, inclusive of goodwill, accumulated exchange rate adjustments taken directly to equity, and estimated divestment or winding-up expenses. The selling price is measured at fair market value of the consideration received.

Foreign currency translation

On initial recognition, transactions in currencies different from the enterprises' functional currency are translated applying the transaction date exchange rate.

Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date or the rate at the balance sheet date are recognised in the profit and loss account as financial income or financial expenses. Tangible assets, intangible assets, inventories and other non-monetary assets purchased in foreign currencies and measured on the basis of historical cost are translated applying the transaction date exchange rate. Non-monetary items that are restated at fair market value are translated using the exchange rate at the date of restatement.

On recognition in the consolidated financial statements of enterprises presenting their financial statements in a functional currency different from DKK, the profit and loss accounts are translated at the average exchange rates on a monthly basis unless such rates vary significantly from the actual exchange rates at the transaction dates. In the latter case, the actual exchange rates are applied. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered as belonging to the relevant entity acquired and is translated using the exchange rate at the balance sheet date.

Exchange differences arising out of the translation of foreign enterprises’ equity at the beginning of the year using the balance sheet date exchange rates as well as upon the translation of profit and loss accounts from average rates to the exchange rates at the balance sheet date are recognised directly on equity. Similarly, exchange differences arising out of changes made directly in the foreign enterprise's equity are also taken directly to equity.

Exchange rate adjustments of receivables from or payables to subsidiaries which are considered part of the Parent's total investment in the subsidiary in question are classified directly as equity in the consolidated financial statements whereas they are recognised in the profit or loss account in the Parent's financial statements.

NOTES

1. Accounting policies (continued)

Upon recognition in the consolidated financial statements of foreign subsidiaries which present their financial statements in a functional currency different from DKK monetary assets and monetary liabilities are translated at the balance sheet date exchange rate. Non-monetary assets and liabilities which are measured based on historical costs are translated at the transaction date exchange rate. Non-monetary items measured at fair market value are translated at the exchange rate at the time of the most recent adjustment of fair market value.

The items of the profit and loss account are translated at the average exchange rates of the months, however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary assets and liabilities.

Derivative financial instruments

On initial recognition, derivative financial instruments are measured at fair market value at the date of settlement normally corresponding to remuneration paid or received. Directly attributable expenses related to the purchase or issue of a financial instrument are added to derivative financial instruments for which subsequent fair market value adjustments are taken to equity (hedging instruments).

After initial recognition, derivative financial instruments are measured at fair market value at the balance sheet date.

Changes in the fair market value of derivative financial instruments that qualify for hedge accounting and comply with the requirements for hedging of the fair market value of a recognised asset or a recognised liability are recorded in the profit and loss account together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair market value of derivative financial instruments classified as and complying with the requirements for effectively hedging future cash flows are recognised directly in equity. When the hedged cash flows are realised, the accumulated changes are recognised as part of cost of the relevant transactions.

Changes in the fair market value of derivative financial instruments used for hedging of net investments in foreign subsidiaries are recognised directly in equity in the consolidated financial statements to the extent the hedging is effective.

If the relevant foreign enterprise is divested, the accumulated changes in value are taken to the profit and loss account.

NOTES

1. Accounting policies (continued)

For derivative financial instruments that do not qualify as hedging instruments, changes in fair market value are recognised currently in the profit and loss account as financial income or financial expenses.

Share-based incentive schemes

Share-based incentive schemes in the form of share options and warrants where the employees may only choose to buy and subscribe for shares in the Parent, at an agreed rate (equity-settled share-based payment scheme), the fair market value of the rights is measured at the time of issue and are recognised in the profit and loss account under staff costs for the period during which the employees achieve final right to the share options and warrants, respectively. The set-off entry is recognised directly in equity.

Share-based incentive schemes, where the employees may choose between acquiring the shares at an agreed price or receiving cash payment of the difference between the agreed price and the actual share price, are measured at fair market value at the time of issue and recognised in the profit and loss account under staff costs during the period where final right is obtained to acquiring the shares or receiving cash payment, respectively. Subsequently, the incentive schemes are measured at every balance sheet date and upon final payment, and changes in the fair market value of the schemes are recognised in the profit and loss account under staff costs proportionately relative to the past period during which the employees have achieved final right to acquire the shares or receive cash payment. The set-off entry is recognised under liabilities.

On initial recognition of the share options and warrants an estimate is made regarding the number of rights for which the employees are expected to acquire final right. Subsequently, adjustments are made for changes to this estimate whereby final recognition of the cost corresponds to the actual number of acquired rights to share options and warrants.

The fair market value of the share options and the warrants is computed by using the Black & Scholes model for valuation of European call options with the parameters included in note 34.

Income taxes

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the profit and loss account by the portion attributable to the profit or loss for the year and classified directly as equity by the portion attributable to entries directly in equity. Exchange rate adjustments of deferred tax are recognised as part of the year's adjustments of deferred tax.

NOTES

1. Accounting policies (continued)

The current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

When calculating the current tax for the year, the tax rates in effect at the balance sheet date are used.

Deferred tax is recognised applying the liability method on all temporary differences between the carrying amount and tax-based value of assets and liabilities, apart from deferred tax on temporary differences arisen either upon initial recognition of goodwill or upon initial recognition of transaction which is not a business combination and where the temporary difference noted at the time of initial recognition neither affects the accounting profit/loss nor the taxable income.

Deferred tax is recognised on all temporary differences related to investments in subsidiaries and associates unless the Parent is able to control when deferred tax is realised and it is probable that deferred tax will not create current tax in a foreseeable future.

The deferred tax is calculated based on the planned use of each asset or the planned winding-up of each liability, respectively.

Deferred tax is measured by using the tax rates and tax rules of the respective countries which - based on adopted or in reality adopted regulations at the balance sheet date - are expected to apply when deferred tax is expected to create current tax. Changes in deferred tax resulting from changed tax rates or tax rules are recognised in the profit and loss account.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets for set-off in future positive taxable income. On each balance sheet date, it is reassessed whether sufficient taxable income is likely to occur in the future for the deferred tax asset to be used.

The Parent is jointly taxed with all of its Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed Danish enterprises proportionally to their taxable income, i.e. full allocation with a refund concerning tax losses.

NOTES

1. Accounting policies (continued)

Profit and loss account

Net turnover

Net turnover from the sale of manufactured goods and goods for resale is recognised in the profit and loss account when delivery is made and risk has passed to the buyer.

Contract development projects and delivery of services are recognised as net turnover when the project is performed or when the agreed services are delivered so that net turnover corresponds to the selling price of the work performed in the financial year (the percentage-of completion method), see below.

Net turnover is measured at fair market value of the consideration received or receivable. If an interest-free credit has been arranged for payment of the consideration receivable which is longer than the usual credit period, the fair market value of the consideration is determined by discounting future payments receivable. The difference between fair market value and nominal value of the consideration is recognised as financial income in the profit and loss account by using the effective interest method.

Net turnover is calculated net of VAT, duties, etc which are charged on behalf of a third party.

Contract development projects

If the outcome of a contract development project can be estimated reliably, net turnover and cost of sales are recognised in the profit and loss account based on the contract's stage of completion at the balance sheet date (the percentage-of-completion method).

If the outcome of a contract development project cannot be estimated with sufficient reliability, net turnover is recognised at the project costs incurred in the period to the extent these costs are likely to be recovered.

Costs relating to sales work and conclusion of contracts as well as financing costs are recognised in the profit and loss account as incurred.

Royalty

Income from royalty is often conditional on future events. Royalty income particularly depends on the customer's sale of products containing technology developed by RTX Telecom, and therefore royalty is not recognised in the profit and loss account until these future events have occurred.

NOTES

1. Accounting policies (continued)

Cost of sales, etc

Cost of sales, etc comprises raw materials, consumables, cost of sales, freight, customs and other direct external expenses incurred to achieve net turnover.

Other external expenses

Other external expenses comprise costs for premises, marketing and sale, administration, bad debts, etc.

Other external expenses also include costs for development projects at own expense which do not meet the criteria for recognition in the balance sheet. In addition, provisions for loss on contract development projects in progress are included.

Staff costs

Staff costs comprise wages and salaries, share-based remuneration as well as social security costs, pension contributions, etc for the Company's management and staff.

Staff costs also include wages and salaries, etc relating to development projects at own expense which do not meet the criteria for recognition in the balance sheet.

Financial income and expenses

These items comprise interest income and interest expenses, the interest portion of finance lease payments, realised and unrealised capital gains and losses on securities, payables and transactions in foreign currencies, mortgage amortisation premium/allowance on mortgage debt, etc as well as tax surcharge and repayment under the Danish Tax Prepayment Scheme.

Interest income and interest expenses are accrued based on the principal sum and the effective interest rate.

Dividends on investments in other securities and equity investments are recognised once final right to the dividend is obtained, which is typically at the time of the general meeting's approval of the distribution from the company in question.

Balance sheet

Completed development projects at own expense

Development projects on clearly defined and identifiable products and processes are recognised as intangible assets to the extent the product or the process is likely to generate future financial benefits to the Group, and the development costs related to each asset can be measured reliably. Other development costs are recognised as costs in the profit and loss account as incurred.

NOTES

1. Accounting policies (continued)

On initial recognition, development costs are measured at cost. The cost of development projects comprises costs, including salaries, amortisation and depreciation directly attributable to the development projects and necessary to complete the project is calculated from the time at which the development project meets the criteria for recognition as an asset for the first time.

Completed development projects are amortised on a straight-line basis over the estimated useful lives. The period of amortisation is usually 3-5 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights.

Development projects are written down to any lower recoverable amount. Development projects in progress recognised in the balance sheet are tested for impairment at least once a year.

The Group's services are primarily sold on markets with frequent changes or upgrading of technologies. Consequently, the Group's commercial sales conditions may change at short notice, and in particular cases, the market may be lost due to a specific technological development. Therefore, it is expected that only in special cases will incurred costs relating to the Group’s own development projects meet the requirements for capitalisation.

Patents and licenses

Acquired intellectual property rights in the form of patents and licences are measured at cost less accumulated amortisation. Patents are amortised over the remaining duration, and licences are amortised over the term of the agreement, but no more than 20 years. If the actual useful life is shorter than the remaining life and the term of the agreement, respectively, amortisation is performed over the shorter useful life.

Acquired intellectual property rights are written down to recoverable amount, if lower.

Intangible assets with indefinite useful lives are not amortised but tested for impairment at least once a year. If the assets' carrying amounts exceed their recoverable amounts, the assets are written down to this lower value.

NOTES

1. Accounting policies (continued)

Goodwill

On initial recognition, goodwill is recognised and measured as the difference between cost of the enterprise acquired and the fair market value of the assets, liabilities and contingent liabilities acquired, see description under consolidated financial statements.

When goodwill is recognised, the amount is allocated to the activities of the Group generating separate payments (cash-generating units). Determination of cash-generating units follows the management structure and internal finance management and reporting of the Group.

Goodwill is not amortised but tested for impairment at least once a year. To the extent that the recoverable amount for each cash-generating unit is less than the carrying amounts of the tangible assets and intangible assets, including goodwill related to the cash-generating unit, the assets in question are written down.

Tangible assets

Land and buildings, plant and machinery, other fixtures and fittings, tools and equipment as well as leasehold improvements are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition, and preparation costs of the asset until the time when it is ready to be put into operation. For own-manufactured assets, cost comprises costs directly attributable to the manufacture of the asset, including materials, components, subsuppliers and wages. For assets held under finance leases, cost is the lower of the asset's fair market value and present value of future lease payments.

