RTX Telecom A/S

Annual report for 2002/03

RTX Telecom A/S
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DKKm	1998/99	1999/00	2000/01	2001/02	2002/03
Profit and loss account					
Net turnover	**121.2**	**160.0**	**186.3**	**214.0**	**178.6**
Cost of sales	30.3	45.4	49.8	35.2	30.2
Gross profit	**90.9**	**114.6**	**136.5**	**178.8**	**148.4**
Staff costs	39.9	57.1	95.0	103.0	109.9
Other external expenses	21.4	25.1	45.6	48.2	39.8
Depreciation/amortisation	3.1	4.5	7.4	10.0	10.8
Profit/loss before financial income and expenses (EBIT)	**26.5**	**27.9**	**-11.5**	**17.6**	**-12.1**
Net financials	-0.4	4.9	15.8	8.8	7.8
Profit/loss before tax and extraordinary items	**26.1**	**32.8**	**4.3**	**26.4**	**-4.3**
Income taxes	8.8	10.5	1.6	8.4	-0.8
Profit/loss for the year [1)]	**17.3**	**22.3**	**2.7**	**18.0**	**-3.5**
Balance sheet					
Land and buildings	27.8	39.2	56.6	94.2	92.4
Other fixed assets	7.6	10.9	31.1	44.2	37.4
Fixed assets	**35.4**	**50.1**	**87.7**	**138.4**	**129.8**
Trade receivables	17.3	50.4	51.2	42.7	35.9
Other current assets	4.3	17.4	27.1	27.8	36.6
Cash and current asset investments	25.7	307.0	265.6	263.1	291.3
Current assets	**47.3**	**374.8**	**343.9**	**333.6**	**363.8**
Assets	**82.7**	**424.9**	**431.6**	**472.0**	**493.6**
Equity	**42.2**	**361.4**	**365.7**	**384.9**	**392.4**
Provisions	0.0	0.0	0.4	2.9	0.3
Interest-bearing liabilities	15.6	15.1	29.5	47.6	45.7
Trade payables	3.2	15.0	10.8	14.0	7.1
Other short-term liabilities other than provisions	21.7	33.4	25.2	22.6	48.1
Provisions and liabilities	**40.5**	**63.5**	**65.9**	**87.1**	**101.2**
Equity and liabilities	**82.7**	**424.9**	**431.6**	**472.0**	**493.6**
Cash flow					
Changes in cash for the year	-2.1	281.2	-41.4	-2.5	28.2
Cash from operations	22.5	5.6	-18.3	40.5	26.4
Capital investments	19.1	19.2	44.9	60.7	2.2
Paid by shareholders	-	323.8	0.7	0.7	6.0

Financial highlights and key ratios of the Group

Key ratios	1998/99	1999/00	2000/01	2001/02	2002/03
Growth in net turnover (percentage)	104.7	32.0	16.5	14.8	-16.6
Profit margin (percentage)	21.8	17.4	-6.2	8.2	-6.8
Return on net assets (percentage)	55.7	31.9	-8.1	9.4	-5.9
Return on equity (percentage)	48.0	15.7	0.7	4.8	-0.9
Equity ratio (percentage)	51.0	85.0	84.7	81.6	79.5
Average number of shares 2) ('000)	7,260	7,827	9,105	9,260	9,384
Employment					
Number of employees, end of period	95	158	237	246	219
Average number of employees	83	127	207	236	244
Net turnover per employee (DKK '000)	1,461	1.260	900	907	732
Profit/loss before financial income and expenses per employee (DKK '000)	319	220	-55	74	-50
Share data, DKK per share at DKK 5					
Profit/loss for the year (EPS)	2.4	2.9	0.3	1.9	-0.4
Cash from operations	3.1	0.7	-2.0	4.4	2.8
Equity value	5.8	46.2	40.2	41.6	41.8
Dividends	0.8	0.0	0.0	0.0	0.0
Payout ratio (percentage)	31.8	0.0	0.0	0.0	0.0

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 1997” issued by the Danish Association of Financial Analysts.

1) The Group’s extraordinary items amounted to DKK 0 in the stated financial statements.

2) Including all outstanding warrants. A total of 162,000 warrants at DKK 5 has been issued in December 2000, May 2001, January and December 2002 to key employees which, upon full conversion, can be converted into 162,000 shares at DKK 5 in the period 20 January 2004 to 4 February 2008.

Company details

Company

RTX Telecom A/S
Strømmen 6
DK-9400 Nørresundby
Denmark

Central Business Registration No 17 00 21 47
Domiciled in: Aalborg

Supervisory Board	Occupation
Poul Lind, Chairman	Managing Director of NESA A/S Managing Director of NESANET A/S Chairman of the Supervisory Board of NESA Forsyning A/S Chairman of the Supervisory Board of NESA Produktion A/S Chairman of the Supervisory Board of NESA Varme A/S Chairman of the Supervisory Board of NESA El A/S Member of the Supervisory Board of ENERGI E2 A/S
Per Møller, Deputy Chairman	Managing Director of Højgaard Holding A/S Chairman of the Supervisory Board of MT Højgaard A/S Chairman of the Supervisory Board of Novadan A/S Chairman of the Supervisory Board of Glunz & Jensen Fonden Member of the Supervisory Board of Glunz & Jensen A/S Member of the Supervisory Board of Superfos Industries A/S Member of the Supervisory Board of Det Danske Klasselotteri A/S
Jørgen Dalby-Jakobsen, Elected by the employees	Acoustics Coordinator, M. Sc. E. E., of RTX Telecom A/S
Dennis Elgaard, Elected by the employees	Sales Manager of RTX Telecom A/S, Cordless & Home Networking
Jens Hansen	Member of Strategic Technology Group of RTX Telecom A/S Managing Director and Member of the Supervisory Board of JH Venture A/S Member of the Supervisory Board of Futarque A/S
Jens Toftgaard Petersen	Head of Strategic Technology Group of RTX Telecom A/S
John R. Phelps	Vice President and General Manager Europe of National Semiconductor, Germany
Mogens Westeraa	Consultant

Company details

Executive Board	Occupation
Jørgen Elbæk,	Member of the Supervisory Board of Danware Data A/S
Managing Director	Member of the Supervisory Board of Nordjyske Holding A/S
	Member of the Supervisory Board of Futarque A/S
	Member of the Supervisory Board of LitePoint Corporation, USA

Auditors

Deloitte & Touche Statsautoriseret Revisionsaktieselskab
Mortensen & Beierholm, Statsautoriseret Revisionsaktieselskab

Management's review

The financial year 2002/03 has been a difficult year in which the market conditions have been affected by keen competition among the suppliers.

During the year, RTX experienced that a significant GSM/GPRS development contract was not approved by the customer after long and complex negotiations although the contents of the contract had been agreed beforehand. The development contract was significant and represented a double-digit million kroner amount.

This issue illustrates very well the actual market conditions, i.e. that the main part of customer negotiations are rather long and demand considerable resources and that not until late in the negotiation process will the Group have a realistic opportunity to estimate the outcome of the negotiations.

The following main points relating to the Group appear from the annual report for 2002/03:

- Net turnover amounts to DKK 178.6 million compared to DKK 214.0 million last year.
- Profit/loss before financial income and expenses (EBIT) amounts to a negative DKK 12.1 million compared to a profit of DKK 17.6 million last year.
- Net profit/loss after tax amounts to a negative DKK 3.5 million compared to DKK 18.0 million in 2001/02.
- RTX Telecom has entered into an agreement on development of a TD-SCDMA chipset for the Chinese third generation TD-SCDMA standard.
- RTX Telecom has made a multi-annual ODM supply agreement with the Australian pay-TV supplier FOXTEL on development, production and supply of a wireless telephone line extender (TLE).
- The management expects a net turnover of DKK 170-190 million and a profit/loss before financial income and expenses (EBIT) around DKK -20 million for the financial year 2003/04.

Market development

Market trends

According to RTX Telecom, the market trends are stabilising. After some years of overheating and subsequently almost three years' recession, it now looks as if the volume of the different market segments has found its level but still with intensive price competition. The market conditions are therefore still characterised by keen competition among the various suppliers.

The customers' focus on reducing cost prices within the individual business areas has also affected RTX Telecom's contract negotiations. During the year, it has been necessary to operate with different business models, and the management expects the trend to continue. Negotiations with potential customers on new projects are still characterised by uncertainty among the customers, both when it comes to definition of the product and expectations to the market.

Management's review

The Chinese market is still an important market for cellular products, but it is expected that in the coming years, the development of other market areas in other parts of Asia and in South America will be more in focus in parallel with the Chinese market.

RTX Telecom has been working strategically to cover several links of the telecommunications value chain. Therefore, the Group has prepared itself to supply ODM products (finished brand products) within all technology areas. This business development is supported by the fact that RTX Telecom has made cooperation agreements with significant producers within EMS (Electronic Manufacturing Services), including Solectron and BB Electronics, among others. Moreover, RTX Telecom has a fruitful cooperation with the local Flextronics factory in Pandrup.

Competition

The difficult market trends have forced a number of competitors to reduce prices of development services and chips considerably.

RTX Telecom will maintain with its overall objective that all projects are to generate profits. To meet this objective, the Group has together with its technological partners, e.g. National Semiconductor, taken initiatives to make it more attractive to potential customers to enter into development contracts with RTX Telecom. Despite the favourable price, the customers obtain high-quality supplies.

RTX Telecom is to continue enhancing the efficiency of its services in order to remain competitive as to quality and efficiency - also in relation to competitors from lower-paid countries.

New market trends

The delay in the use of the 3G network has resulted in renewed interest in using the existing GPRS and EDGE technology fully, e.g. with video services based on the EDGE technology. Teleoperators therefore feel compelled to offer news and new products directed towards different end-user segments. Applications and services using the facility of packet data transmission are gaining ground at the same time as the occurrence of increasingly complex terminals.

There is also a growing demand among the large producers for outsourcing of part of the product programmes which is reflected in outsourcing of development projects as well as final product solutions.

The above trends support RTX Telecom's activities within the mobile phone technologies.

The interest in Wireless Multimedia in the home is increasing which is reflected in various specific inquiries and customer orders placed with RTX Telecom for integration of the Group's technology within new product solutions.

Management's review

RTX Telecom is still in a position to handle projects within all these different markets and technologies.

Important events in the financial year

RTX Telecom has entered into an agreement on development of a GSM/TD-SCDMA chipset for the Chinese third generation TD-SCDMA standard. The agreement is made with a leading supplier of chipsets to mobile phones, and according to the agreement, the TD-SCDMA part of the chipset will be based on RTX Telecom's know-how and Intellectual Property (IP).