Interest expenses on loans for financing the manufacture of tangible fixed assets are included in cost if they relate to the manufacturing period. Other borrowing costs are recognised in the profit and loss account.

If acquisition or the use of the asset commits the Group to incur costs of demolition or reestablishment of the asset, the estimated related costs are recognised as provisions or cost of the relevant asset, respectively. If the liability occurs in relation to production of inventories, the liability is recognised as part of the cost of the products in question, see below.

NOTES

1. Accounting policies (continued)

The basis of depreciation is cost less estimated residual value after the end of useful life.

Cost of a total asset is divided into small parts which are depreciated separately if the useful lives are different.

Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	25 to 50 years
Plant and machinery	4 to 10 years
Other fixtures and fittings, tools and equipment, including computer equipment	3 to 7 years
Leasehold improvements	5 years

Depreciation methods, useful lives and residual amounts are reassessed annually.

Tangible assets are written down to the lower of recoverable amount and carrying amount.

Investments in subsidiaries in the Parent's annual report

Investments in subsidiaries are measured at cost.

If cost exceeds the recoverable amount of the investments, they are written down to such lower amount.

Cost is also adjusted if more dividends are distributed than total profit in the enterprise since the acquisition of this.

Impairment of tangible assets, intangible assets and investments in subsidiaries

The carrying amounts of tangible assets and intangible assets with determinable useful lives as well as the Parent's investments in subsidiaries are tested on the balance sheet date to determine whether there are indications of impairment. If there are indications of impairment, the recoverable amount of the asset is estimated to establish the need for impairment losses as well as the extent of the impairment losses, if any. For development projects in progress, intangible assets with indeterminable useful lives and goodwill, the recoverable amount is estimated annually, irrespective of whether there are indications of impairment.

NOTES

1. Accounting policies (continued)

If the individual asset does not generate cash independently of other assets, the recoverable amount is estimated for of the smallest cash-generating unit in which the asset is included.

The recoverable amount is calculated as the highest value of the asset's or the cash-generating unit's fair market value less selling costs and net present value. On calculation of net present value, the estimated future cash flows are discounted to present value by using a discount rate reflecting actual market assessments of the timing value of money as well as the particular risks related to the asset or the cash-generating unit, and for which no adjustment has been made in the estimated future cash flows.

If the recoverable amount of the asset or the cash-generating unit is estimated to be lower than carrying amount, carrying amount is written down to recoverable amount. For cash-generating units, the write-down is allocated so that goodwill is impaired first, and secondly, any remaining impairment need is allocated on the other assets in the unit, as each asset, however, is not impaired to a lower value than the fair market value of the asset less estimated selling costs.

Impairment losses are recognised in the profit and loss account. In case of any subsequent reversals of impairment losses resulting from change in assumptions of the calculated recoverable amount, the carrying amount of the asset or the cash-generating unit is increased to the adjusted estimate of the recoverable amount, however not exceeding the carrying amount of the asset or the cash-generating unit if the impairment loss had not been made. Impairment of goodwill is, however, not reversed.

Other investments

Other investments are classified as "Financial assets available for sale" and, on initial recognition, these are measured at fair market value corresponding to cost on the trading day plus any transaction costs. Listed shares and bonds are subsequently measured at fair market values on the balance sheet date (listed price). Other investments are measured at an approximate computed fair market value or at cost if an approximate fair market value cannot be computed reliably.

The fair market value adjustments of financial assets available for sale are recognised directly on equity until the time of sale of the assets. This does, however, not apply to adjustments as a result of loss upon permanent impairment and exchange rate adjustments which are both recognised in the profit and loss account under financial items. Upon sale of the assets, accumulated profits and losses recognised on equity are transferred to the profit and loss account. Interest and dividends on financial assets available for sale are recognised in the profit and loss account under financial income.

NOTES

1. Accounting policies (continued)

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost of goods for resale, raw materials and consumables consists of purchase price plus landing costs. Cost of manufactured goods and work in progress comprise costs for raw materials, consumables and direct wages for production staff as well as distributed fixed and variable indirect production costs incurred to bring inventories to their current condition and location. This includes liabilities incurred for demolition or reestablishment of tangible assets if these liabilities have resulted from the production of goods.

Variable indirect production costs include indirect materials and wages and are allocated based on precalculations of the goods actually manufactured. Fixed indirect production costs comprise costs of maintenance of and depreciation on machinery, factory buildings and equipment applied for the manufacturing process as well as costs of factory administration and management. Fixed production costs are allocated on the basis of the normal capacity of production plant.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

On initial recognition, receivables are measured at fair market value and subsequently at amortised cost usually equalling nominal value less write-down for bad debts.

Contract development projects in progress

When the outcome of a contract development project is deemed reliable, the development project is measured at selling price of the work performed at the balance sheet date (percentage-of-completion) less on account invoicing and write-down for estimated loss.

The selling price is measured based on the stage of completion on the balance sheet date and the total estimated income from each development project.

Usually, the stage of completion of each project is determined as the ratio between actual and total budgeted consumption of resources.

NOTES

1. Accounting policies (continued)

If the outcome of a development project cannot be estimated reliably, the development project is measured at costs incurred to the extent these can be recovered.

When total project costs are likely to exceed total project income for a development project, the expected loss is immediately recognised as costs.

The individual development project in progress is recognised in the balance sheet under receivables or liabilities, depending on whether net value is a receivable or a liability.

Costs of sales work and of conclusion of contracts on development projects as well as financing costs are recognised in the profit and loss account as incurred.

For further description see above under net turnover.

Accruals

Accruals recognised under short-term assets comprise incurred costs relating to subsequent financial years. Accruals are measured at cost.

Short-term current asset investments

The Group's portfolio of current asset investments recognised under short-term assets primarily comprise listed bonds.

On initial recognition, the portfolio of listed bonds is classified as "Financial assets measured at fair market value in the profit and loss account". These investments are not traded actively apart from ongoing replacement of current asset investments upon termination or in relation to management of the portfolio.

On initial recognition the current asset investments are measured at fair market value corresponding to cost on the trading date. Subsequently current asset investments are measured at fair market value at the balance sheet date corresponding to the listed price. Realised and unrealised capital gains and losses are recognised in the profit and loss account as financial items.

NOTES

1. Accounting policies (continued)

Treasury shares

Acquisition and selling prices of as well as dividends on treasury shares are classified directly as equity under retained earnings.

Dividends

Dividends are recognised as a liability at the time of adoption at the general meeting.

Pension liabilities, etc

The Group has made pension schemes and similar contracts with a significant number of its employees.

Upon defined contribution schemes, the Group continuously pays fixed contributions to independent pension providers, etc which hereby assume the pension liabilities. The contributions are recognised in the profit and loss account during the period in which the employees have performed the work entitling the pension contribution. Contributions payable are recognised in the balance sheet as a liability.

The Group has not entered into defined benefit pension plans.

Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of events in this or previous financial years and repayment of the liability is likely to result in a drain on the Group's financial resources.

Provisions are measured as the best estimate of costs necessary to settle the obligation on the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their present value.

Upon sale of goods with right of return, provisions are made for hedging profit on the goods which are expected to be returned as well as any expenses related to the returns.

Guarantee commitments comprise commitments to remedy defects and deficiencies on goods sold within the guarantee period. The liabilities are computed based on historical experiences.

When total costs are likely to exceed total income from a contract development project, a provision is made for the total loss estimated to result from the relevant project.

NOTES

1. Accounting policies (continued)

In connection with planned restructurings of the Group, provisions are only made for obligations relating to restructurings that were decided and commenced at the balance sheet date according to a specific plan, and where the parties involved have been informed about the overall plan.

Mortgage debt

At the time of borrowing, mortgage debt is measured at cost which corresponds to the proceeds received less transaction costs incurred. Subsequently, mortgage debt is measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the amount to be repaid is recognised in the profit and loss account as a financial expense over the term of the loan applying the effective interest method.

Lease commitments

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities and, at the time of inception of the lease, measured at the lower of fair market value of the leased asset and the present value of the future minimum lease payments.

Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the profit and loss account as a financial expense over the term of the leases.

Lease payments on operating leases are recognised on a straight-line basis in the profit and loss account over the term of the lease. The effective interest method is used for recognition.

Other financial liabilities

On initial recognition, other financial liabilities, including bank loans and trade payables, are measured at fair market value corresponding to received proceed less any incurred transaction costs. Subsequently, these liabilities are measured at amortised cost applying the effective interest method to the effect that the difference between proceeds and nominal amount is recognised in the profit and loss account as a financial expense over the term of the loan.

Accruals

Accruals recognised under short-term liabilities comprise amounts received relating to subsequent financial years. Accruals are measured at cost.

NOTES

1. Accounting policies (continued)

Cash flow statement

The cash flow statement is presented using the indirect method and shows cash flows from operations, investments and financing activities as well as the cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from acquisition and divestment of enterprises are shown separately under cash flows from investments. Cash flows from acquired enterprises are recognised in the cash flow statement from the time of their acquisition, and cash flows from divested enterprises are recognised up to the time of sale.

Cash flows from operations are calculated as the operating profit adjusted for non-cash operating items and changes in working capital less the income tax paid in the financial year which is attributable to the operating activities.

Cash flows from investments comprise payments in connection with acquisition and divestment of enterprises and financial assets as well as acquisition, development, improvement and sale of intangible assets and tangible assets. Furthermore, cash flows from assets held under finance leases are recognised in the form of lease payments.

Cash flows from financing activities comprise changes in the Parent’s share capital and related costs as well as the raising and repayment of loans, instalments on interest-bearing debt, purchase and sale of treasury shares, and payment of dividends.

Cash flows in other currencies than the Group's functional currency are recognised in the cash flow statement by using the average exchange rates for the months, unless they deviate significantly from the actual exchange rates at the transaction dates. In the latter case, the actual exchange rates of each day are applied.

Cash and cash equivalents comprise cash and short-term current asset investments with insignificant price risk less overdraft facilities in bank included as an integral part of the Group's cash management.

Segment information

The entire basis for the RTX Telecom Group's activities is an overall business segment, i.e. development, production and sale of products, equipment and services within wireless communication and other telecom products. Segment information on the primary segmentation therefore corresponds to information in the consolidated financial statements.

NOTES

1. Accounting policies (continued)

The Group's secondary segmentation concerns geographical areas. The segment information complies with the Group's risks, the Group's accounting policies and internal financial management reports.

Segment information comprises items directly attributable to each segment and the items which can be allocated into each segment at a reliable basis.

Ratio definitions and calculation formulas

The ratios have been calculated in accordance with "Recommendations & Financial Ratios 2005" issued by the Danish Society of Financial Analysts, unless otherwise indicated.

Operating profit/loss (EBIT)	Profit/loss before financial income and expenses
Growth in net turnover [1]	(Net turnover in year n - net turnover in year n - 1) * 100 / Net turnover in year n - 1
Profit margin	Operating profit/loss * 100 / Net turnover
Return on invested capital (ROIC including goodwill)	Operating profit/loss before amortisation (EBITA) * 100 / Average invested capital including goodwill
Return on equity	Profit/loss from ordinary activities after tax and minority interests * 100 / Average equity
Equity ratio [1]	Equity at year-end * 100 / Total equity and liabilities at year-end
Earnings per share (EPS)	Profit/loss from ordinary activities after tax and minority interests / Average number of shares in circulation each at a nominal value of DKK 5
Diluted earnings per share (DEPS)	Profit/loss from ordinary activities after tax and minority interests / Average number of diluted shares each at a nominal value of DKK 5
Cash flow from operations per share [1]	Cash flow from operations / Average number of shares in circulation each at a nominal value of DKK 5
Equity value per share [1]	Equity excluding minority interests at year-end / Number of shares in circulation at year-end
Dividends per share	Total dividends paid / Average number of issued shares each at a nominal value of DKK 5

1) Not defined by the Danish Association of Financial Analysts.

Computation of earnings per share and diluted earnings per share is specified in note 13.

NOTES

2. Material accounting estimates, assumptions and uncertainties

Several financial statement items cannot be measured with certainty but only be estimated. Such estimates comprise assessments made on the basis of the latest information available at the time of the financial reporting. It may be necessary to change previous estimates due to changes in the matters on which the estimates were based or due to additional information, further experience or subsequent events.

Material accounting estimates

In relation to the practical application of the accounting policies described, Management has made the following material accounting estimates and assessments which may have a significant impact on the annual report's assets and liabilities at the balance sheet date. Management bases its estimates on historical experiences as well as a number of assumptions which are assessed as being reasonable under the given circumstances. The result thereof forms the basis for the reported carrying amounts of assets and liabilities as well as the reported income and expenses which are not directly disclosed in other documentation. The actually realised results may deviate from these estimates recognised at the balance sheet date. Management has performed the following material accounting estimates which have had significant influence on the annual report.

Deferred tax assets

RTX Telecom recognises deferred tax assets if it is probable that sufficient taxable income exists in future to use the temporary differences between the tax values and the carrying amounts of assets and liabilities and unused tax loss carryforwards. Management has made a five-year estimate over the future taxable income in the Group. This estimate is included in the assessment as to whether the deferred tax assets may be recognised at the balance sheet date.

At 30 September 2007 the total tax value of deferred tax assets is calculated at a net amount of DKK 55,672k. Due to uncertainty relating to the use of the deferred tax assets in the Group, the amount has been recognised in the balance sheet as a net liability of DKK 34k. The corresponding amounts at the end of the previous financial year totalled DKK 33,266k and DKK 16,678k (asset).

In the financial year 2006/07 the above uncertainty and estimate have resulted in a negative impact on profit/loss for the year of DKK 35,502k. In the previous financial year, the corresponding amount was DKK 16,588k.

NOTES

2. Material accounting estimates, assumptions and uncertainties (continued)

Measurement of investments in subsidiaries in the Parent's balance sheet

Investments in subsidiaries are measured at cost. If cost exceeds the recoverable amount, it is written down to such lower amount. The carrying amounts of investments in subsidiaries are reviewed on the balance sheet date in order to determine whether there are indications of impairment. Management has performed an estimate of the expected development in the subsidiaries within a foreseeable number of years. Management's estimate is based on adopted strategies, expected activities and plans as well as existing budgets and estimates, etc. This estimate is included when assessing at which value investments in subsidiaries could be recognised at the balance sheet date. At 30 September 2007 the carrying amount of investments in subsidiaries is recognised at a negative net value of DKK 2,907k. At 30 September 2006 the corresponding net value was an asset of DKK 32,882k. In the financial year 2006/07 the Company has made capital increases by cash contributions and debt conversion of DKK 70,472k.

Net impairment for the year amounts to DKK 106,261k compared with net DKK 10,230k in the previous financial year. The impairment is recognised in the Parent's profit and loss account.

NOTES

Amounts in DKK '000	Net turnover 2006/07	Net turnover 2005/06	Acquisition of intangible and tangible assets 2006/07	Acquisition of intangible and tangible assets 2005/06	Assets 2006/07	Assets 2005/06
3. Segment information						
Group						
Denmark	42,626	38,927	705	2,774	256,679	255,368
Other European countries	99,307	158,424	456	177	24,346	46,848
Asia and Australia	22,070	32,802	1,239	17,231	48,290	50,718
North America	52,109	54,954	0	2	13,896	55,941
Total	**216,112**	**285,107**	**2,400**	**20,184**	**343,211**	**408,875**
Parent						
Denmark	46,395	89,590	705	2,759	283,237	322,508
Other European countries	33,313	42,610	0	177	7,127	9,773
Asia and Australia	7,565	5,498	0	12,112	39,907	27,173
North America	24,019	42,409	0	0	7,198	46,434
Total	**111,292**	**180,107**	**705**	**15,048**	**337,469**	**405,888**

Net turnover is broken down by geographical area according to the customers' geographical location.

Acquisition of intangible assets and tangible assets as well as carrying amounts of assets are broken down by the physical location at the balance sheet date.

NOTES

Amounts in DKK '000	Group 2006/07	Group 2005/06	Parent 2006/07	Parent 2005/06
4. Net turnover				
Net turnover by technology, etc				
Cordless	171,565	246,786	101,014	147,395
Cellular	26,648	8,778	442	3,866
Bluetooth	17,036	27,644	8,973	22,669
Other income	863	1,899	863	6,177
Total	**216,112**	**285,107**	**111,292**	**180,107**
Net turnover by type of income				
Development projects	38,234	46,898	24,123	37,501
Royalty	27,483	25,762	27,300	25,762
Sale of goods, etc	150,395	212,447	59,869	116,844
Total	**216,112**	**285,107**	**111,292**	**180,107**

5. Cost of sales, etc

Amounts in DKK '000	Group 2006/07	Group 2005/06	Parent 2006/07	Parent 2005/06
Cost of sales	103,665	117,987	10,814	38,383
Write-down of inventories	10,169	10,439	58	108
Reversed write-down of inventories	(2,200)	(1,095)	0	(61)
Other unit costs	6,151	5,431	47	11
Total	**117,785**	**132,762**	**10,919**	**38,441**

NOTES

	Group		Parent	
Amounts in DKK '000	**2006/07**	**2005/06**	**2006/07**	**2005/06**
6. Staff costs				
Supervisory Board's remuneration	999	895	999	895
Wages and salaries	106,445	135,456	73,407	94,787
Defined contribution pension plans	1,033	1,097	741	836
Other social security costs, etc	1,761	1,271	1,383	952
Share-based remuneration, see note 34	558	601	558	601
Public grants related to staff costs	(685)	(1,014)	(661)	(890)
Total	**110,111**	**138,306**	**76,427**	**97,181**

Of this remuneration for the Parent's management amounts to:

Supervisory Board				
Supervisory Board's remuneration	999	895	999	895
Share-based remuneration	7	22	7	22
Executive Board				
Salaries	2,509	2,002	2,509	2,002
Pension	26	17	26	17
Share-based remuneration	118	7	118	7
Total	**3,659**	**2,943**	**3,659**	**2,943**

In addition to the above remuneration, the Company provides a company car for the Executive Board. On dismissal by the Company the Executive Board shall be entitled to a salary in the period of notice and severance pay totalling up to 18 months' salary, etc equal to approx. DKK 4.0m.

Share options for the period granted to the Parent's management:

Executive Board, number	0	25,000	0	25,000
	0	**25,000**	**0**	**25,000**

The Company's Executive Board received share-based remuneration in 2005/06. The conditions of the agreements on share-based remuneration are described further in note 34.

NOTES

	Group		Parent	
Amounts in DKK '000	**2006/07**	**2005/06**	**2006/07**	**2005/06**
6. Staff costs (continued)				
Number of full-time employees at 30 September, converted	215	276	124	192
Average number of full-time employees, converted	232	276	147	190

The Group has entered into defined contribution pension plans with a significant number of the Group's employees. The Group has not entered into defined benefit pension plans.

Defined contribution pension plans require the employer to pay a certain amount to a pension provider or the like, though the company bears no risk as regards future development in interest, inflation, mortality, disability, etc regarding the amount to be paid to the employee.

Payment to executives and key staff employed in foreign subsidiaries may in special cases differ from the general payment as regards other benefits and bonus schemes, which reflects an adjustment of the remuneration to local conditions.

	Group		Parent	
Amounts in DKK '000	**2006/07**	**2005/06**	**2006/07**	**2005/06**
7. Depreciation/amortisation/impairment				
Amortisation of intangible assets	1,902	3,183	620	619
Impairment of intangible assets	0	3,803	0	0
Depreciation of tangible assets	8,889	7,706	4,460	5,512
Profit from sale of tangible assets, net	(55)	0	(54)	0
Total	**10,736**	**14,692**	**5,026**	**6,131**

NOTES

Amounts in DKK '000	Group 2006/07	Group 2005/06	Parent 2006/07	Parent 2005/06
8. Development costs				
Paid development costs	26,534	46,259	26,534	46,259
Development costs are recognised as follows:				
Other external expenses	3,401	8,391	3,401	8,391
Staff costs	23,133	37,868	23,133	37,868
Total	**26,534**	**46,259**	**26,534**	**46,259**

Impairment of intangible assets
is taken to depreciation, amortisation and impairment.

9. Fees to auditor appointed by the general meeting

	Group 2006/07	Group 2005/06	Parent 2006/07	Parent 2005/06
Fees for audit services:				
Deloitte	566	479	428	325
Total	**566**	**479**	**428**	**325**
Fees for non-audit services:				
Deloitte	322	855	322	787
Total	**322**	**855**	**322**	**787**

NOTES

Amounts in DKK '000	Group 2006/07	Group 2005/06	Parent 2006/07	Parent 2005/06
10. Financial income				
Profit from sale of other investments and equity investments	72,556	0	72,556	0
Interest, etc	4,209	5,652	3,953	5,523
Interest from group enterprises	-	-	3,549	1,433
Price adjustment of current asset investments	180	0	180	0
Total	**76,945**	**5,652**	**80,238**	**6,956**

11. Financial expenses

	Group 2006/07	Group 2005/06	Parent 2006/07	Parent 2005/06
Interest, etc	3,268	2,317	2,276	1,487
Loss on foreign currency (net)	5,210	1,033	3,389	828
Price adjustment of current asset investments	0	3,757	0	3,757
Total	**8,478**	**7,107**	**5,665**	**6,072**

NOTES

Amounts in DKK '000	Group 2006/07	Group 2005/06	Parent 2006/07	Parent 2005/06
12. Tax on profit/loss for the year				
Current tax on profit/loss for the year	(576)	(551)	(1,642)	1,192
Change in deferred tax	21,786	16,767	2,832	1,115
Adjustment concerning income from abroad	150	171	150	171
Change resulting from valuation of deferred tax assets at recoverable amount	(35,502)	(16,588)	(11,042)	(1,115)
Adjustment concerning previous years				
Current tax	113	0	0	0
Deferred tax	616	0	0	0
Reduction of tax rate				
Change of deferred tax as a result of change in the income tax rate from 28% to 25%	(3,568)	0	(1,119)	0
Total	**(16,981)**	**(201)**	**(10,821)**	**1,363**
Tax on profit/loss for the year can be specified as follows:				
Income tax rate in Denmark	25	28	25	28
Disallowable expenses less non-taxable income and other adjustments	(84)	(53)	(25)	(41)
Adjustment concerning previous years	(2)	0	0	0
Adjustment resulting from valuation of deferred tax assets at recoverable amount	117	25	25	6
Effective tax rate, exclusive of adjustments as a result of change in the income tax rate	**56**	**0**	**25**	**(7)**

Tax on profit/loss for the year and the effective tax rate are materially affected by the profit on the sale of shares held for more than three years (tax-free) and the valuation of deferred tax assets at recoverable amount.