The new chipset which is based on the chip supplier's EDGE and W-CDMA chipsets will be operational in prototypes at the end of 2003 and ready for mass production as from the summer of 2004. It is expected that this will be the first accessible chipset for use in the development of commercial TD-SCDMA handsets. The chipset will be able to handle all the services supported by TD-SCDMA networks in China. Future handsets based on the new chipset will be able to use the GSM/GPRS net in geographical areas without TD-SCDMA coverage.

At the end of the financial year, RTX Telecom made an agreement with the Australian pay-TV supplier FOXTEL on development, production and supply of a wireless telephone line extender (TLE). This TLE is to facilitate the use of the Pay-Per-View function and proceed the use of other interactive services available for users of digital satellite receivers and set-top boxes. The product uses RTX Telecom's DECT technology in a special configuration. In a slightly modified version, the product is also offered to other suppliers of pay-TV.

The agreement with FOXTEL is based on a multi-annual ODM supply agreement. According to the agreement, RTX Telecom has been entrusted with the responsibility for development and production whereas FOXTEL is responsible for sale, distribution and after-sales services. RTX Telecom's production will be handled by sub-contractors.

In January 2000, RTX Telecom's Supervisory Board granted warrants in RTX Telecom to a limited number of key employees at a total nominal value of DKK 1,155,000 equal to 231,000 warrants at DKK 5. All granted warrants were exercised in June 2003 by subscription of 231,000 shares at DKK 5 at a price of DKK 22.7273.

Business strategy and business development

Development projects

The Group's efforts to enter into new customer-financed development contracts have been intensive in the financial year. The sales department assisted by the individual development departments has been deeply involved in the marketing of RTX Telecom and in promoting the advantages which a cooperation with RTX Telecom will lead to: high quality, early delivery, full service including approvals and, if requested, supply of production test systems.

Management's review

Prospective customers consist of companies which potentially need all the wireless technologies offered and companies with focus on one or two of the technologies.

The marketing efforts have been adjusted to the individual technology and market areas.

Royalty

Since the spring of 2001, RTX Telecom has experienced increasing competition and growing pressure in the market for lower costs. In order to help potential customers through a difficult decision-making process, the Company has deliberately offered selected customers a lower payment for execution of the development projects in return for a royalty increase. The change in payment profile naturally involves a risk that total payments for these development projects will be lower if the products are not successful on the market.

Over the past two financial years, RTX Telecom has developed a number of products which have been a great sales success. In this way the Group's royalty income has increased to DKK 50.6 million on DKK 44.1 million in 2001/02.

However, due to the relatively short life time of the products on the market, the Group cannot expect the same high level in subsequent financial years. The products are subject to competition and replaced successively by newly developed products which all have to be competitive.

Own products

Also this year, own products which are developed, produced and supplied on the basis of OEM supply agreements have been dominated by DECT repeaters, mainly supplied to Siemens, and Bluetooth^{TM} RF testers, supplied to Agilent Technologies.

According to the strategy for this business area, RTX Telcom must be able to supply high-quality products with a large technological content created by the competence already present in RTX Telecom.

RTX Telecom conducts current negotiations with potential customers within this business area. In the financial year, RTX Telecom has made a multi-annual ODM supply agreement with the Australian pay-TV supplier FOXTEL on development, production and supply of a wireless telephone line extender (TLE). Moreover, the subsidiary RTX Healthcare has used considerable resources on development and marketing of OEM products to remotely control patients' weight and blood pressure.

The Group will continue its efforts to expand the product programme, and the organisation will be strengthened by the required special qualifications to the necessary extent.

Management's review

Cooperation with other companies

Besides the wholly-owned subsidiary RTX Healthcare A/S (formerly Penell A/S), RTX Telecom has minority holdings in LitePoint Corporation in San José, California and in Thomsen Bioscience A/S, Nørresundby.

The cooperation with LitePoint Corporation has partly been at the technological level and partly at marketing level.

Thomsen Bioscience has rented premises in RTX Telecom's head office in Nørresundby. The two companies cooperate on the development of a mobile detector of biological substances. At first, the companies will focus on biological weapons, e.g. anthrax, but the principles can generally be used in connection with the usual combating of diseases and infections.

Thomsen Bioscience concentrates on collection and detection principles whereas RTX Telecom concentrates on general project management, management electronics, software and communications in initiated projects. So far, the development work has been satisfactory, and the companies are actively looking for customers.

Technological development

In the past financial year, the Group has mainly focused on maintaining its position within the technological areas developed so far and has paid relatively less attention to the development of new technological areas. Over the year, the Group has implemented a formal internal process for assessing the technical and marketing aspects of existing technology areas. In this way, the development and the sales organisations will be able to focus more on the market, and an early identification of new market and technology trends is facilitated. The process is expected to ensure that technologies are continuously developed and adapted to new requirements.

The Group's management still believes that a new growth wave will sweep the market as wireless technology will become part of more and more products during the next decade. In the Group's opinion, almost all products which communicate with other products may take advantage of wireless communications technology.

Wireless telecommunications in general

The market situation of the Group's traditional markets has not changed materially over the past financial year. It still varies from area to area, geographically as well as technologically.

Engineer skills in many third world countries are being upgraded these years. This has resulted in an intensive price competition of development of standard products within wireless technology. The management sees this development as a challenge and intends to take action to secure the Group's continued competitiveness, for instance by paying special attention to the development of specialty products with high knowledge content.

Management's review

Within the GSM market, global sales have apparently stabilised at a level of well over 450 million handsets a year. The cellular market is still characterised by stagnation, especially in Western Europe and the US, but lately also in China. Today, there is a significant overproduction of mobile phones on the world market resulting in a heavy price pressure on producers.

RTX Telecom is able to offer development within all leading mobile phone standards. The supplies not only include turnkey designs but also state-of-the-art user interfaces and development of mechanics through the Group's cooperation with the Austrian company Vertical Pre-production Management GmbH (www.vertical-products.com).

To a still larger extent, RTX Telecom is adjusting to meeting customer requirements for delivery of complete and finished product solutions. This demand is a result of several factors, but a significant factor is that several companies outside the telecom industry are demanding wireless products. These new customers do not necessarily have experience within telecommunications or production of telecom products.

This development is expected to continue in the coming years.

DECT

DECT is a standard for digital wireless telephony which is widely used in and outside Europe.

The DECT market primarily comprises products for private households and is still dominated by few but large producers such as Siemens, Philips and Panasonic. RTX Telecom has maintained a close strategic cooperation with National Semiconductor based on this producer's baseband chip. In the course of the year, RTX has also developed DECT products based on other chip solutions.

Globally, RTX Telecom is probably the only development company which masters all facets of the DECT technology. RTX Telecom has maintained its strong position within development of advanced products for the DECT market whereas competition on the simple product market has further intensified during the year.

The DECT technology and its contents are only developed at a moderate level. Consequently, RTX Telecom's growth within this technology is to be created by finding new application areas, e.g. by developing new applications within the DECT technology. RTX Telecom has, for instance, active projects within Home Entertainment and Gaming. The agreement with the Australian pay-TV supplier FOXTEL is an example of the use of the DECT technology for other purposes than the classic wireless telephone. An increase is expected in similar projects where DECT is able to replace a wire connection with the users in a cheap way.

Management's review

Over the year, the DECT technology has been developed to also support SMS (Short Message Service) which has been introduced in certain fixed telephone networks, e.g. in Germany, and the walkie-talkie mode which enables a direct conversation between two handsets outside the base station.

WDCT (Wireless Cordless Telephony)

WDCT is a DECT similar digital technology based on 2.4 GHz for the North American market.

Competition on the WDCT market has also sharpened considerably, primarily due to Far Eastern actors. But in the financial year under review, RTX Telecom has succeeded to maintain its position as a leading supplier of product development and technology for WDCT. As a result of the cooperation with National Semiconductor, the Group's market share is estimated at approx. 25% which is the same as last year. This has been done by introduction of a competitive package solution based on a low-cost chip and standardised software. With this solution, the customers gain access to a fast and low-priced development of new product portfolios.

Furthermore, RTX Telecom and National Semiconductor can offer flexible module solutions under the same concept as the DECT solutions.

On the US market there is an increasing demand for products operating in the 5.8 GHZ frequency band. The reason for this demand is that the 2.4 GHz band offers a number of products, such as microwave ovens, Bluetooth™ based solutions, WLAN (802.11b/g) solutions etc. There is a risk that these many different products will result in radio frequency disturbance. To be able to meet this new development, RTX Telecom has developed a solution for this new frequency band together with National Semiconductor, and the first customer orders are negotiated at the moment.

Bluetooth™

Bluetooth is the name of a technology standard for short-distance wireless data transmission between different types of intelligent products.

Bluetooth™ continues to have a somewhat slower market penetration than expected.

RTX Telecom is still regarded as one of the leading companies within development of Bluetooth™ headsets, and the Group still sees a large potential within the area, although competition is expected to intensify.

In 2002, RTX Telecom made an agreement with National Semiconductor on the supply of Intellectual Property for National Semiconductor's third generation of Bluetooth™ chips based on standard version 1.2. With this agreement it is expected that a new and cost optimised chip solution will be accessible on a growing Bluetooth™ market. The solution will be ready on the market in the coming financial year. The Group still expects that RTX Telecom's chip solution will be able to generate considerable royalty income.

Management's review

Today, RTX Telecom has complete knowledge of all areas of the Bluetooth™ technology which means that RTX Telecom is able to adapt its solutions precisely to the customers' requests. RTX Telecom has demonstrated several times at the various Bluetooth™ conferences and workshops that RTX Telecom is among the leaders within Bluetooth™.

GSM/GPRS

GSM is a second generation (2G) digital mobile phone standard. GPRS and EDGE are 2.5 generation (2.5G) standards for handling packet data.

According to RTX Telecom's assessment, the application of 3G mobile communication (UMTS) will be postponed compared to the initial expectations. The management also estimates that the coming years' plans on the handset area will be dominated by GPRS-derived products and that it will be positive for RTX Telecom's market position.

The cooperation with Motorola Semiconductor will be extended to include GSM/EDGE and GSM/UMTS as far as the products are demanded by the customers.

After the end of the financial year, a similar cooperation agreement has been made with Texas Instruments. Texas Instruments is a very significant supplier of chipsets for the industry with an estimated market share of over 33%. With this agreement, RTX Telecom is able to complement the solutions from Motorola which will enable the Group to offer a wide range of GSM/GPRS solutions to the market. Both Texas Instruments and Motorola contribute with a considerable technology transfer to RTX Telecom. This strategy with several chipset platforms used to be successful on mature markets within DECT as well as Bluetooth™.

To further strengthen sales efforts and to be able to supply complete product solutions to the market (ODM), the Company has entered into a strategic cooperative agreement with one of the world's largest EMS (Electronic Manufacturing Services) producers, the Singapore-based Solectron. Today, Solectron manufactures products for important computer and telecom companies. With this ODM cooperation, the Group is able to offer very powerful solutions to the market. The agreement complements the strategic agreement with BB Electronics and the good relationship with Flextronics, Pandrup.

CDMA

CDMA is a standard for mobile telephony which is mainly used in North and South America, Japan, Korea, China and India. Compared to GSM, CDMA has certain 'inherited' advantages because of improved utilisation of the frequency resources of the operator network and improved data transmission ability.

Management’s review

Activity and earnings in the CDMA area have not been up to the Group's expectations in 2002/03. However, the development work has been currently adapted to the level of activity, and the Company has succeeded in diverting development resources to other technology areas. The knowledge gained of CDMA has been a decisive factor for the development of the Group's competence within the TD-SCDMA technology.

In the financial year, RTX Telecom has developed a complete CDMA2000 1x platform based on VIA Telecoms baseband chipset and Maxims radio chipset. This platform has now been tested on different CDMA networks and is fully up to the standard of competing platforms.

RTX Telecom remains active within the CDMA area, and the Group attempts to establish itself on the market by taking advantage of the considerable market opportunities identified in Eastern Europe within CDMA 450 MHz and in other markets with vacant 450 MHz frequency bands which arise when the old NMT 450 MHz networks are closed.

RTX Telecom sees realistic market potentials for this technology in niche product areas in China, Russia and Eastern Europe.

TD-SCDMA

TD-SCDMA is a 3G technology developed by the Chinese technology group Datang Telecom Technology and Industry Group in cooperation with Siemens for the use of the rapidly growing Chinese market. Today, China is the largest market for mobile phones.

During the year, the Group has developed a TD-SCDMA test terminal which has attracted great attention. The terminal is probably the only terminal so far which fully supports the TD-SCDMA technology, both when it comes to voice and video connections. RTX Telecom is regarded as one of the leading TD-SCDMA development houses in the world and expects to maintain this position. The Group has gradually obtained good understanding of the key issues in connection with the development of TD-SCDMA terminals, and RTX Telecom was able to sign its first customer contract within the area in August 2002.

In 2002/03, RTX Telecom also signed an agreement on development of a GSM/TD-SCDMA chipset with a leading GSM/GPRS chipset supplier. The chipset is expected to be particularly competitive in relation to time-to-market and cost price. The agreement is expected to have significant effect on RTX Telecom's efforts to maintain its leading position within the TD-SCDMA market.

On several occasions, the Chinese authorities have made a clear promise to support TD-SCDMA. Therefore, the telecom industry has every reason to believe that the standard will be implemented in China. However, the authorities have not yet issued 3G licences to operators, and therefore the start-up of the Chinese TD-SCDMA market is still subject to considerable uncertainty. The licences will probably be issued in the course of 2004 or in the first half of 2005 but nothing has been settled at present.

Management's review

RTX Telecom regards TD-SCDMA as a technology with great potential. It is especially suitable for meeting the requirements made by the Chinese market as to capacity and low costs.

In the past financial year, representatives of RTX Telecom have participated as speakers at a number of TD-SCDMA conferences in China, and the Group is in constant dialogue with a number of leading terminal producers and with universities in the US, Europe and China. RTX Telecom also participates in the standardisation work relating to TD-SCDMA.

During the year, the Company has tried to find different possibilities of entering into new business constellations in order to successfully spread the TD-SCDMA technology in China and to ensure that as many producers as possible will be able to benefit by RTX Telecom's TD-SCDMA technology. This work will in all probability be intensified next year.

WLAN (IEEE802.11)

IEEE802.11a/b/g are a number of standards for wireless data networks. The standards operate in the 2.4 and 5.8 GHz frequency and can be used in the US and also in several European countries, including Denmark. The standards offer the opportunity of transfer of up to 54 Mbits/s.

During the financial year, the Group's chipset cooperative partner Resonext Communication Inc. was purchased by RF Micro Devices. The purchase has not changed the cooperation, and RTX Telecom has gradually developed a complete IEEE802.11a/b/g platform in cooperation with RF Micro Devices.

RTX Telecom is convinced that the IEEE802.11 standard will be an important factor in the wireless integration of the intelligent home and decisive for the users' mobility. The Group expects in the long term that full control of the technology will be decisive for RTX Telecom's development of wireless data communication for integration of household appliances, especially within AV equipment, telephony and data communication. However, the development of this market is considered to be slower than previously estimated.

Organisation and knowledge 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. This means that RTX Telecom is able to supply turn-key solutions and not only part solutions which require the customers to complete the project themselves.

The management believes that the challenges and opportunities for personal development which the Group provides to its employees are key parameters in attracting and retaining employees. Supporting this view is the rather low employee turnover rate and the fact that to date RTX Telecom has successfully attracted the necessary labour resources.

Management's review

Because of the telecom industry's present situation, the Group is still reluctant to appoint new employees. However, exceptions have been made. The sales organisations of RTX Telecom and RTX Healthcare have been strengthened in the financial year by employing new staff with special knowledge of important technologies and markets. The Group has also employed a few engineers with special qualifications.

During 2002/03, 27 employees have been dismissed due to organisational and cost adjustments. The full cost effect of the staff reduction will not appear until in the second quarter of the financial year 2003/04.

In 2002/03, the Group appointed 6 new employees, and 33 employees left the Group.

The average number of full-time employees has increased by 3.4% in 2002/03. At 30 September 2003, the Group employed 219 people, 172 of them engineers and technical staff. The total number of employees accounts for a decrease of 11.0% compared to 30 September 2002.

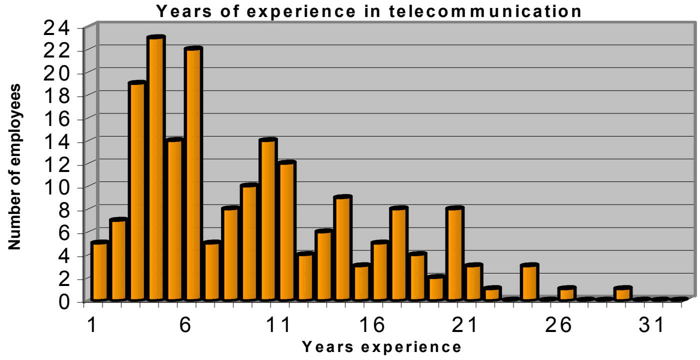
Through visits to educational establishments and as the Group generally has a positive reputation among engineers within the industry, RTX Telecom has succeeded in maintaining the position as an attractive workplace.

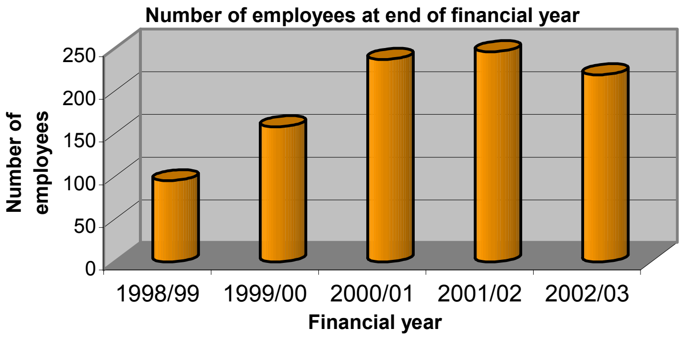
The Group is prepared for future growth as the structure of the development organisation enables a prompt integration of more skilled employees. An organisation which is ready for change makes it possible with short notice to transfer and appoint engineers to technology areas which need activity and qualified staff. The project management is still being strengthened, and the technical competence within software, baseband and RF is currently updated.

RTX Telecom will continue trying to attract and retain employees with the best professional skills and human qualifications, e.g. by means of incentive programmes.

Through a share option programme introduced in 1999/2000, the Group can partly offer its key employees an incentive programme and partly issue employee shares for employees in RTX Telecom and its subsidiaries.

Management's review





Environmental issues

The Group's activities include development and sale of advanced and high-technological wireless development projects and products. RTX Telecom only has a small physical production, and therefore the Group's impact on environment is indirect and restricted to electricity and heating as well as insignificant chemical consumption.

RTX Healthcare A/S (formerly Penell A/S)

At the beginning of the financial year, the subsidiary's management decided to change the company's strategy from exclusively offering consultancy services into development and marketing of own products as a supplement to these services. The primary reason for this decision was a wish to secure higher long-term return on investments in new technology.

Management's review

The result of this strategic decision is that RTX Healthcare has used considerable resources in the financial year to develop and market OEM products to remotely control patients' weight and blood pressure. The product series is based on the company's core competence within wireless transmission of critical and personal sensitive data.

With effect from 1 January 2003, RTX Healthcare's sales resources were increased by employment of a sales manager in charge of the company's OEM products. On the basis of the initiatives made, the subsidiary's management expects increased turnover and earnings in the company.

At the beginning of October 2003, RTX Healthcare moved from its previous address in Hadsund to the Parent's head office in Nørresundby. In connection with the removal, the organisation was adjusted to obtain maximum synergy and integration in the RTX Telecom Group. Therefore, the company has reduced the number of employees by 5 people. After this, RTX Healthcare appears as a fully integrated unit at all levels.

RTX Healthcare generated a turnover of DKK 5.9 million in 2002/03. The loss after tax amounted to 5.3 million. Equity in RTX Healthcare totalled DKK 7.8 million at 30 September 2003.

RTX Healthcare is a wholly-owned subsidiary which employed 13 people at the end of the financial year.

Investments

LitePoint Corporation, USA (www.litepoint.com)
RTX Telecom invested USD 1.5 million in LitePoint Corporation in 2001/02. The ownership amounts to 15.0%.

LitePoint Corporation is a wireless chip technology company domiciled in Silicon Valley, California. The company employs engineers who all have long and wide experience in development and supply of Intellectual Property within wireless technologies, e.g. Wideband Code Division Multiple-Access (WCDMA), GSM/GPRS, IEEE802.11 a/b og Bluetooth™. The company has expertise within component specifications and chip architecture.