	Group 2006/07	Group 2005/06	Parent 2006/07	Parent 2005/06
Tax on changes in equity				
Current tax	0	0	0	0
Deferred tax	0	0	0	0
Total	**0**	**0**	**0**	**0**
Taxes paid/received during the year	(544)	225	(544)	225

NOTES

Amounts in DKK '000	Group 2006/07	Group 2005/06	Parent 2006/07	Parent 2005/06
12. Tax on profit/loss for the year (continued)				
Income taxes, net				
Income taxes on 1 October, net	(207)	583	(193)	583
Additions relating to acquisition of enterprises	0	(14)	0	0
Current tax on profit/loss for the year	(576)	(551)	(576)	(551)
Tax paid during the year				
Current year	271	313	271	313
Previous years, net	273	(538)	273	(538)
Adjustment of current tax concerning previous years, net	127	0	0	0
Current tax of changes in equity	0	0	0	0
Income taxes at 30 September, net	**(112)**	**(207)**	**(225)**	**(193)**
Which can be specified as follows:				
Income tax receivable	113	0	0	0
Income tax payable	(225)	(207)	(225)	(193)
Total	**(112)**	**(207)**	**(225)**	**(193)**

Amounts at 30 September stated in brackets are liabilities.

	Group 2006/07	Group 2005/06
13. Earnings per share		
Net profit/loss for the year, DKK '000	(47,257)	(64,668)
1,000 shares		
Average number of shares	9,434	9,425
Average number of treasury shares	(145)	(125)
Average number of shares in circulation	**9,289**	**9,300**
Average dilution effect on outstanding warrants	10	64
Average number of diluted shares	**9,299**	**9,364**
Earnings per share (EPS), DKK	**(5.1)**	**(7.0)**
Diluted earnings per share (DEPS), DKK	**(5.1)**	**(6.9)**

NOTES

Amounts in DKK '000	Group			Parent
	Completed develop-ment projects	Acquired licences	Goodwill	Acquired licences
14. Intangible assets				
Cost at 1 October 2005	7,692	3,598	5,803	3,598
Additions relating to acquisition of enterprises	0	0	7,884	0
Disposals	0	0	(2,000)	0
Cost at 30 September 2006	**7,692**	**3,598**	**11,687**	**3,598**
Amortisation and impairment at 1 October 2005	(3,846)	(500)	0	(500)
Amortisation for the year	(2,564)	(619)	0	(619)
Impairment for the year	0	0	(3,803)	0
Amortisation and impairment at 30 September 2006	**(6,410)**	**(1,119)**	**(3,803)**	**(1,119)**
Carrying amount at 30 September 2006	**1,282**	**2,479**	**7,884**	**2,479**
Cost at 1 October 2006	7,692	3,598	11,687	3,598
Additions	0	0	0	0
Disposals	0	0	0	0
Cost at 30 September 2007	**7,692**	**3,598**	**11,687**	**3,598**
Amortisation and impairment at 1 October 2006	(6,410)	(1,119)	(3,803)	(1,119)
Amortisation for the year	(1,282)	(620)	0	(620)
Impairment for the year	0	0	0	0
Amortisation and impairment at 30 September 2007	**(7,692)**	**(1,739)**	**(3,803)**	**(1,739)**
Carrying amount at 30 September 2007	**0**	**1,859**	**7,884**	**1,859**

NOTES

14. Intangible assets (continued)

Goodwill

Goodwill arisen in relation to business combinations is distributed at the time of acquisition to the cash flow generating units which are expected to obtain financial advantages from the acquisition. The carrying amount of goodwill is distributed as follows on the respective cash flow generating units:

	2006/07 DKK '000	2005/06 DKK '000
RTX Consumer Products Hong Kong Ltd.	7,884	7,884
Total	**7,884**	**7,884**

Goodwill is as a minimum tested once a year as for impairment and more frequently if there are indications of impairment.

The recoverable amount for the individual cash flow generating units to which the goodwill amounts have been distributed are stated based on computation of the units' present value of expected cash flows. The most material uncertainties are connected with the determination of the discount factors and growth rates as well as expected changes in sales prices and production costs in the budget and terminal periods.

The determined discount factors reflect market evaluations of the timing value of money, reflected in risk free interest and the specific risks connected to the individual cash flow generating unit. The discount factors are determined on a pre-tax basis.

The determined growth rates are based on internal strategy plans as well as industry forecasts.

Estimated changes in sales prices and production costs are based on historical experiences as well as expectations for future changes in the market. The prognoses are based on a specific business evaluation of the expected sales prices and production costs.

For the purpose of computing the cash flow generating units' present value of expected cash flows, the cash flows stated in the most recent management approved budgets for the next financial year are used as well as strategy plans and projection thereof. For financial years after the budget period 2007/08, cash flows have been extrapolated with a growth rate of up to 20% for the first two years and subsequently approx. 5% per year.

The applied discount factor is determined based on a current market rate of approx. 5% p.a. increased by a usual risk premium of up to 10 percentage points p.a.

Other intangible assets

Apart from goodwill, all intangible assets are regarded as having determinable useful lives over which the assets are amortised, see description included under accounting policies.

NOTES

Amounts in DKK '000	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment, etc	Leasehold improvements
	Group			
15. Tangible assets				
Cost at 1 October 2005	97,323	25,464	24,414	0
Foreign exchange adjustments	0	0	(125)	(36)
Additions relating to acquisition of enterprises	0	0	651	322
Additions	0	8,276	3,112	100
Disposals	0	(1,112)	(8,600)	0
Cost at 30 September 2006	**97,323**	**32,628**	**19,452**	**386**
Depreciation and impairment at 1 October 2005	(8,533)	(19,694)	(20,528)	0
Foreign exchange adjustments	0	5	1	0
Depreciation for the year	(1,832)	(3,279)	(2,540)	(55)
Reversal relating to disposals	0	1,112	8,600	0
Depreciation and impairment at 30 September 2006	**(10,365)**	**(21,856)**	**(14,467)**	**(55)**
Carrying amount at 30 September 2006	**86,958**	**10,772**	**4,985**	**331**
Cost at 1 October 2006	97,323	32,628	19,452	386
Foreign exchange adjustments	0	(859)	(146)	(40)
Additions	0	1,410	990	0
Disposals	(100)	(3,887)	(2,801)	0
Cost at 30 September 2007	**97,223**	**29,292**	**17,495**	**346**
Depreciation and impairment at 1 October 2006	(10,365)	(21,856)	(14,467)	(55)
Foreign exchange adjustments	0	220	70	11
Depreciation for the year	(1,918)	(4,656)	(2,221)	(94)
Reversal relating to disposals	100	3,887	2,801	0
Depreciation and impairment at 30 September 2007	**(12,183)**	**(22,405)**	**(13,817)**	**(138)**
Carrying amount at 30 September 2007	**85,040**	**6,887**	**3,678**	**208**

The Group's land and buildings are situated in Denmark, and at 1 October 2006 the total value according to the public real estate assessment amounts to DKK 67.0 million (1 October 2005: DKK 58.0 million).

NOTES

Amounts in DKK '000	Parent		
	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment, etc
15. Tangible assets (continued)			
Cost at 1 October 2005	97,323	20,226	23,406
Additions	0	211	2,725
Disposals	0	(1,112)	(8,562)
Cost at 30 September 2006	**97,323**	**19,325**	**17,569**
Depreciation and impairment at 1 October 2005	(8,533)	(17,069)	(20,237)
Depreciation for the year	(1,832)	(1,648)	(2,032)
Reversal relating to disposals	0	1,112	8,563
Depreciation and impairment at 30 September 2006	**(10,365)**	**(17,605)**	**(13,706)**
Carrying amount at 30 September 2006	**86,958**	**1,720**	**3,863**
Cost at 1 October 2006	97,323	19,325	17,569
Additions	0	0	705
Disposals	(100)	(3,887)	(2,801)
Cost at 30 September 2007	**97,223**	**15,438**	**15,473**
Depreciation and impairment at 1 October 2006	(10,365)	(17,605)	(13,706)
Depreciation for the year	(1,918)	(921)	(1,621)
Reversal relating to disposals	100	3,887	2,801
Depreciation and impairment at 30 September 2007	**(12,183)**	**(14,639)**	**(12,526)**
Carrying amount at 30 September 2007	**85,040**	**799**	**2,947**

The Parent's land and buildings are situated in Denmark, and at 1 October 2006 the total value according to the public real estate assessment amounts to DKK 67.0 million (1 October 2005: DKK 58.0 million).

NOTES

Amounts in DKK '000	Parent 2006/07	Parent 2005/06
16. Investments in subsidiaries		
Cost at 1 October	72,075	59,963
Additions during the year concerning acquisitions of enterprises	0	12,112
Capital increase upon cash investment and debt conversion	70,472	0
Cost at 30 September	**142,547**	**72,075**
Value adjustment at 1 October	(39,193)	(28,963)
Impairment for the year	(106,379)	(21,646)
Reversal of impairment for the year	118	11,416
Value adjustment at 30 September	**(145,454)**	**(39,193)**
Carrying amount at 30 September	**(2,907)**	**32,882**
Which can be specified as follows:		
Investments in subsidiaries	45,036	32,882
Write-down of receivable in subsidiary	(47,943)	0
Total	**(2,907)**	**32,882**

Impairment for the year is attributable to investments in RTX Products A/S and RTX Healthcare A/S.

The investment in RTX Products A/S is recognised at recoverable amount, which has resulted in impairment of DKK 101,297k. The investment is written down to the subsidiary's equity value at 30 September 2007, which is negative by DKK 47,943k. The amount is recognised in the Parent's balance sheet as write-down of receivable in subsidiary.

The other net value adjustments for the year are recognised at DKK -4,964k, which is primarily attributable to RTX Healthcare A/S.

Total net impairment for the year of DKK 106,261k is recognised in the Parent's profit and loss account.

NOTES

16. Investments in subsidiaries (continued)

At 30 September 2007, investments in subsidiaries comprise the entire share capital and all voting rights in the following enterprises:

Name and registered office	Nominal share capital and currency '000	Payables to Parent DKK '000	Equity DKK '000	Profit/loss before tax DKK '000	Net profit/ loss for the year DKK '000
RTX Products A/S, Denmark	DKK 7,000	110,398	(47,943)	(78,353)	(82,206)
RTX Healthcare A/S, Denmark	DKK 11,000	433	286	(3,386)	(5,854)
RTX America, Inc., USA	USD 500	(531)	2,395	1,604	1,604
RTX Consumer Products Hong Kong Ltd., Hong Kong	HKD 1,110	10,453	1,738	(13,931)	(13,770)
		120,753	(43,524)	(94,066)	(100,226)
Write-down to net realisable value		(47,943)	-	-	-
Adjustment of added value and internal profit		-	0	0	0
		72,810	**(43,524)**	**(94,066)**	**(100,226)**

Which can be specified as follows:	
Receivables from subsidiaries	73,341
Payables to subsidiaries	(531)
Total	**72,810**

Subsidiaries' addresses:

- RTX Products A/S, Strømmen 6, 9400 Nørresundby, Denmark
- RTX Healthcare A/S, Strømmen 6, 9400 Nørresundby, Denmark
- RTX America, Inc., San Jose, California, USA
- RTX Consumer Products Hong Kong Ltd., Hong Kong (formerly D.R.S. Electronics Ltd., Hong Kong)

RTX Consumer Products Hong Kong Ltd. was acquired in January 2006.

NOTES

Amounts in DKK '000	Group 2006/07	Group 2005/06	Parent 2006/07	Parent 2005/06
17. Other long-term assets				
Other equity investments				
Cost at 1 October	18,186	18,186	18,186	18,186
Additions for the year	0	0	0	0
Disposals for the year	(11,172)	0	(11,172)	0
Cost at 30 September	**7,014**	**18,186**	**7,014**	**18,186**
Value adjustment at 1 October	0	0	0	0
Additions for the year	0	0	0	0
Disposals for the year	0	0	0	0
Value adjustment at 30 September	**0**	**0**	**0**	**0**
Carrying amount at 30 September	**7,014**	**18,186**	**7,014**	**18,186**

Other equity investments comprise investment in
Ilochip A/S, Nørresundby, Denmark
(formerly Thomsen Bioscience A/S).