The company's present activities primarily include tasks within RF architecture and RF chip design, and during the financial year, the company has finished the development of a WLAN tester of which production and sales have already started.

LitePoint Corporation is part of RTX Telecom's representation on the US market with special focus on Silicon Valley.

Management's review

Thomsen Bioscience A/S (www.thomsen-bioscience.com)
RTX Telecom's investment in Thomsen Bioscience amounts to DKK 3.0 million equal to an ownership of 19.4%. The investment was made in the financial year 2001/02.

Thomsen Bioscience is a development company with focus on integration of advanced biological methods in biochips. Certain biochemical processes and analyses are integrated in self-governing micro-labs by way of biochips, also called intelligent lab-on-chips. The technology can be used for detection of biological weapons, clinical diagnosing of infectious diseases and pharmaceutical drug development.

The objective is together with Thomsen Bioscience to develop portable sensor units enabling efficient and early discovery of different types of air-borne spores, bacteria and viruses and subsequent transmission of the retrieved data to a centrally based data treatment.

According to the present plans, the first product prototypes are expected to be ready during the calendar year 2004.

Special issues

On 15 January 2002, a pending lawsuit against a large French customer was settled in favour of RTX Telecom by the court of first instance, Le Tribunal de Commerce de Paris. According to the order of the court, the customer was ordered to pay DKK 23.8 million to RTX Telecom. The purpose of the lawsuit was to test whether the customer's termination of a development contract was lawful in view of the existing contract. The court found that the termination was in breach of the procedure laid down in the contract.

The customer has appealed against the judgment to a higher court but has on demand paid the compensation to RTX Telecom according to the judgment made.

As the case has not yet been settled, the income cannot be made up reliably. Therefore, RTX Telecom has decided not to recognise any part of the compensation received.

Events after the balance sheet date

In October 2003, RTX Telecom made an agreement with a Korean producer on development of an advanced GSM/GPRS mobile phone with integrated camera, colour display, WAP, MMS, polyphonic ringtones etc.

According to the agreement, RTX Telecom has been entrusted with the responsibility of development and type approval whereas the customer handles industrial design, production and sale.

Prospects

The Group will also in 2003/04 concentrate on commercialising the already developed technology platforms and activities which may contribute to the Group's turnover and operating profit.

Management's review

Moreover, a number of significant development projects within wireless product solutions will be completed during the financial year 2003/04, such as ODM products by way of wireless telephone line extenders (TLE) developed for the Australian pay-TV supplier FOXTEL.

Furthermore, the Group has considerable product development for own account within the GSM area, including development of the GSM/GPRS platform from Texas Instruments, development of GSM modules for integration in telecom systems, surveillance and alarm equipment etc as well as development of wireless electronic measuring equipment to remotely control patients' weight and blood pressure within the healthcare area.

The Group's target is still to position itself within the TD-SCDMA technology in order to enter the Chinese market among others.

RTX Telecom's most important objective is to maintain its leading position as supplier of wireless turnkey designs. Some of the Group's markets have also experienced a keener competition during the past financial year but with variations from area to area, geographically as well as technologically. In the management's opinion, RTX Telecom still has a strong position on the market for advanced technological solutions with high knowledge content.

At the end of the financial year, the volume of orders in the Group which has not been taken to income accounts for DKK 30.9 million equal to a decrease of 22% compared to the same time last year. Since the expiry of the financial year 2002/03 and until 20 November 2003, the Group has entered into development contracts for a further DKK 3.0 million.

The management expects the royalty income in 2003/04 to be reduced considerably compared to the high level of 2002/03. One of the reasons for this is that some of the products which have contributed to the royalty in the financial year 2002/03 are being phased out, and another reason is that in the financial year 2002/03 development projects with a royalty structure which might compensate for this phasing out have been too few. The royalty payment is usually based on the number of produced units.

In the years to come it is expected that RTX Telecom's earnings from contract development projects and royalty earnings will to a larger extent be supplemented with earnings from own products compared to previous years.

The business area within own development of wireless product solutions will be given high priority within the Group. Considerable resources will be invested in own development, which net will debit the profit and loss account in the financial year 2003/04. It is however expected that earnings from own products will be increased in the following financial years as a result of these efforts

Niche products, based on the Group's competences within wireless technologies, are expected to have a considerable impact on the Group's earnings on a long view. During the financial year 2003/04 RTX Telecom plans to introduce new own developed products on the market, and the Group aims to continue the strengthening of its roadmap for own products.

Management's review

The Group's turnover from selected OEM and ODM products etc within niche areas is expected to be at a higher level than last year. Most of the net turnover within this business area will probably be realised in the second half-year of the financial year. Sales mainly comprise DECT repeaters, Bluetooth™ RF testers and wireless telephone line expenders (TLE) for FOXTEL.

As an overall view the financial year is expected to be characterised by a continued uncertainty in the market for development projects, a considerable lower royalty income compared to 2002/03, and considerable investments in own development projects which are not expected to generate net turnover and earnings until late in the financial year, and in succeeding financial years. On this basis the management expects RTX Telecom Group to realise a net turnover of DKK 170-190 million and a profit/loss before financial income and expenses (EBIT) around DKK -20 million in the financial year 2003/04. The above estimate does not include the possible impact on results which the outcome of the case against a large French customer might have.

Net turnover and profit/loss before financial income and expenses in the financial year 2003/04 are not expected to be equally distributed between the first and second half years ending 30 September 2004. Management expects a relatively low net turnover in the first six months of the financial year and expects a considerable loss before financial income and expenses in this half-year. Late in the financial year is expected a change, resulting in a higher level of activities with a positive development in both net turnover and profit/loss before financial income and expenses.

Financial review

Implementation of the new Danish Financial Statements Act

RTX Telecom has presented the below annual report for 2002/03 applying the provisions of the new Financial Statements Act which was adopted by the Danish Parliament on 22 May 2001. As a consequence of the implications of this act, the accounting policies of the Group have been changed in a number of areas. One of the effects of the changes is that the Group now uses the percentage-of-completion method as the method of revenue recognition for contract development projects in progress.

The changes in the Group's accounting policies have been described in more detail under "Accounting policies" on page 35-38.

All comparative figures of prior years have been restated to reflect the changes in accounting policies.

Net profit/loss for the year

In 2002/2003, the Group realised a net turnover of DKK 178.6 million which represents a decline of 16.5% compared to last year's net turnover of DKK 214.0 million. Net turnover has thus not been in compliance with the original expectations anticipating a net turnover of DKK 230-250 million.

Income from contract development projects of DKK 75.4 million represents a decrease of 29.8% compared to last year's income of DKK 107.4 million. During the financial year, turnover generated from development contracts has been declining compared to the year before. Income has been realised in a market which is continuously difficult, and it is characteristic of most of the Group's main markets that competition continues to intensify, both in terms of technology and at the geographical markets.

The development of technology platforms at the Group's own expense has been very intense also in 2002/03 and has taken up significant development resources. The development effort has been most intense with respect to GSM/GPRS, TD-SCDMA and Bluetooth™ in healthcare applications.

Royalty income totals DKK 50.6 million which is an increase of 14.6% compared to last year's income of DKK 44.1 million. An upward trend has been characteristic of royalty income throughout the entire financial year which is a result of a number of the Group's customers' increase in production. The increase in royalty income therefore reflects the customers' success in the market for the products developed.

Sales of the Company's own products etc. amount to DKK 52.5 million, which is DKK 9.9 million or 15.9% below last year's level. The change is primarily a result of a decline in the sale of Bluetooth™ testers. The second half of the financial year has also seen a slight decline in the sale of DECT-repeaters.

Financial review

The total number of employees at the closing of the financial year has gone down by 27 persons compared to the same period last year. During 2002/03, the Group has carried out organisational and cost adjustments which, among other things, have resulted in the dismissal of 27 employees. The full impact of the reduction in employees will not be reflected in cost savings until during the second quarter of the 2003/04 financial year.

Staff costs increased to DKK 109.9 million, which is a rise of 6.7% compared to last year. Measured per employee, this is a rise in staff costs of 3.2%.

The loss for the year before financial income and expenses amounted to DKK 12.1 million, representing a decline of DKK 29.7 million compared to last year's profit before financial income and expenses of DKK 17.6 million.

The profit/loss before financial income and expenses realised is significantly below expectations at the commencement of the financial year where a profit before financial income and expenses of DKK 20-30 million was expected. Both net turnover and profit/loss before financial income and expenses are realised at the level appearing from the readjusted expectations published by the management in July 2003 (see announcement no. 11/2003 of 29 July 2003).

The Group has not met its objective of realising a profit before financial income and expenses in the 2002/03 financial year. The result realised is definitely to be considered unsatisfactory, but the result should be viewed taking into account the intensified competition characterising the Group's markets.

Net financials have gone down from DKK 8.9 million in 2001/02 to DKK 7.8 million in 2002/03. The decline in net financials is a result of a lower rate of interest and a larger average tie-up of money in fixed assets. The main part of the Group's cash is placed in short-term current asset investments and bank deposit.

The net loss for the year amounted to DKK 3.5 million against a profit of DKK 18.0 million the year before. The earnings per share (EPS) totalled a negative DKK 0.38 against a positive DKK 1.95 the year before.

Turnover by business areas

DKK ('000)	*1998/99*	*Share*	1999/00	*Share*	2000/01	*Share*	2001/02	*Share*	2002/03	*Share*
Development contracts	53,437	*44%*	73,984	*46%*	98,582	*53%*	107,405	*50%*	75,438	*42%*
Royalty	19,085	*16%*	22,490	*14%*	12,101	*6%*	44,139	*21%*	50,600	*28%*
Own products etc.	48,711	*40%*	63,503	*40%*	75,630	*41%*	62,424	*29%*	52,513	*30%*
Total net turnover	**121,233**	***100%***	**159,977**	***100%***	**186,313**	***100%***	**213,968**	***100%***	**178,551**	***100%***

Financial review

Balance sheet and cash flows

At 30 September 2003, the Group's balance sheet total amounted to DKK 493.6 million which is equal to an increase of DKK 21.6 million compared to last year. The increase in the balance sheet total represents a decrease in fixed assets of DKK 8.6 million and an increase in current assets of DKK 30.2 million.

During the year, Group equity has increased by DKK 7.5 million from DKK 384.9 million to DKK 392.4 million. The loss for the year has reduced equity by DKK 3.5 million. Increase in share capital in connection with the issue of employee shares and the exercise of warrants have increased equity by DKK 5.9 million, and the tax value of entries on equity has increased equity by DKK 5.1 million.