Investment in LitePoint Corporation, USA was sold in 2006/07.

	Group 2006/07	Group 2005/06	Parent 2006/07	Parent 2005/06
Subordinated convertible loan				
Cost at 1 October	3,511	845	3,511	845
Additions for the year	606	2,666	606	2,666
Disposals for the year	0	0	0	0
Cost at 30 September	**4,117**	**3,511**	**4,117**	**3,511**
Carrying amount at 30 September	**4,117**	**3,511**	**4,117**	**3,511**

Subordinated convertible loan has been granted to Ilochip A/S.

NOTES

Amounts in DKK '000	Group 2006/07	Group 2005/06	Parent 2006/07	Parent 2005/06
17. Other long-term assets (continued)				
Deposits				
Cost at 1 October	964	923	773	757
Additions for the year	49	41	12	16
Disposals for the year	(818)	0	(778)	0
Cost at 30 September	**195**	**964**	**7**	**773**
Carrying amount at 30 September	**195**	**964**	**7**	**773**

Deposits are not depreciated.

Other long-term assets, apart from investments in unlisted shares, are measured at fair market value at the balance sheet date. Unlisted shares are measured at cost if fair market value cannot be stated reliably.

The carrying amount of other long-term assets corresponds approximately to the cost of the assets.

NOTES

Amounts in DKK '000	Group 2006/07	Group 2005/06	Parent 2006/07	Parent 2005/06
18. Deferred tax				
Deferred tax, net asset at 1 October	16,678	16,495	9,329	9,329
Foreign exchange adjustments	(44)	4	0	0
Change in deferred tax on profit/loss for the year, asset	21,786	16,767	2,832	1,115
Change in deferred tax as a result of change in the income tax rate from 28% to 25%	(3,568)	0	(1,119)	0
Adjustment of deferred tax concerning previous years	616	0	0	0
Write-down to recoverable amount	(35,502)	(16,588)	(11,042)	(1,115)
Deferred tax, net asset at 30 September	**(34)**	**16,678**	**0**	**9,329**
Specification of deferred tax:				
Intangible assets	27,676	20,928	687	1,018
Tangible assets	6,330	6,186	5,751	5,232
Inventories	4,146	2,374	126	125
Receivables	8,901	1,495	1,099	1,211
Other short-term assets, etc	20	35	2	35
Long-term liabilities	807	1,330	500	1,056
Tax loss carryforwards	8,515	1,729	5,111	1,767
Short-term liabilities	(723)	(811)	0	0
Non-recognised deferred tax assets	(55,706)	(16,588)	(13,276)	(1,115)
Total	**(34)**	**16,678**	**0**	**9,329**
Which can be specified as follows:				
Deferred tax assets	689	17,489	0	9,329
Deferred tax liabilities	(723)	(811)	0	0
Total	**(34)**	**16,678**	**0**	**9,329**

Amounts at 30 September stated in brackets are liabilities.

The tax value of deferred tax assets, which are **not** recognised, amounts to DKK 55.7 million (DKK 16.6 million in 2005/06) and concerns tax losses and other timing differences. Due to significant uncertainty regarding the use of these tax assets, they are not recognised in the balance sheet.

A potential sale of shares in group enterprises is not expected to create significant tax payments.

NOTES

Amounts in DKK '000	Group 2006/07	Group 2005/06	Parent 2006/07	Parent 2005/06
19. Inventories				
Raw materials and consumables	20,772	19,192	851	1,076
Work in progress	864	422	0	0
Finished goods	19,938	22,241	0	0
Total inventories	**41,574**	**41,855**	**851**	**1,076**
Indirect production costs included in work in progress and finished goods amount to	1,646	987	0	0
Charged write-down of inventories during the year amounts to	10,169	10,439	58	108
Reversed write-down of inventories during the year amounts to	2,200	1,095	0	61

20. Trade receivables

	Group 2006/07	Group 2005/06	Parent 2006/07	Parent 2005/06
Receivables, gross	96,945	96,827	17,406	47,164
Accumulated write-down to meet probable losses at year-end	(35,603)	(5,338)	(4,395)	(4,325)
Carrying amount at 30 September	**61,342**	**91,489**	**13,011**	**42,839**

Trade receivables are written down to net realisable value equal to the sum of future net payments expected to be generated by receivables. Write-down is calculated on the basis of losses realised in previous financial years as well as an assessment of the present financial environment.

Provisions are made for bad debts based on an individual assessment of the risks of loss, and the receivables' carrying amounts correspond approximately to their fair market values.

The Group's credit risks related to trade receivables are assessed on an ongoing basis. Based on experience, a relatively large credit risk may occur from time to time as a large part of the receivables is often related to a relatively small number of counterparties and customers.

NOTES

Amounts in DKK '000	Group 2006/07	Group 2005/06	Parent 2006/07	Parent 2005/06
21. Contract development projects in progress				
Market value of development projects in progress	28,668	61,630	27,181	48,280
Invoiced on account	(31,473)	(59,201)	(29,958)	(45,817)
Contract development projects in progress, net	**(2,805)**	**2,429**	**(2,777)**	**2,463**
which are recognised in the balance sheet as follows:				
Contract development projects in progress				
Receivables	443	3,305	356	3,105
Short-term liabilities	(1,370)	(876)	(1,255)	(642)
Prepayments received from customers	(1,878)	0	(1,878)	0
Contract development projects in progress, net	**(2,805)**	**2,429**	**(2,777)**	**2,463**
Retained payments for work performed	0	0	0	0
Development projects in progress and volume of orders at the balance sheet date				
Total volume of orders, etc	41,801	67,048	39,531	52,707
Of this market value of performed work is recognised as income	(28,669)	(61,630)	(27,181)	(48,280)
Market value of non-performed work at the balance sheet date	**13,132**	**5,418**	**12,350**	**4,427**
Market value of non-performed work at the balance sheet date in % of total volume of orders, etc	31	8	31	8

Carrying amount of contract development projects in progress approximately equals fair market value.

The Group's credit risk on work in progress may be significant as a large part of the stated net value of development projects in progress can often be related to a relatively small number of counterparties and customers. Moreover, in special cases the customers requests/requirements for specifications and delivery times may result in tasks being started before final agreements have been concluded. In these cases the market value of performed work and incurred costs is charged to the profit and loss account until a final agreement has been signed.

NOTES

Amounts in DKK '000	Group 2006/07	Group 2005/06	Parent 2006/07	Parent 2005/06
22. Short-term current asset investments				
Cost at 1 October	85,828	147,411	83,889	147,411
Additions for the year	0	80,662	0	78,723
Disposals for the year	(18,662)	(142,245)	(17,671)	(142,245)
Cost at 30 September	**67,166**	**85,828**	**66,218**	**83,889**
Value adjustment at 1 October	(154)	(1,254)	(154)	(1,254)
Value adjustments for the year	357	1,100	357	1,100
Value adjustment at 30 September	**203**	**(154)**	**203**	**(154)**
Carrying amount at 30 September	**67,369**	**85,674**	**66,421**	**83,735**

Short-term current asset investments are measured at fair market value. Value adjustments are recognised in the profit and loss account.

Short-term current asset investments consist of listed Danish bonds with an:	Group 2006/07	Group 2005/06	Parent 2006/07	Parent 2005/06
average maturity of	3.2 years	3.5 years	3.2 years	3.1 years
average effective rate of interest of	4.6%	3.8%	4.6%	3.6%

Bonds terminate within the following periods from the balance sheet date:	Group 2006/07	Group 2005/06	Parent 2006/07	Parent 2005/06
Less than one year	0	5,885	0	5,004
Between one and two years	0	0	0	0
Between two and three years	51,564	0	51,564	0
Between three and four years	14,857	63,716	14,857	63,716
Between four and five years	0	15,015	0	15,015
After five years	948	1,058	0	0
Total	**67,369**	**85,674**	**66,421**	**83,735**

NOTES

22. Short-term current asset investments (continued)

Management of interest rate risks

The Group is primarily exposed to interest rate risks through interest-bearing assets and liabilities. The overall purpose of management of the interest rate risk is to limit the negative effects of interest fluctuations on earnings and the balance sheet. Surplus cash is primarily invested in short-term, solidly credit rated cash bonds in Danish kroner or in money market deposits, also in Danish kroner or USD. The interest rate risk upon investments is managed based on a duration determined relative to a predefined benchmark (3 months CIBOR interest).

	Group		Parent	
Amounts in DKK '000	**2006/07**	**2005/06**	**2006/07**	**2005/06**
23. Cash at bank and in hand				
Cash and bank deposits	48,359	21,177	31,999	13,677
Short-term bank debt (overdraft account)	(4,994)	(19,870)	0	(5,734)
	43,365	**1,307**	**31,999**	**7,943**

Management of credit risks

The Group's cash at bank and in hand primarily consists of deposits in respected banks. Thus, cash at hand and in bank is not subject to any particular credit risk. Bank deposits and bank debt carry floating interest rates. Carrying amounts are equivalent to the assets' fair market value.

	Parent	
Amounts in DKK '000	**2006/07**	**2005/06**
24. Share capital		
Development in share capital:		
Share capital at 1 October	47,170	47,048
Capital increase after exercise of granted warrants	0	122
Share capital at 30 September	**47,170**	**47,170**
Number of shares at DKK 5 at 30 September amounts to	9,434,051	9,434,051

NOTES

	Parent			
	2006/07		2005/06	
	Number of shares at DKK 5	% of share capital	Number of shares at DKK 5	% of share capital
25. Treasury shares				
Shareholding at 1 October	125,000	1.3%	125,000	1.3%
Purchase during the year	25,000	0.3%	0	-
Sale during the year	(5,416)	(0.1%)	0	-
Shareholding at 30 September	**144,584**	**1.5%**	**125,000**	**1.3%**
The market price of treasury shares at 30 September, DKK '000	7,591		9,125	

The Supervisory Board is authorised to acquire treasury shares of a total face value of 10% of the Company's share capital up to 21 January 2008. The Company's holding of 144,584 shares was acquired for the purpose of partial hedging of the liabilities relating to the share options granted by the Company to the Executive Board and a limited number of key employees, see note 34.

	Group		Parent	
Amounts in DKK '000	**2006/07**	**2005/06**	**2006/07**	**2005/06**
26. Long-term liabilities				
Mortgage loans as well as other hedged loans maturing 2012 – 2025 and a weighted average interest rate of 4.4%	24,665	26,546	24,665	26,546
Total	**24,665**	**26,546**	**24,665**	**26,546**

NOTES

Amounts in DKK '000	Group 2006/07	Group 2005/06	Parent 2006/07	Parent 2005/06
26. Long-term liabilities (continued)				
The debt must be paid within the following periods from the balance sheet date:				
Less than one year	1,927	1,934	1,927	1,934
Between one and two years	2,015	2,012	2,015	2,012
Between two and three years	2,107	2,092	2,107	2,092
Between three and four years	2,203	2,176	2,203	2,176
Between four and five years	1,189	2,263	1,189	2,263
After five years	15,224	16,069	15,224	16,069
Total	**24,665**	**26,546**	**24,665**	**26,546**
Long-term liabilities are recognised in the balance sheet as follows:				
Short-term liabilities	1,927	1,934	1,927	1,934
Long-term liabilities	22,738	24,612	22,738	24,612
Total	**24,665**	**26,546**	**24,665**	**26,546**
Debt is broken down by currency as follows:				
DKK	16,912	18,386	16,912	18,386
EUR	7,753	8,160	7,753	8,160
Total	**24,665**	**26,546**	**24,665**	**26,546**
Of the long-term liabilities there are:				
Debt with fluctuating interest rate	19,975	20,848	19,975	20,848
Debt with fixed interest rate	4,690	5,698	4,690	5,698
Total	**24,665**	**26,546**	**24,665**	**26,546**
Effective rate of interest per annum in local currency:				
Under 4%	0	20,848	0	20,848
Between 4% and 6%	24,665	5,698	24,665	5,698
Total	**24,665**	**26,546**	**24,665**	**26,546**

Adjustment of above loans to market value at 30 September 2007 would result in a cost of DKK 0.3 million (a cost of DKK 0.3 million at 30 September 2006).

Of long-term liabilities, DKK 0.0 million relates to assets held under finance leases (DKK 0.0 million at 30 September 2006).

NOTES

Amounts in DKK '000	Group 2006/07	Group 2005/06	Parent 2006/07	Parent 2005/06
27. Provisions				
Provision for losses on projects in progress and completed projects				
Provisions at 1 October	3,120	0	3,120	0
Provisions made during the year	0	3,470	0	3,470
Employed during the year	0	0	0	0
Reversed during the year	(1,120)	(350)	(1,120)	(350)
Provisions at 30 September	**2,000**	**3,120**	**2,000**	**3,120**
Provision for guarantee obligations				
Provisions at 1 October	690	690	0	0
Provisions made during the year	450	480	0	0
Employed during the year	(450)	(480)	0	0
Reversed during the year	0	0	0	0
Provisions at 30 September	**690**	**690**	**0**	**0**
Provisions for other liabilities				
Provisions at 1 October	630	465	0	0
Provisions made during the year	597	165	0	0
Employed during the year	0	0	0	0
Reversed during the year	0	0	0	0
Provisions at 30 September	**1,227**	**630**	**0**	**0**
Total provisions at 30 September	**3,917**	**4,440**	**2,000**	**3,120**
Provisions are recognised in the balance sheet as follows:				
Short-term liabilities (less than 1 year)	3,068	3,640	2,000	3,120
Long-term liabilities (between 1 and 2 years)	849	800	0	0
	3,917	**4,440**	**2,000**	**3,120**

Loss on work in progress relates to likely losses on contract development projects in progress where the agreed market values do not exceed the expected cost price of the total contract expenses. The loss-making development projects are expected to be terminated in the course of 2007 and 2008.

NOTES

27. Provisions (continued)

Guarantee obligations concern goods sold which are delivered with up to two years' guarantee. The guarantee obligations are prepared based on previous years' experiences. The expenses are expected to be paid in the period 1 October 2007 - 30 September 2009.

	Group		Parent	
Amounts in DKK '000	**2006/07**	**2005/06**	**2006/07**	**2005/06**
28. Trade payables				
Trade payables	24,839	22,782	2,076	2,905

Carrying amount is equal to the fair market value of the liabilities.

	Group		Parent	
Amounts in DKK '000	**2006/07**	**2005/06**	**2006/07**	**2005/06**
29. Other payables				
Wages and salaries, personal income taxes, social security costs, holiday pay, etc payable	2,044	5,081	1,557	3,699
Holiday pay obligations, etc	13,135	19,068	9,831	14,838
VAT and taxes due	791	0	0	0
Other costs payable, etc	5,803	4,589	3,741	2,475
Total	**21,773**	**28,738**	**15,129**	**21,012**

Carrying amount of due items concerning wages and salaries, personal income taxes, social security costs, holiday pay, etc, VAT and taxes as well as other expenses due, etc equals the fair market value of the liabilities.

The holiday pay obligation represents the Group's obligation to pay salary during holiday periods for holidays which at the balance sheet date the employees have earned the right to hold in subsequent financial years.

NOTES

30. Operating lease commitments

For the years 2007-2011, operating leases have been concluded for lease of premises, etc. The Group's rental obligations of the leasehold amount to DKK 1.8 million in the period of interminability (DKK 8.5 million at 30 September 2006).

Rent and lease payments (minimum lease payments) relating to operating lease contracts, including rental obligations, fall due as follows:

	Group		Parent	
Amounts in DKK '000	**2006/07**	**2005/06**	**2006/07**	**2005/06**
Less than 1 year	1,033	2,450	187	1,799
Between 1 and 5 years	1,212	6,450	478	6,450
More than 5 years	0	256	0	256
Total	**2,245**	**9,156**	**665**	**8,505**

The Group's costs of rent/leasing amounted to DKK 3.0 million in 2006/07 and DKK 3.5 million in 2005/06. The amounts are recognised in the profit and loss account.

NOTES

31. Contingent liabilities, collateral and contractual obligations

Contingent liabilities

The Group's banks have provided bank guarantees and letters of credit at a total amount of DKK 10.2 million of which DKK 10.2 million relates to the Parent and DKK 0.0 million relates to group enterprises. At 30 September 2006 the corresponding amounts were DKK 1.0 million, DKK 0.0 million and DKK 1.0 million.

In addition to this, the Group has not incurred any guarantee commitments and has not undertaken any guarantees and supply obligations other than obligations and guarantees relating to the services and products developed and sold by the Group.

Claims for relatively small amounts have been set up against the Group. It is Management's opinion that these claims will not have any significant impact on the Group's financial position. Provisions are made for disputes and legal actions to the best of the Group's judgement..

	Group		Parent	
Amounts in DKK '000	**2006/07**	**2005/06**	**2006/07**	**2005/06**
Collateral				
Mortgage debt with an outstanding debt of	24,665	26,546	24,665	26,546
is secured by mortgaged property with related plant and machinery (mortgage of ancillary equipment),				
Carrying amount of mortgaged properties	85,040	86,958	85,040	86,958
As security for the subsidiaries' bank facilities RTX Telecom has deposited current asset investments with a carrying amount of	12,435	0	12,435	0
As security for the subsidiaries' bank facilities RTX Telecom A/S has provided a guarantee. Bank debt in subsidiaries comprised by the guarantee amounts to			0	12,667

RTX Telecom A/S has provided payment guarantees, etc of DKK 59.7 million to some of the subsidiaries' cooperative partners. At 30 September 2006 the amount was DKK 69.9 million.

RTX Telecom A/S is liable for the total income taxes due in the jointly taxed companies.

NOTES

31. Contingent liabilities, collateral and contractual obligations (continued)

Contractual obligations

As part of the Group's business the usual customer and supply agreements etc have been concluded, letters of intent have been issued to cooperative partners, and moreover, agreements have been entered into on normal business terms.

	Group		Parent	
Amounts in DKK '000	**2006/07**	**2005/06**	**2006/07**	**2005/06**
32. Other items with no effects on cash flow				
Change in provisions	37,711	10,305	(992)	(170)
Value adjustment on bond holdings	0	3,757	0	3,757
Exchange rate adjustment	1,495	(370)	0	0
Share-based remuneration	558	601	558	601
Other adjustments	0	1	0	1
Total	**39,764**	**14,294**	**(434)**	**4,189**

NOTES

33. Related parties

Related party transactions

Related parties with significant interest in RTX Telecom include the Company's Supervisory Board, Executive Board and executives as well as these persons' nearest family members. Related parties also comprise large shareholders in the Parent and companies in which the above group of persons have material interests.

In addition, related parties comprise group enterprises.

An overview of group enterprises is disclosed in note 16.

Supervisory Board and Executive Board

Management's remuneration and share-based remuneration are stated in note 6 and note 34.

Group enterprises

Trade with group enterprises has comprised the following:

- Sale of products to group enterprises
- Purchase of products from group enterprises
- Sale of services to group enterprises
- Purchase of services from group enterprises

In 2006/07 trade, etc between RTX Telecom A/S and related parties amounted to DKK 66.3 million (2005/06: DKK 119.6 million). All trade was conducted on an arm's length basis. The transactions can be calculated as follows:

Amounts in DKK '000	Sale of products	Purchase of products	Sale of services	Purchase of services	Receivables	Payables
2006/07						
Group enterprises	38,572	10,837	8,955	7,892	121,284	531
2005/06						
Group enterprises	69,384	38,439	6,687	5,108	97,372	648

Transactions with related parties are eliminated in the consolidated financial statements in accordance with the applied accounting policies.

NOTES

33. Related parties (continued)

Interest income and interest expenses concerning group enterprises are disclosed in notes 10 and 11. The Parent's guarantees towards subsidiaries in relation to agreed credit lines are stated in note 31.

In addition, intra-group balances comprise money lending as well as ordinary business balances regarding purchase and sale of goods and services.

The Parent has not received dividends from group enterprises in 2006/07 or in 2005/06.

During the year no transactions were performed between RTX Telecom and the Supervisory Board, the Executive Board, executives, large shareholders or other related parties, apart from payment of normal management's remuneration, see note 6.

NOTES

34. Share-based remuneration

Employee shares

In 2005/06 and 2006/07 there were no employee share schemes.

Warrants

RTX Telecom A/S has granted 9,150 warrants at DKK 5 to a limited number of executives. The unexercised granted warrants at 30 September 2007 can be specified as follows:

Time of issue	Number of warrants at DKK 5	Exercise price per share at DKK 5	Exercise period
December 2002	6,120	82.8900	20 January - 4 February in 2008
December 2003	3,030	43.6400	20 January - 4 February in 2008-2009
	9,150		

The granted warrants account for approx. 0.1% of the Company's share capital.

Changes for the year and unexercised warrants at 30 September 2006 and 30 September 2007 can be specified as follows:

	Total	Supervisory Board	Executive Board	Executives	Other staff
Unexercised warrants at 1 October 2005	121,000	3,000	0	27,000	91,000
Joined the Supervisory Board	0	2,000	0	0	(2,000)
Exercise of warrants	(24,450)	(1,450)	0	(4,430)	(18,570)
Expired warrants	(32,250)	(1,510)	0	(4,480)	(26,260)
Unexercised warrants at 30 September 2006	**64,300**	**2,040**	**0**	**18,090**	**44,170**

NOTES

34. Share-based remuneration (continued)

	Total	Supervisory Board	Executive Board	Executives	Other staff
Unexercised warrants at 1 October 2006	64,300	2,040	0	18,090	44,170
Expired warrants	(55,150)	(2,040)	0	(16,080)	(37,030)
Unexercised warrants at 30 September 2007	**9,150**	**0**	**0**	**2,010**	**7,140**
Market value of unexercised warrants					
30 September 2007, DKK '000	41	0	0	25	16
30 September 2006, DKK '000	644	5	0	389	250

Share options

RTX Telecom A/S has granted a total of 145,000 share options at DKK 5 to the Executive Board and a limited number of executives. The unexercised granted share options can be specified as follows:

Time of issue	Number of share options at DKK 5	Exercise price per share at DKK 5	Exercise period
May 2005	120,000	70.80 – 79.65	25 May 2008 – 24 May 2012
September 2006	25,000	78.00 – 87.75	1 September 2009 – 31 August 2013
	145,000		

The granted share options account for approx. 1.5% of the Company's share capital.

Exercise price, exercise period and hedging

The exercise price of share options is fixed as the average rate for a period of 5 trading days immediately up to the time of issue plus 5% per year commenced after the time of issue.

NOTES

34. Share-based remuneration (continued)

In an ordinary process the share options can be exercised no earlier than 36 months after the time of issue and must be exercised no later than 84 months after the time of issue. Special conditions have been agreed regarding exercise if extraordinary conditions should occur in the period of agreement, for instance the employee's resignation.