The equity ratio is 79.5%, which is a reduction of 2.1% compared to last year.

Cash flows from operations amounted to DKK 26.4 million, which is a reduction of DKK 14.1 million compared to 2001/02. Cash flows from operations are affected by the decline in the profit/loss for the year before financial income and expenses of DKK 29.7 million. Compared to last year, there has been a positive change in working capital of DKK 4.4 million, and income taxes paid have been reduced by DKK 11.6 million.

Cash flows from investments comprising investments in intangible assets as well as tangible fixed assets and fixed asset investments totalled DKK 2.2 million in 2002/03 compared to DKK 60.7 million in 2001/02. A significant part of last year's investments comprised investments in other enterprises and in the completion of the extension of the Nørresundby domicile.

Cash flows from financing activities totalled DKK 4.0 million against DKK 17.8 million in 2001/02. The cash flows for the year include proceeds from capital increase of DKK 5.9 million. Last year's cash flows from financing activities included raising of long-term mortgage loans of DKK 20.0 million.

The net effect of cash flows in 2002/03 was an increase in cash and cash equivalents of DKK 28.2 million. At the end of 2002/03, cash, including current asset investments, amounted to DKK 291.3 million.

Risk management

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

Financial review

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 and to introduce new or improved functionality to meet the ever growing customer demands.

RTX Telecom continuously aims at identifying and developing technological competence enabling the Group to produce products for which the customers will contract. 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 enables 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.

The Group strives to be an attractive place to work for its 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 for the Group's own account launched in order to bring new knowledge and competence about new technologies to RTX Telecom.

A significant but varying portion of the Group's development projects will continue to be for the Group's own account. This will cause a considerable increase in costs in the short term and should be regarded as an investment in new technology.

Accordingly, there can be no assurance that the Group will be able to repeat its historical profit ratio.

Financial review

Managing growth

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 organisational growth and to integrate any companies that may be acquired. In order to effectively manage growth, the Group will need to continue to implement new systems and control routines, and to increase, train, integrate, motivate and effectively manage its staff.

Possible fluctuations in interim results

The 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 years, between 72% and 75% of turnover was generated from the ten largest customers. The Group's three largest customers accounted for between 36% and 41% of turnover in the same period. As many of these are ”regular” customers, the Group is to some extent dependent on single customers. 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.

Limited protection of proprietary rights

RTX Telecom does not hold any patents because to date the Group has opted not to apply the resources believed to be necessary to defend such patents in international markets.

In order to obtain 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 for which it would seek protection.

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 material adverse effect on the Group's activities, results of operations and financial position.

Currency exposure

During the past three financial years between 74% to 87% of RTX Telecom's turnover derived from customers outside Denmark and most of such sales were invoiced in currencies other than Danish kroner, whereas contract-based development, in-house development projects and own production took place in Denmark. The Group's turnover is exposed to currency movements due to the considerable international business activity.

Financial review

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 results of operations and financial development.

Ownership

At 30 September 2003, the share capital of RTX Telecom has a nominal value of DKK 47.0 million consisting of 9,409,601 shares of DKK 5 each. All shares carry the same rights. The shares are negotiable instruments with no limitation in negotiability and are issued to bearer.

Voting rights at the general meeting cannot be exercised until the shares have been registered in the register of shareholders or until the shareholders have notified or documented the share purchase.

Share turnover

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

The average price was DKK 65 on 30 September 2003 which is a decrease of 28% on the average price of 30 September 2002. In the financial year 2002/03, the highest average price was DKK 96 and the lowest DKK 59.

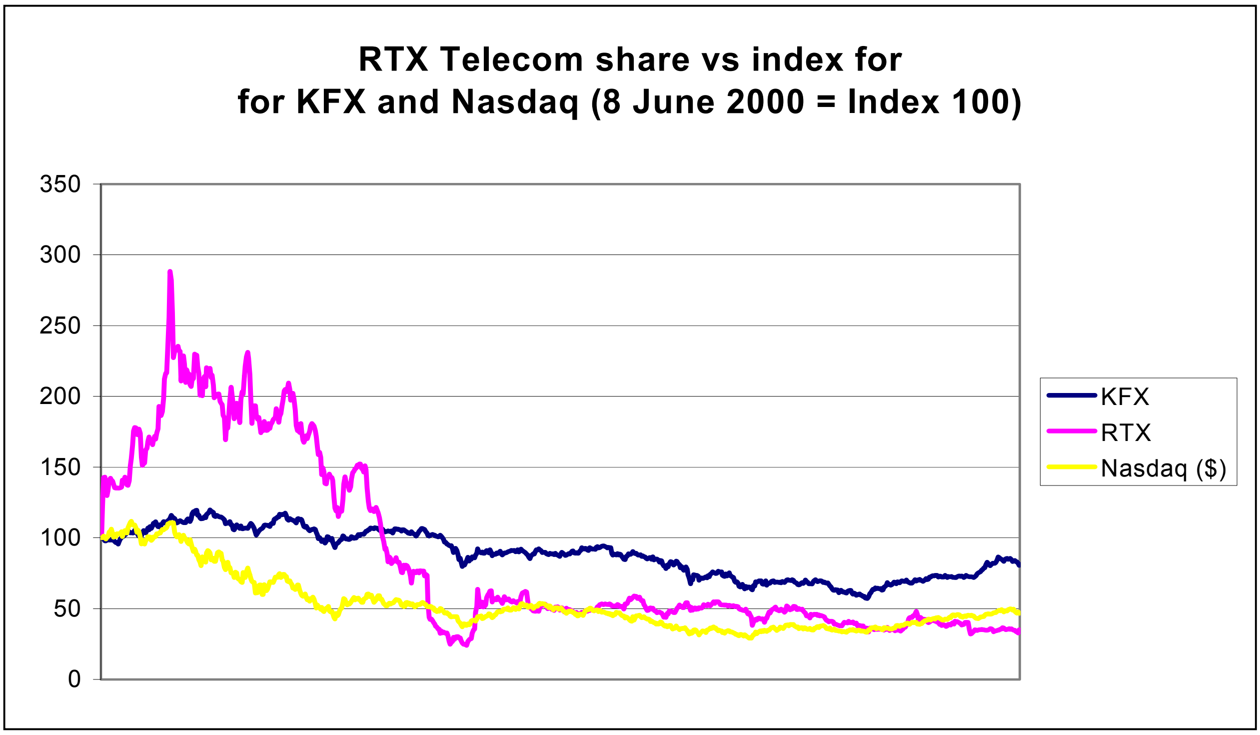
The market value of the Company's shares amounted to approx. DKK 613 million at 30 September 2003. In the financial year 2002/03, 3.2 million RTX Telecom shares were traded on the Copenhagen Stock Exchange equal to approx. 34% of the share capital. The average turnover per trade day was approx. 13,000 shares.

The following investment banks follow and have surveys of RTX Telecom: Alfred Berg Bank, Carnegie Bank, Enskilda Securities, Gudme Raaschou, Handelsbanken, Nordea Securities, and Spar Nord Bank.

The Group has an open dialogue with investors and analysts in compliance with the Stock Exchange Code of Ethics. Regular meetings and telephone conferences are held with shareholders, investors and analysts in Denmark and abroad. The Executive Board participates in the meetings to the extent possible.

It is RTX Telecom's policy that the Executive Board does not participate in meetings with investors and analysts in a period of 3 weeks before the issue of the announcement of the interim and financial statements.

Financial review



8 June 2000 30 September 2003

Shareholders

At 30 September 2003, there were approx. 5,000 registered shareholders holding registered shares equivalent to approx. 80% of the share capital.

The following shareholders hold shares which either carry 5% of the votes of the share capital or the nominal value of which accounts for at least 5% of the share capital:

	Ownership
Villy Andersen, H. A. Brorsons Vej 17, 9000 Aalborg	6.87%
Jørgen Elbæk, Knepholtvej 22, 9430 Vadum	7.24%
Jens Hansen, Kronen 18, 9260 Gistrup	8.77%
Nordea Companies Denmark, Strandgade 3, 0900 Copenhagen C	6.60%
Jens Toftgaard Petersen, Lindholmsvej 80, 9400 Nørresundby	7.24%
Mogens Westeraa, Kattegatsvej 34, 9700 Brønderslev	6.37%

At 30 September 2003, members of the Group's Executive Board and Supervisory Board had the following personal shareholding and warrants in RTX Telecom:

Financial review

	Number of shares at year-end		Number of warrants at year-end	
	2002/03	2001/02	2002/03	2001/02
Executive Board	681,250	681,000	0	0
Supervisory Board	2,109,831	2,134,529	9,000	9,000
Other insiders	1,299,955	1,253,483	153,000	372,000
Total	**4,091,036**	**4,069,012**	**162,000**	**381,000**

According to RTX Telecom's internal rules on share dealing, insiders and connected persons of such insiders are permitted to buy and sell shares in a period of four weeks following the publication of interim financial statements or an annual report.

Warrants, share options and employee shares

The Supervisory Board was authorised under a resolution adopted by the shareholders in general meeting on 17 April 2000 to issue warrants by one or more issues with a nominal value of up to DKK 2,000,000 without a right of pre-emption for the Company's existing shareholders by offering the warrants to the Company's Supervisory Board, Executive Board or employees.

The authority is valid until 1 April 2005. The Supervisory Board shall determine the specific terms and conditions of the warrants issued under the authority, including the exercise price of the shares subscribed pursuant to the warrants, possibly at a discount to the market price.

At the Company's extraordinary general meeting held on 17 April 2000, the Supervisory Board was authorised to increase the Company's share capital by one or more issues and without a right of pre-emption for the Company's other shareholders by issuing new shares with a nominal value of up to DKK 1,000,000 to be offered to the Company's employees. The new shares shall be issued at a price determined by the Supervisory Board, possibly at a discount to the market price. The authority is valid until 1 April 2005.

Moreover, the Supervisory Board has implemented a share option programme for the employees in the Group to maintain the large commitment among the employees. The share option programme is considered an important part of the Group's efforts to secure continued positive development and growth.

In the financial year 2002/03, RTX Telecom has – according to the share option scheme - granted warrants to key employees for a nominal value of DKK 105,000 equal to 21,000 warrants of DKK 5 each. The granted warrants account for approx. 0.2% of the share capital.