RTX Telecom's holding of treasury shares is planned to be used to fulfil the Group's obligations related to the granted unexercised share options.

Changes for the year and unexercised share options at 30 September 2006 and 30 September 2007 can be specified as follows:

	Total	Supervisory Board	Executive Board	Executives	Other staff
Unexercised share options at 1 October 2005	142,500	15,000	0	90,000	37,500
Granted in September 2006	25,000	0	25,000	0	0
Resigned from the Supervisory Board	0	(7,500)	-	-	7,500
Employees resigned	(9,584)	0	0	0	(9,584)
Unexercised share options at 30 September 2006	**157,916**	**7,500**	**25,000**	**90,000**	**35,416**
Unexercised share options at 1 October 2006	157,916	7,500	25,000	90,000	35,416
Resigned from the Supervisory Board	0	0	0	0	0
Exercise of share options	(5,416)	0	0	0	(5,416)
Employees resigned	(7,500)	(7,500)	0	0	0
Unexercised share options at 30 September 2007	**145,000**	**0**	**25,000**	**90,000**	**30,000**
Market value of unexercised share options					
30 September 2007, DKK '000	1,827	0	345	1,111	371
30 September 2006, DKK '000	5,922	279	983	3,344	1,316

At the time of issue the fair market value of the share options was stated as follows:

Granted in May 2005, DKK '000	2,738
Granted in September 2006, DKK '000	824

NOTES

34. Share-based remuneration (continued)

Warrants and share options

The market value of all unexercised warrants and share options at 30 September 2007 is calculated at DKK 1,868k on the basis of the Black-Scholes model for valuation of warrants and share options. The calculation is based on a volatility of 36.0%. Interest rates up to the expiry of the warrant and the share option are based on CIBOR and the Danish swap interest rates at 30 September 2007.

The stated fair market values for warrants and share options at the time of issue are recognised proportionally in the profit and loss account as staff costs over the period until the time of exercise. In the financial year 2006/07 DKK 558k is taken to the profit and loss account (2005/06: DKK 601k).

35. Ownership

Shareholders

At 30 September 2007 there were approximately 5,200 registered shareholders. These registered shareholders hold shares equivalent to approximately 71% of the share capital.

The following shareholders hold shares which either carry at least 5% of the voting rights of the share capital or have a nominal value of at least 5% of the share capital:

	Ownership share
Jørgen Elbæk, Knepholtvej 22, 9430 Vadum, Denmark	7.22%
Jens Hansen, Kronen 18, 9260 Gistrup, Denmark	8.75%
Jens Toftgaard Petersen, Ravnhøj 82, 9000 Aalborg, Denmark	7.22%

At 30 September 2007, members of the Group's Supervisory Board and Executive Board had the following personal shareholding, warrants and share options in RTX Telecom:

	Number of shares		Number of warrants		Number of share options	
	Year-end 2006/07	Year-end 2005/06	Year-end 2006/07	Year-end 2005/06	Year-end 2006/07	Year-end 2005/06
Supervisory Board	2,195,021	2,023,771	0	2,040	0	7,500
Executive Board	5,500	0	0	0	25,000	25,000
Total	**2,200,521**	**2,023,771**	**0**	**2,040**	**25,000**	**32,500**

NOTES

35. Ownership (continued)

The Supervisory Board and the Executive Board hold the following shares in RTX Telecom A/S:

Number of shares at DKK 5	30 Sept. 2006	Purchased during the year	Sold during the year	30 Sept. 2007	Market value at 30 Sept. 2007 DKKm
Supervisory Board:					
Poul Lind	0			0	0,0
Per Møller	2,000			2,000	0,1
Jørgen Dalby-Jakobsen	2,181			2,181	0,1
Jørgen Elbæk*	-			681,250	35,8
Dennis Elgaard**	2,715			-	-
Else B. Larsen*	-			2,715	0,1
Jens Hansen	825,625			825,625	43,3
Christian Jørgensen	0			0	0,0
Jens Toftgaard Petersen	681,250			681,250	35,8
Mogens Westeraa**	510,000		(10,000)	-	-
Total	**2,023,771**		**(10,000)**	**2,195,021**	**115,2**
Executive Board:					
Tage Rasmussen	0	5,500		5,500	0,3
Total	**0**	**5,500**		**5,500**	**0,3**
Total shareholding of the Supervisory Board and the Executive Board	**2,023,771**	**5,500**	**(10,000)**	**2,200,521**	**115,5**

The calculated market value is based on the share prices listed at the end of the financial year.

* = joined in 2006/07

** = resigned in 2006/07

NOTES

35. Ownership (continued)

The Supervisory Board and the Executive Board have the following unexercised warrants and share options:

Number at DKK 5		Warrants 30 Sept. 2007	Warrants 30 Sept. 2006	Share options 30 Sept. 2007	Share options 30 Sept. 2006
Supervisory Board:					
Poul Lind		0	0	0	0
Per Møller		0	0	0	0
Jørgen Dalby-Jakobsen		0	1,020	0	0
Jørgen Elbæk	(joined in 2006/07)	0	-	0	-
Dennis Elgaard	(resigned in 2006/07)	-	1,020	-	7,500
Else B. Larsen	(joined in 2006/07)	0	-	0	-
Jens Hansen		0	0	0	0
Christian Jørgensen		0	0	0	0
Jens Toftgaard Petersen		0	0	0	0
Mogens Westeraa	(resigned in 2006/07)	-	0	-	0
Total		**0**	**2,040**	**0**	**7,500**
Executive Board:					
Tage Rasmussen		0	0	25,000	25,000
Total		**0**	**0**	**25,000**	**25,000**
Unexercised warrants and share options at DKK 5 granted to the Supervisory Board and the Executive Board amount to a total of		**0**	**2,040**	**25,000**	**32,500**

NOTES

36. Derivative financial instruments

Derivative financial instruments which do not comply with the hedging conditions

At the balance sheet date, the Group entered into foreign currency hedging agreements for an amount of DKK 0.0 million. At the balance sheet date, the Group entered into other agreements regarding derivative financial instruments for an amount of DKK 0.0 million. The corresponding amounts at 30 September 2006 were DKK 0.0 million.

37. Public grants

Neither in 2006/07 nor in 2005/06 did the RTX Telecom Group receive public grants to any significant extent.

	Koncern	
Amounts in DKK '000	**2006/07**	**2005/06**
38. Acquisition of enterprises and activities		
Long-term assets	0	973
Inventories	0	491
Receivables	0	11,560
Cash at bank and in hand, net	0	2,576
Short-term liabilities	0	(11,372)
Net assets acquired	**0**	**4,228**
Goodwill	0	7,884
Acquisition price	**0**	**12,112**
Long-term liabilities	0	0
Of this amount, cash at bank and in hand, net	0	0
Cash acquisition price, including transaction costs	**0**	**12,112**

In January 2006, the RTX Telecom Group acquired the shares in RTX Consumer Products, Hong Kong Ltd. (formerly D.R.S. Electronics Ltd., Hong Kong) along with related tools and rights.

The transaction has been recognised by the purchase method of accounting.

STATEMENT BY MANAGEMENT ON THE ANNUAL REPORT

The Supervisory Board and the Executive Board have today considered and approved the annual report of RTX Telecom A/S for the financial year 2006/07.

The annual report of the Group and the Parent has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

We consider the applied accounting policies appropriate for the annual report to provide a true and fair view of the Group's and the Parent's assets, liabilities and financial position at 30 September 2007 and of their financial performance and cash flows for the financial year 1 October 2006 to 30 September 2007.

We recommend the annual report for adoption at the Annual General Meeting.

Nørresundby, 5 December 2007

Executive Board

Tage Rasmussen
CEO

Supervisory Board

Poul Lind
Chairman of the Board

Per Møller
Deputy Chairman

Jørgen Dalby-Jakobsen

Jørgen Elbæk

Jens Hansen

Christian Jørgensen

Else Baldvinsson Larsen

Jens Toftgaard Petersen

INDEPENDENT AUDITOR'S REPORT

To the shareholders of RTX Telecom A/S

We have audited the annual report of RTX Telecom A/S for the financial year 1 October 2006 to 30 September 2007, which comprises the statement by Management on the annual report, Management's review, accounting policies, profit and loss account, balance sheet, equity statement for the Group and the Parent, cash flow statement and notes of the Group as well as the Parent. The annual report is prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

Management's responsibility for the annual report

Management is responsible for the preparation and fair presentation of an annual report in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of an annual report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility and basis of opinion

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of an annual report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the annual report.

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

Our audit has not resulted in any qualification.

INDEPENDENT AUDITOR'S REPORT

To the shareholders of RTX Telecom A/S (continued)

Opinion

In our opinion, the annual report gives a true and fair view of the Group’s and the Parent’s assets, liabilities and financial position at 30 September 2007 and of their financial performance and their cash flows for the financial year 1 October 2006 to 30 September 2007 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

Aalborg, 5 December 2007

Deloitte
Statsautoriseret Revisionsaktieselskab

Poul Erik Wagner	Hans Østergaard
State Authorised Public Accountant	State Authorised Public Accountant

TECHNICAL TERMS AND EXPLANATIONS

Technical term	Explanation
ADSL	ADSL (Asymmetric Digital Subscriber Line) is a broadband technology from the xDSL family allowing for high-speed data transmission via an ordinary telephone network. ADSL can support a number of applications, including sound, video and data. Asymmetric transmission means that there are different speeds for downstream (direction towards the user – i.e. download) and for upstream (direction towards the operator – i.e. upload). Ordinary ADSL supports speeds of up to approximately 9 Mbit/s.
Baseband	Baseband is a general term for part of the physical components of a wireless communication product. Typically, this would include the control circuitry (microprocessor), the power supply, amplifiers, etc.
bit/s (bps)	Just as the speed of a car is measured in kilometres or miles per hour, so the speed of data transfer is measured as bits per second, abbreviated to bit/s or bps. 1 kbit/s = 1,024 bit/s; 1 Mbit/s = 1,048,976 bit/s. The data transmission speed of a GSM mobile telephone is 9.6 kbit/s, GPRS up to 171.2 kbit/s, and UMTS up to 2 Mbit/s.
Bluetooth™	Bluetooth is a technology primarily intended as replacement for cables over short distances (typically 10-100 metres). Bluetooth is mainly used for mobile telephones, so the user can, for example, speak through a mobile telephone via a wireless Bluetooth headset, and it will be easy to exchange business cards between the two mobile telephones. Bluetooth can also be used for a number of other applications, such as wireless connection between a mobile telephone and a laptop or connection between an MP3 music player and a stereo headset. The two most widely distributed versions of Bluetooth (versions 1.1 and 1.2) have a maximum transfer speed of 723.2 kbit/s. Enhanced Data Rates (EDR) are introduced in Bluetooth version 2.0, and the data transfer speed in this version reaches a maximum of 3 Mbit/s.
CAT-iq	CAT-iq is an abbreviation of Cordless Advanced Technology – internet and quality. The CAT-iq standard supports new and existing consumer products within wireless communication. CAT-iq is based on the already existing DECT technology and connects broadband and telephony.
CDMA, IS-95, ***CDMA 2000 1x,*** ***CDMA 450***	CDMA is the North American answer to the GSM mobile telephone standard. It is a standard also used in a number of other countries, especially in Asia. After GSM, CDMA is the most commonly used mobile telephone standard in the world. CDMA stands for Code Division Multiple Access and refers to the various technologies used in second and third generation (2G and 3G) mobile telephones. One of the advantages provided by CDMA is a relatively good and cheap use of network capacity. IS-95 is a CDMA standard. CDMA 2000 1x is a further development of the CDMA IS-95 standard, with a voice and data capacity twice that of IS-95. CDMA 450 is a standard which is becoming widespread in Asia and Eastern Europe.
The cellular market	The cellular market is a term used to cover all mobile telephony technologies and consists mainly of mobile telephone customers and subscribers, manufacturers and operators.