Financial review

In accordance with the incentive programme/share option scheme, the Supervisory Board of RTX Telecom used their authorisation in December 2002 to issue employee shares. In January 2003, the employees subscribed for shares for a nominal value of DKK 216,090 equal to 43,218 shares of DKK 5 each. The employee share scheme was a normal scheme in accordance with section 7A of the National Tax Assessment Act. The shares were subscribed for at a special price of 17 in accordance with a distribution scale based on seniority in the Group. Approx. 83% of the employees decided to subscribe for shares in the Company. The employee shares subscribed for account for approx. 0.5% of the share capital.

Exercise of warrants
In January 2000, the Supervisory Board issued warrants in RTX Telecom to a limited number of key employees at a nominal value of DKK 1,155,000 equal to 213,000 warrants at DKK 5. All warrants were exercised in June 2003. Under the authorisation of the Articles of Association, the Supervisory Board decided to increase the share capital in RTX Telecom from nominally DKK 45,893,005 to nominally DKK 47,048,005.

Related parties
The Company has no agreement concerning, and is not involved in, any material financial transactions with the Company's shareholders with the exception of contracts of employment, which have all been entered into on normal terms.

Besides the shareholders' interest, RTX Telecom's cooperation with National Semiconductor is strictly commercial and consists of two elements; the exchange of technological experience and know-how and commercial contracts for providing services on market terms.

RTX Telecom's trading with the subsidiary RTX Healthcare and other companies in which the Group has investments takes place on a commercial basis and consists of exchange of technological experience and supply of services on market terms.

Corporate Governance
In a report dated 6 December 2001, the Nørby Committee presented a number of recommendations for good corporate governance in Denmark.

RTX Telecom's Supervisory Board has a positive attitude towards the recommendations of the Nørby Committee. Further, the Supervisory Board has noted that RTX Telecom's Articles of Association and management principles are largely identical with the key recommendations in the report.

RTX Telecom will aim at following the concept of most of the important recommendations on good corporate governance, and in the following the Supervisory Board takes the opportunity to account for some of the key elements.

Financial review

The Nørby Committee recommends that the Supervisory Board consists of no more than six directors elected by the general meeting and that the majority of directors are elected by the general meeting and are independent of the Company. Furthermore, the chairman and the directors ought not to be elected or re-elected for a period of more than nine years.

This recommendation is followed in respect of the number of directors elected by the general meeting. In the RTX Telecom Supervisory Board, three of the six members elected by the general meeting are independent of the Group. In addition, three of the board members are founders of the Company. It is the historical background of RTX Telecom that 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 carried out by the Company and they also own approx. 41% of the Company´s share capital.

The members of the Supervisory Board elected by the general meeting are elected for a period of one year whereas employee representatives are elected for a period of four years. There is no limit to the period of time during which a person can sit on the Supervisory Board. A member can be re-elected until and including the year in which he turns 70.

Five board meetings were held in the financial year 2002/03. The overall strategies of the Group were discussed at a long meeting in which members of the executive management team took part.

RTX Telecom does not make use of board committees, nor does the Company carry out systematic evaluations of the Supervisory Board and Executive Board or of the cooperation between the two bodies.

The Nørby Committee recommends the company to use quarterly reporting. At present, the Supervisory Board of RTX Telecom has chosen not to publish quarterly reports. The Supervisory Board is of the opinion that a period-to-period comparison of the quarterly results of the Group may fluctuate significantly and that this will not contribute to a better understanding of the Group's activities or provide an adequate picture of the assets and liabilities, financial position and results of the Group.

Proposals for the general meeting

Own shares

It is recommended to the general meeting that until the next ordinary general meeting the Supervisory Board shall be authorised to allow the Company to buy its own shares within 10% of the share capital at the listed price "all transactions" in effect at the date of purchase with a deviation of up to 10%.

Financial review

Exercise of warrants

In pursuance of paragraphs 7.5 to 7.8 of the Articles of Association, the Supervisory Board decided on 4 December 2003 to issue warrants to the employees in the Group for a nominal value of up to DKK 30,000, equal to 6,000 shares at DKK 5. The price of exercising the warrants will be the listed price “all transactions” at 11 December 2003. The warrants have been issued for employees in the Group without a pre-emption right for the other shareholders of the Company. In addition, the Supervisory Board has adopted the related share capital increase.

Announcements and financial calendar

Announcements to the Copenhagen Stock Exchange in 2003 (up to and including 4 December 2003)

7 February 2003	No. 01	Annual General Meeting of RTX Telecom to be held on Tuesday 25 February 2003 at 4.00 p.m.
25 February 2003	No. 02	Annual General Meeting of RTX Telecom
5 March 2003	No. 03	Employee shares - Increase of share capital in RTX Telecom
7 March 2003	No. 04	Extraordinary General Meeting of RTX Telecom to be held on Monday 24 March 2003 at 4.00 p.m.
24 March 2003	No. 05	Extraordinary General Meeting of RTX Telecom
2 May 2003	No. 06	Press and analyst conference to be held on Wednesday 21 May 2003 at 2 p.m.
7 May 2003	No. 07	RTX Telecom signs agreement for delivery of IP for a GSM/TD-SCDMA chipset
21 May 2003	No. 08	Interim annual report for the first six months of 2002/03
2 June 2003	No. 09	Exercise of warrants in RTX Telecom
1 July 2003	No. 10	New employee representative on the Supervisory Board of RTX Telecom
29 July 2003	No. 11	RTX Telecom readjusts expectations to the 2002/03 financial year
30 September 2003	No. 12	RTX Telecom concludes an ODM-agreement with the Australian pay TV provider FOXTEL for a wireless telephone line extender.
20 October 2003	No. 13	RTX Telecom has entered an agreement with a Korean manufacturer on the development of an advanced GSM/GPRS mobile phone
24 October 2003	No. 14	RTX Telecom financial calendar 2003/04
4 December 2003	No. 15	Summary of annual report 2002/03
4 December 2003	No. 16	Annual report 2002/03

Financial calendar

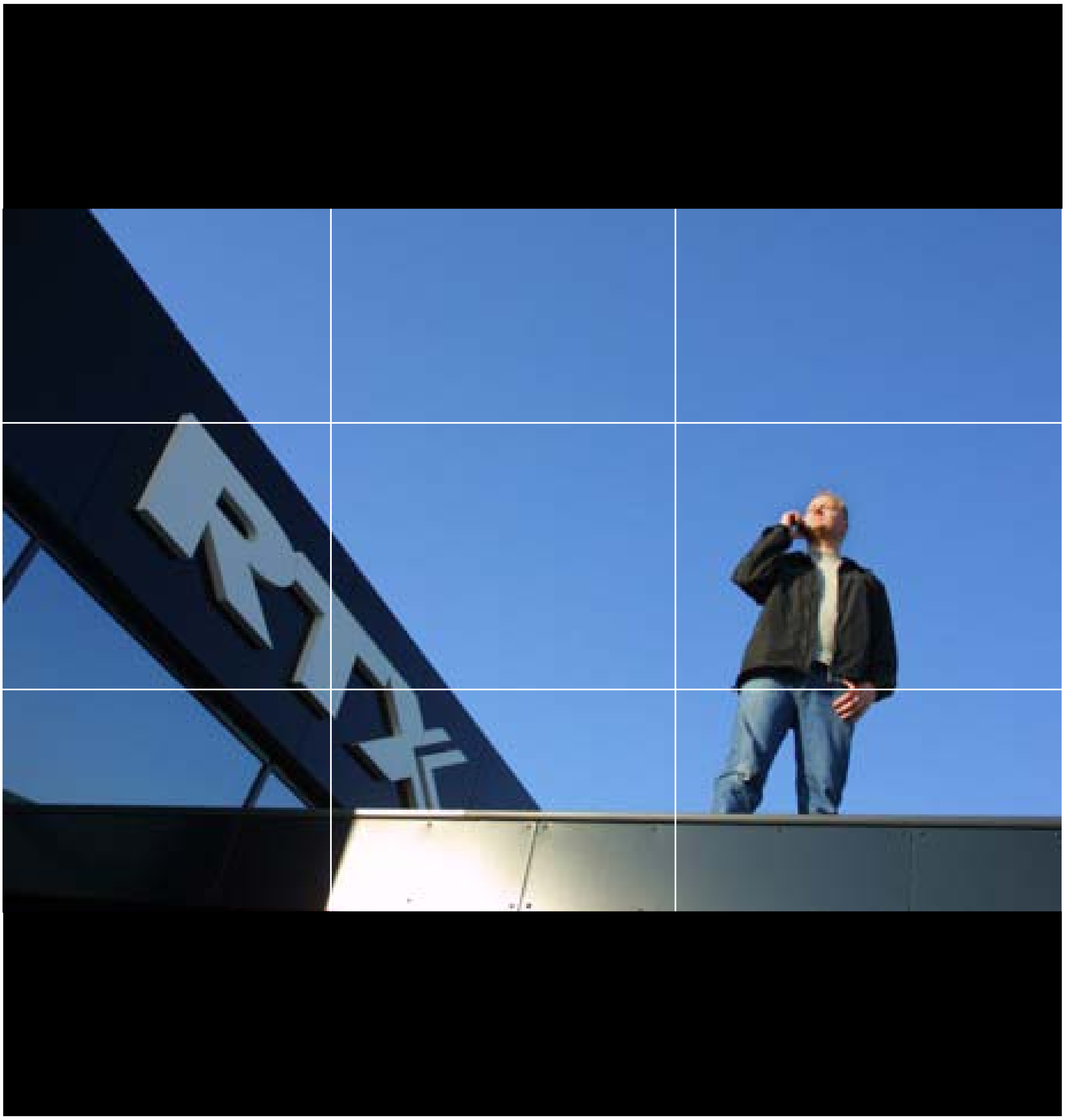
Expected dates for publication of financial information until 31 January 2005:

Beginning of January 2004	Publication of the printed annual report for 2002/03
27 January 2004	Ordinary Annual General Meeting
26 May 2004	Interim annual report for the first six months of 2003/04
December 2004	Annual report for 2003/04
January 2005	Ordinary Annual General Meeting

Internet website

At the website www.rtx.dk you will find update information, announcements to the Copenhagen Stock Exchange and financial reports of the Group.

Consolidated financial statements



Accounting policies

The annual report of the Group and the Parent is presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class D, Danish accounting standards and the requirements otherwise imposed by the Copenhagen Stock Exchange relating to the presentation of financial statements of listed companies.