TECHNICAL TERMS AND EXPLANATIONS

Technical term	Explanation
DCT2.4 GHz / WDCT	DCT 2.4 GHz (Digital Cordless Telecommunication) or WDCT (World Digital Cordless Telecommunication) is a licence-free technology that makes it possible to speak wirelessly via an ordinary telephone connection. Unlike DECT, DCT 2.4 GHz can be used all over the world. DCT 2.4 GHz has mainly been targeted to the North American market as the common DECT frequencies have not been allocated to DECT in this area until 2005 (see also US-DECT).
DECT	DECT (Digital Enhanced Cordless Technology) is a technology that makes it possible to talk wirelessly via an ordinary telephone connection at a range of up to 300 metres. This was originally a European standard, developed by ETSI (European Telecommunications Standards Institute) but it has subsequently also been adopted in a number of non-European countries. Many predicted that DECT would die quickly after the introduction of Bluetooth and W-LAN at the end of the 90's, however, the truth is that today DECT is still a strong technology which is also used in other contexts than wireless telephones – an example is the wireless controller for Xbox 360 TM.
DPRS	DPRS stands for DECT Packet Radio Service. It is a wireless technology that can transmit and receive data based on DECT technology. DPRS allows the user to send and receive e-mails on a laptop PC wirelessly. The range is 50–300 metres, and the speed up to 552 kbit/s, giving sufficient bandwidth for most ADSL connections. DPRS is in many ways similar to GPRS which is used on the GSM network for package linked data.
ECG	ECG is an abbreviation of Electrocardiogram. It is a test that measures the electrical activity of the heart. The test is carried out by placing a number of electrodes in different places on the patient's body, depending on from which angle the heart is to be measured.
ESD/EMC	ESD is an abbreviation of Electrostatic Discharge. A discharge of static electricity can be damaging for most integrated circuits. EMC is an abbreviation of Electro Magnetic Compatibility and is a joint term for undesired generating, spread and reception of electromagnetic energy. Or in other words: The ability of appliances to work together without disturbing each other.
GPRS	General Packet Radio Service (GPRS) is a technology for sending and receiving package linked data. It runs over a GSM infrastructure, meaning that existing GSM operators can upgrade their infrastructure to carry GPRS data transmissions. GPRS enables surfing the Internet from a laptop PC via a GPRS mobile telephone. It is approximately 12 times as fast as GSM. GPRS is one of the 2.5 generation (2.5G) technologies.
GPS	GPS (Global Positioning System) is a system for determining the geographical location of an object, for instance a car or a person. The object is registered with an accuracy of between 10 and 100 metres. This location can be displayed on a map in a car, or on the display of a mobile telephone. GPS is owned by the American Ministry of Defence and operates via 21 satellites that orbit the Earth.

TECHNICAL TERMS AND EXPLANATIONS

Technical term	Explanation
GSM	GSM (Global System for Mobile communication) is the most commonly used mobile telephone system throughout the world. It is primarily used for voice communication and is defined as a second generation technology (2G). GSM can, however, also transfer data and enable Internet use from a laptop via a GSM mobile telephone. Short text messages can also be sent and received with a mobile telephone, using SMS (Short Message Service), and now it is also possible to send images and video clips via MMS (Multimedia Messaging Service).
GSM/GPRS	GSM (Global System for Mobile communication) combined with GPRS (General Packet Radio Services) is known all over the world as 2.5 generation (2.5 G) GSM network. The GSM/GPRS network is one step towards the 3G network and is suitable for supporting multimedia facilities because of the high data transmission speed.
IEEE 802.11	IEEE 802.11, also known as Wi-Fi, is a group of Wireless LAN/WLAN standards developed by task force 11 in IEEE LAN/MAN Standards Committee (IEEE 802). The expression 802.11x is also used to indicate corrections to the standards.
Internet telephony	Internet telephony is in short telephony via the Internet and not via the conventional telephone connections. As opposed to conventional telephony where each connection occupies the entire connection. By Internet telephony more users can share the same connection, just as lots of cars can use the same motorway. For instance this means that several households in an apartment block can use the same broadband connection and that each individual household can cancel their ordinary telephone subscription and use Internet telephony instead. Moreover, it is possible to be on the phone free of charge or very cheap via the Internet.
IP	Internet Protocol (IP) is a method or protocol for sending data over the Internet. IP networks are package linked networks where data is divided into packages of varying sizes. Voice can also be transferred via an IP network (Voice over IP) and an application using this is called IP Telephony. IP is also used as an abbreviation for ownership of intellectually generated properties, ”Intellectual Property”. Is also abbreviated as IPR, "Intellectual Property Rights". See also ”VoIP”.
LAN	A LAN or Local Area Network is constituted by a group of units (for instance routers, switches, PCs). A LAN, for instance, makes it possible to share the same Internet connection (through for instance a cable modem at the home), printers and/or servers.
ODM	Original Design Manufacturer (ODM) is a business model involving the development of a product according to the customer’s product requirement specification. In the typical ODM model, the ODM supplier designs, develops and manufactures the complete product. For instance, based on detailed product requirement specifications from a customer, RTX Telecom has designed a Wireless Telephone Line Extender, including the development and handling of the manufacturing of the product.
OEM	An Original Equipment Manufacturer (OEM) is a manufacturing company developing and manufacturing standardized products or modules, which are incorporated into end products using the reseller’s brand name. There is a low degree of customisation of the OEM product compared to an ODM offering. The customer only performs a few alterations to the final product, this is usually only a brand name and packaging.

TECHNICAL TERMS AND EXPLANATIONS

Technical term	Explanation
PABX	Once upon a time, telephone calls had to be connected manually by the switchboard operator. Such a system was known as a PBX, or Private Branch Exchange. These days, such connections are established automatically, and so the term Private Automatic Branch Exchange (PABX), i.e. an automated switchboard, is used.
RF	Radio Frequency (RF) is a term for the part of the electromagnetic spectrum used to transfer wireless information (for instance between a mobile telephone and an antenna mast).
Repeater	A repeater is a unit which transmits the data it receives. A repeater is primarily used to extend on the coverage area for a wireless technology (for instance, a DECT repeater can extend the DECT telephones' coverage area).
SIP	SIP (Session Initial Protocol) is a protocol which enables telephone conversations via the Internet, among other things. Via a SIP based softphone it is possible to make calls free of charge to other SIP users as well as to ordinary telephone numbers and mobiles all over the world at a low rate.
Skype™	Skype™ is a programme allowing telephone conversations via the Internet. Calls to other Skype™ users are free of charge as well as calls to ordinary telephone numbers and mobiles all over the world are at a low rate (via SkypeOut and SkypeIn).
Softphone	A softphone is a programme allowing telephone conversations via the Internet. One of the best known softphones is Skype. Calls to other softphone users are therefore free of charge as well as it is typically possible to make calls to ordinary telephone and mobile phone numbers all over the world at a low rate.
Software	Software is a general term for the part of the system which makes a piece of hardware do certain things (for instance it is software that controls the micro processor in the washing machine - it is a limited programme and it is written for a specific application).
Telehealth	Telehealth involves transmission of health-relating services and information through telecommunications technologies. Telehealth is a wider concept of the term telemedicine and includes preventive, health-promoting and therapeutic aspects.
TLE	TLE is the abbreviation of Telephone Line Extender which is a wireless telephone line extender. A TLE can facilitate the use of "Pay-Per-View" functions and proceed the use of other interactive services available for users of digital satellite receivers and set-top boxes.
Turnkey design	Turnkey design refers to a finished product ready to produce. As the word implies, the customer only needs to “turn a key” to launch the product.
UMTS	Universal Mobile Telecommunications System (UMTS) is a third generation standard (3G) with a data capacity of up to 2 Mbit/s or approximately as fast as a fast ADSL connection. UMTS is a further development of GSM, one of the world's most used mobile telephony standards. In various countries, several mobile operators have paid a great deal of money for UMTS licences. These operators hope that UMTS will enable them to launch a range of new interactive multimedia-based services, such as video conferencing, video on demand, and online route directions.
US-DECT (DECT 6.0)	US-DECT is the 1.9 GHz DECT band which is the American counterpart to the European DECT system. US-DECT is also called DECT 6.0.

TECHNICAL TERMS AND EXPLANATIONS

Technical term	Explanation
USB	Universal Serial Bus (USB) is a communications link between a PC and other devices such as scanner, mouse and printer. The advantage of USB is that it makes the devices virtually self-configuring as USB is integrated into Windows.
VDSL	VDSL (Very high speed Digital Subscriber Line) is a technique allowing for broadband linkage to the Internet via the ordinary telephone network. VDSL can offer speeds of approximately 100 Mbits/s and is a technology in the xDSL family such as ADSL.
VoIP	VoIP or "Voice over Internet Protocol" is a method or protocol employed to transfer speech via the Internet.
W-LAN	A Wireless Local Area Network (W-LAN) is a wireless LAN allowing several mobile users access to connect to the same network of the company or at home (and thereby share the same resources on the network - for instance a printer). The different W-LAN standards are mainly specified by the Institute of Electrical and Electronics Engineers (IEEE) and are therefore called IEEE802.11 (subsequently called 802.11). The technology was primarily developed as replacement of the wired network and is also primarily intended for transmission of data - the IP protocol. 802.11 is an open standard and consists of a number of different standards. Some of the best known are 802.11a, 802.11b and 802.11g, though 802.11n begins to arrive on the scene. 802.11a is located on the 5 GHz frequency area whereas 802.11b and 802.11g are located in the 2.4 GHz frequency area - 802.11n can be located within both frequency areas. 802.11a is four times faster than 802.11b and offers a speed at a maximum of 54 Mbit/s over approx. 20-100 metres. 802.11b is the most widespread standard today and can transfer data wirelessly with a speed of a maximum of 11 Mbit/s over a distance of approx. 50-100 metres. 802.11g is almost as widespread as 802.11b and offers a speed at a maximum of 54 Mbit/s over approx. 20-100 metres. 802.11n is the most recent version of W-LAN and offers a speed of up to 540 Mbit/s over short distances.
Wi-Fi	Wi-Fi is an abbreviation of Wireless-Fidelty and covers the same term as W-LAN. The name is typically used in connection with the official Wi-Fi logo and indicates that the product functions with other products which are also Wi-Fi certified.
Wireless IP Network	Wireless IP Network (formerly designated WLL) is the term for the connection between a household and the ordinary telephone network of the phone company. When using Wireless IP Network a wireless link is used instead of the traditional copper wiring.

This annual report includes statements about the future. These statements include expectations or prognoses for events, such as introduction of new products, product approvals and financial results. These statements might be influenced by risks, uncertainty factors and inaccurate assumptions, and consequently the actual development might be different from the expectations indicated. These risk and uncertainty factors include – but are not limited to include - a number of factors such as general business and financial conditions, dependence on co-operators, delivery time of components as well as exchange rate and interest rate fluctuations, etc. Risks and uncertainty factors are further described in this annual report. RTX Telecom is not obliged to update the statements about the future or to adjust such statements to the actual results unless required by law.

The Annual Report 2006/07 has been prepared in a Danish-language and an English-language version. The English-language version is a translation of the Danish-language version. In the event of any inconsistency between the Danish version and the English version, the Danish version shall prevail.