Changes in accounting policies

In relation to incorporation of the new Danish Financial Statements Act, changes in accounting policies have been performed within the following areas:

Own development projects

Development costs comprise external costs, salaries and depreciation/amortisation that are directly and indirectly attributable to the group’s development projects.

Clearly defined and identifiable development projects, for which the technical rate of utilisation, adequate resources and a potential future market can be established, and where the intention is to manufacture, market or apply the project, are recognised as intangible assets if cost can be calculated reliably, and sufficient certainty exists that future earnings will be able to cover production, sales and administrative costs as well as development costs. Other development costs are recognised in the profit and loss account as incurred.

Capitalised development costs are measured at the lower of cost less accumulated amortisation and recoverable amount.

On completion of the development work, the development costs are amortised straight-line over its estimated useful life which may be up to 20 years.

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 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.

Formerly, all development costs of own development projects were recognised in the profit and loss account at the acquisition.

Inventories

Raw material and consumables as well as goods for resale are measured at cost using the FIFO method, (First-In-First-Out method).

Accounting policies

Manufactured goods are measured at cost using the FIFO method. Cost comprises direct production costs such as raw material and consumables with addition of direct labour costs in the production as well as indirect production costs.

Regarding inventories where the expected selling price less any completion costs and costs of executing sales (net realisable value) is lower than the cost price, writedown is performed to the net realisable value.

Previously, inventories were measured at the lower of cost and net realisable value.

Contract development projects in progress
Contract development projects in progress are measured at market value of the performed work. The market value is measured based on the stage of completion on the balance sheet date and the total estimated income from the individual contracts in progress.

The individual development projects in progress are recognised in the balance sheet under receivables or liabilities depending on the net value of the market price less the performed invoicing of milestones and prepayments.

Previously, sales revenue concerning development projects in progress paid by customers was as a principal rule recognised in the profit and loss account concurrently with rate invoicing when achieving milestones which were related to objectively defined stages in the project.

Financial liabilities
At the time of borrowing, financial liabilities (mortgage debt etc) are measured at the proceeds received less transaction costs incurred, and they are subsequently measured at amortised cost.

Formerly, financial liabilities were measured at nominal value.

Derivative financial instruments
Derivative financial instruments (forward contracts and options) are measured at fair value and recognised in the balance sheet under other receivables or other payables. Assets and liabilities hedged by such instruments are translated using the exchange rates at the balance sheet date. If the instruments have been incepted to hedge future transactions, the change in value of these instruments is classified directly as equity until the hedged transactions are carried through. If the instruments have been incepted to hedge assets or liabilities recognised at the balance sheet date, the value adjustment is recognised in the profit and loss account together with the change in value of the hedged asset or hedged liability.

Accounting policies

Formerly, derivatives incurred for hedging of future transactions were not recognised in the balance sheet, but solely disclosed in a note to the annual report, while hedged assets and liabilities were translated at the hedging rate.

Dividends
Dividends are recognised as a special item under equity. When dividends are adopted at the annual general meeting, dividends are recognised as a liability. Previously, dividends, which were expected to be declared at the annual general meeting, were recognised as short-term liabilities other than provisions.

Other changes
In addition to the above changes, minor editorial changes have been made in the description of accounting policies.

Effect of the changes in Group accounting policies
The aggregate effect of the changes in accounting policies is an increase of DKK 4,278k on pre-tax profit for the year. The tax for the year resulting from the changes amounts to DKK 1,283k, after which the net profit for the year is improved by DKK 2,995k. The balance sheet total increases by DKK 3,554k, whereas equity at 30 September 2003 rises by 3,554k.

The effect of each change is specified below:

DKK '000	Profit/loss before tax	Tax on profit/loss for the year	Profit/loss for the year	Balance sheet total	Equity
Before change of accounting policies 2002/03	**(8,631)**	**2,088**	**(6,543)**	**490,049**	**388,878**
Own development projects	0	0	0	0	0
Inventories	11	(3)	8	78	55
Contract development projects in progress	4,267	(1,280)	2,987	4,780	3,346
Mortgage debt	0	0	0	0	0
Derivative financial instruments	0	0	0	218	153
Proposed dividends for the financial year	0	0	0	0	0
Deferred tax (tax asset)	0	0	0	(1,522)	0
Total restatements for 2002/03	**4,278**	**(1,283)**	**2,995**	**3,554**	**3,554**
After change of accounting policies 2002/03	**(4,353)**	**805**	**(3,548)**	**493,603**	**392,432**

Accounting policies

DKK '000	Profit/loss before tax	Tax on profit/loss for the year	Profit/loss for the year	Balance sheet total	Equity
Before changes of accounting policies 2001/02	**20,095**	**(6,518)**	**13,577**	**471,200**	**384,375**
Own development projects	0	0	0	0	0
Inventories	32	(10)	22	67	47
Contract development projects in progress	6,323	(1,897)	4,426	513	359
Mortgage debt	0	0	0	0	0
Derivative financial instruments	0	0	0	225	158
Proposed dividends for the financial year	0	0	0	0	0
Total restatements for 2001/02	**6,355**	**(1,907)**	**4,448**	**805**	**564**
After change in accounting policies 2001/02	**26,450**	**(8,425)**	**18,025**	**472,005**	**384,939**

Basic of accounts

Comparative figures and financial highlights and key ratios for the past five years shown on pages 1 and 2 are restated to reflect the changes in accounting policies.

Apart from the above changes, the annual report has been presented applying the same accounting policies as were used last year.

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

Recognition and measurement

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

Liabilities are recognised in the balance sheet when the Company has a legal and constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each item.

Accounting policies

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the profit and loss account when earned, whereas costs are recognised by the amounts attributable to this financial year. Value adjustments of financial assets and liabilities are recorded in the profit and loss account as financial income or financial expenses.

Consolidation

The consolidated financial statements incorporate RTX Telecom A/S (the Parent) and enterprises in which the Parent directly or indirectly holds more than 50% of the votes or in any other way has a controlling interest (subsidiaries). RTX Telecom A/S together with its subsidiaries are referred to as the Group.

Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant but not controlling influence are regarded as associates.

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 uniform items. 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. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the consolidated profit and loss account up to the time of their divestment or winding-up. Comparative figures are not restated for newly acquired or disposed undertakings.

The purchase method is applied in the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. On acquisition of enterprises provisions are made for costs relating to decided and published restructurings in the acquired enterprise. Allowance is made for the tax effect of the restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the profit and loss account based on an individual assessment of their useful life, however, no more than 20 years. Negative differences in amount (negative goodwill), corresponding to an estimated adverse development in the relevant enterprises, are recognised in the balance sheet as deferred income, and they are recognised in the profit and loss account as such adverse development is realised.

Accounting policies

Foreign currency translation
On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. 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. Fixed assets purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the profit and loss accounts are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered as belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of profit and loss accounts from average rates to the exchange rates at the balance sheet date are recognised directly on equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are classified directly as equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate of the time of acquisition or the time of any subsequent revaluation or writedown. The items of the profit and loss account are translated at the average 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 items.

Profit and loss account

Recognition of income
Sale of products is recognised as income when delivery is made, and risk has passed to the buyer.

Contract development projects in progress are recognised at market value of the performed work. The market value is measured based on the stage of completion on the balance sheet date and the total estimated income from the individual development projects in progress which is often laid down in a development contract. When total contract costs are likely to exceed the total income from a contract, the estimated loss is recognised in the profit and loss account.

If the market value cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Accounting policies

Prepayments are set off against the selling price of orders in progress. Payments on account received in addition to the executed part of contracts are stated separately for each contract and recognised under short-term liabilities as prepayments received from customers.

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

Income from royalty is often conditional on future events. Royalty is recognised as income when such future events occur.

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

Other external expenses also include costs of development projects, which do not meet the criteria for recognition in the balance sheet.

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

Financial income and expenses
These items comprise interest income and expenses, the interest portion of finance lease payments, realised and unrealised capital gains and losses on securities, payables and transactions in foreign currencies, amortisation of financial assets and liabilities as well as tax surcharge and repayment under the Danish Tax Prepayment Scheme etc. Financial income and expenses are recognised at the amounts relating to the financial year.

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/loss for the year and recognised directly on equity by the portion attributable to entries directly on equity. Any portion of the tax taken to the profit and loss account, which relates to extraordinary profit/loss for the year, is allocated to this entry whereas the remaining portion is taken to the year's profit/loss from ordinary activities.

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.

Accounting policies

Deferred tax is recognised and measured applying the liability method on all temporary differences between the carrying amount and tax-based value of assets and liabilities. The tax-based value of the assets is calculated based on the planned use of each asset.

Deferred tax is measured on the basis of tax regulations which will be in effect, using the laws at the balance sheet date, when the deferred tax is estimated to be triggered as current tax. Changes in deferred tax resulting from changed tax rates are recognised in the profit and loss account.

Deferred tax assets, including the tax base of tax loss carryforward, 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.

The Parent is jointly taxed with selected subsidiaries. The current Danish income tax is allocated among the jointly taxed Danish companies proportionally to their taxable income (full allocation with a refund concerning tax losses). The jointly taxed enterprises are jointly and severally liable with the other jointly taxed enterprises for the total income tax.

Derivative financial instruments
On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other short-term liabilities.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging of the fair 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 value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly on equity. When the hedged transactions are realised, the changes are recognised in the relevant items.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the profit and loss account as financial income or financial expenses.

Balance sheet

Intangible assets

Goodwill

Goodwill is measured at cost less accumulated amortisation and impairment losses. Goodwill is amortised straight-line over its estimated useful life, which is fixed on the basis of experience gained by the management for each business area. The amortisation period is usually up to 10 years, but in special cases it may be up to 20 years.

Accounting policies

The carrying amount of goodwill is assessed currently and written down to recoverable amount if the carrying amount exceeds the estimated future net income from the enterprise or activity to which the goodwill is related. The recoverable amount is measured at the higher of net present value and net selling price.

Development projects, patents and licences

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the profit and loss account as incurred.

Development costs comprise costs that are directly and indirectly attributable to the development projects.

On completion of the development project, the development costs are amortised straight-line over its estimated useful life. The amortisation period is usually 3-5 years, but it may be up to 20 years if the longer amortisation period is considered to better reflect the Group’s benefit from the developed product, etc. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights, however, not exceeding 20 years.

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.

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 over no more than 20 years.

Development projects, including projects in progress, patents and licences, are written down to the recoverable amount, if this amount is lower than carrying amount.

Profits and losses from sale of development projects, patents and licences are measured as the difference between selling price less selling costs and carrying amount at the time of sale. Profits or losses are recognised in the profit and loss account together with amortisation and impairment losses if they are adjustments to previous amortisation or under other operating income if the selling price exceeds original cost.

Accounting policies

Tangible fixed assets
Tangible fixed assets are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated. Financing interest relating to large investments are included in the cost price.

Depreciation is provided on a straight-line basis over the estimated useful lives of the assets.

Land	-
Buildings	50 years
Fixtures and fittings, tools and equipment, including computer equipment	3 to 4 years
Cars	7 years

Assets costing less than DKK 10,500 per unit are recognised as costs in the profit and loss account at the time of acquisition. The investments in fixtures and fitting, tools and equipment made in connection with occupation of new premises are capitalised irrespective of cost.

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

Profits and losses from the sale of tangible fixed assets are calculated as the difference between selling price minus selling costs and the carrying amount at the time of sale. Profits or losses are recognised in the profit and loss account together with depreciation and impairment losses or under other operating income if the selling price exceeds original cost.

Leases and lease contracts
Lease of assets from which the Group actually obtains advantages and risks involved with the ownership of the asset is capitalised as assets held under finance lease under 'Tangible fixed assets' and depreciated over the estimated useful life in accordance with the above depreciation periods.

The interest portion of lease payments is recognised over the term of the contracts as financial costs in the profit and loss account.

Lease costs relating to operating leases and rental costs are recognised currently in the profit and loss account over the lease term/rental period.

Fixed asset investments
Investments in group enterprises
Investments in subsidiaries and associates are recognised and measured under the equity method. This means that in the balance sheet investments are measured at the pro rata share of the enterprises' equity value plus or minus unamortised positive and negative goodwill on consolidation.

Accounting policies

The Parent's share of the enterprises' profits or losses after elimination of unrealised intra-group profits and losses and minus or plus amortisation of positive, or negative, goodwill on consolidation is recognised in the profit and loss account.

Subsidiaries and associates with negative equity are measured at zero value, and any receivables from these enterprises are written down by the Parent's share of such negative equity if it is deemed irrecoverable. If the negative equity exceeds the amount receivable, the remaining amount is recognised under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Net revaluation of investments in subsidiaries and associates is taken to reserve for net revaluation under the equity method if the carrying amount exceeds cost.

The purchase method is applied in the acquisition of subsidiaries; see above description under consolidation.

Other investments (fixed assets)
Listed shares and bonds (fixed assets) are measured at fair value at the balance sheet date (quoted price) Other fixed asset investments are measured at an approximate fair value or at cost if an approximate fair value cannot be calculated.

Realised and unrealised capital gains and losses are recognised in the profit and loss account under financial income or financial expenses. Share dividend is recognised under financial income in the year in which dividend is declared.

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

Cost of raw materials, consumables and goods for resale consists of purchase price plus landing costs. Cost of manufactured finished goods and work in progress consists of costs of raw materials, consumables and direct labour costs as well as indirect production costs.

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

Receivables
Receivables are measured at amortised cost, usually equalling nominal value less provisions for bad debts. Writedown is based on an individual assessment of all receivables

Accounting policies

Contract development projects in progress

Contract development projects in progress are measured at market value of the performed work. The market value is measured based on the stage of completion on the balance sheet date and the total estimated income from the individual development projects in progress. Usually, the stage of completion is determined as the ratio between actual and total budgeted consumption of resources. For some projects where the consumption of resources cannot be applied as a basis, the ratio between completed and total subactivities of the individual projects has been applied.

If the market value of a development project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each development project in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the market value less prepayments received, is positive or negative.

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

For further information, see the description under 'Recognition of income'.

Prepayments, accrued expenses, accruals and deferred income

Prepayments and accrued expenses comprise incurred costs relating to subsequent financial years, including adjustments to fair value of derivative financial instruments with positive fair value.

Accruals and deferred income comprise received payments relating to subsequent financial years and adjustments to fair value of derivative financial instruments with negative fair value.

Prepayments and deferred income are measured at amortised cost which usually corresponds to the nominal value.

Current asset investments

Securities classified as current assets are measured at fair value at the balance sheet date (quoted price).

Realised and unrealised capital gains and losses (net) are recognised under financial income or financial expenses.

Accounting policies

Equity

Dividends are recognised as a liability at the time of adoption at the general meeting. The expected payments of dividends for the financial year are disclosed as a separate item under equity.

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

Other provisions

Provisions are recognised when the Group or the Parent has a commitment as a result of events in the financial year or earlier and the repayment is likely to result in financial consumption of resources.

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.

Incentive programmes

Many of the Group's employees have subscribed for employee shares at favourable prices. Further, a number of executives have been granted warrants.

Costs relating to the employee share scheme and other share-based incentive schemes are taken directly to equity.

Proceeds from the issue of shares in RTX Telecom A/S in connection with the subscription for employee shares and exercised warrants are recognised directly on equity. Also the tax implications of the share-based incentive schemes are recognised directly on equity.

The most important conditions of the granted warrants are disclosed in a note on incentive programmes.

Cash flow statement

The cash flow statement of the Group is presented using the indirect method and shows cash flows from operating, investing and financing activities as well as the Group’s 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 investing activities. 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 operating activities are calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Accounting policies

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises and activities as well as purchase and sale of intangible assets, tangible fixed assets as well as fixed asset investments.

Cash flows from financing activities comprise changes in the size or composition of share capital and related costs as well as payment of dividend, purchase and sale of treasury shares and raising of loans and instalments on interest-bearing debt.

Cash and cash equivalents include cash and current asset investments less short-term bank debt.

Segment information

The RTX Telecom Group develops, manufactures and markets wireless services and products, and the Group only has one business segment - wireless communication. Within the segment wireless communication, the Group is currently working with three general technologies and own products etc.

Net turnover broken down by technologies and own products etc as well as geographical areas is disclosed in note 1.

Profit and loss account

(DKK '000)	Note	Group 2002/03	Group 2001/02	Parent 2002/03	Parent 2001/02
Net turnover	1	178,551	213,968	174,754	202,746
Cost of sales		(30,235)	(35,146)	(30,235)	(35,146)
Other external expenses		(39,756)	(48,210)	(37,992)	(44,937)
Staff costs	2	(109,902)	(103,035)	(102,213)	(95,281)
Depreciation/amortisation	3	(10,780)	(10,002)	(9,001)	(8,026)
Profit/loss before financial income and expenses (EBIT)		**(12,122)**	**17,575**	**(4,687)**	**19,356**
Profit/loss before tax in subsidiary		0	0	(7,520)	(1,670)
Financial income	5	15,366	16,933	15,384	16,814
Financial expenses		(7,597)	(8,058)	(7,530)	(8,050)
Profit/loss before tax		**(4,353)**	**26,450**	**(4,353)**	**26,450**
Tax on profit/loss for the year	6	805	(8,425)	805	(8,425)
Net profit/loss for the year		**(3,548)**	**18,025**	**(3,548)**	**18,025**
Proposed distribution of profit/loss					
Shareholder dividends				0	0
Retained earnings				(3,548)	18,025
				(3,548)	**18,025**

Balance sheet at 30 September

Assets (DKK '000)	Note	Group 2003	Group 2002	Parent 2003	Parent 2002
Licences		100	200	100	200
Goodwill		10,383	14,601	0	0
Intangible assets	7	**10,483**	**14,801**	**100**	**200**
Land and buildings		92,381	94,212	92,381	94,212
Fixtures and fittings, tools and equipment		12,038	14,508	11,766	14,034
Tangible fixed assets	8	**104,419**	**108,720**	**104,147**	**108,246**
Investment in subsidiary		0	0	7,801	13,066
Other investments		14,172	14,172	14,172	14,172
Deposits		724	698	724	698
Fixed asset investments	9	**14,896**	**14,870**	**22,697**	**27,936**
Fixed assets		**129,798**	**138,391**	**126,944**	**136,382**
Raw materials and consumables		891	1,021	891	1,021
Manufactured goods and goods for resale		4,344	4,306	4,344	4,306
Inventories		**5,235**	**5,327**	**5,235**	**5,327**
Deferred tax (tax asset)	13	9,005	0	8,963	0
Trade receivables		35,878	42,668	34,899	41,005
Contract development projects in progress	10	4,780	513	4,247	0
Receivables from subsidiary		0	0	2,727	0
Income taxes	16	0	10,530	0	10,530
Other receivables		15,987	10,127	16,111	10,127
Prepayments and accrued expenses		1,583	1,330	1,516	1,310
Receivables		**67,233**	**65,168**	**68,463**	**62,972**
Current asset investments	11	**258,255**	**170,586**	**258,255**	**170,586**
Cash at bank and in hand		**33,082**	**92,533**	**32,873**	**89,705**
Current assets		**363,805**	**333,614**	**364,826**	**328,590**
Assets		**493,603**	**472,005**	**491,770**	**464,972**

Balance sheet at 30 September

Equity and liabilities (DKK '000)	Note	Group 2003	Group 2002	Parent 2003	Parent 2002
Share capital	12	47,048	45,677	47,048	45,677
Share premium account		298,721	294,176	298,721	294,176
Revaluation reserve		0	0	0	0
Retained earnings		46,663	45,086	46,663	45,086
Equity		**392,432**	**384,939**	**392,432**	**384,939**
Deferred tax	13	0	2,520	0	2,363
Other provisions	14	275	350	275	350
Provisions		**275**	**2,870**	**275**	**2,713**
Mortgage debt		43,615	45,460	43,615	45,460
Long-term liabilities other than provisions	15	**43,615**	**45,460**	**43,615**	**45,460**
Current portion of long-term liabilities	15	2,141	8,165	2,141	2,165
Prepayments received from customers		0	719	0	719
Contract development projects in progress		0	0	0	163
Trade payables		7,066	8,012	6,893	7,812
Payables to subsidiary		0	0	0	863
Income taxes	16	3,029	0	3,029	0
Other payables		21,224	21,840	19,564	20,138
Accruals	17	23,821	0	23,821	0
Short-term liabilities other than provisions		**57,281**	**38,736**	**55,448**	**31,860**
Liabilities other than provisions		**100,896**	**84,196**	**99,063**	**77,320**
Equity and liabilities		**493,603**	**472,005**	**491,770**	**464,972**
Treasury shares	18				
Collateral	19				
Contractual obligations	20				
Contingent liabilities	21				
Related parties	22				
Incentive programmes	23				
Financial instruments	24				

Equity statement

(DKK '000)	Group 2002/03	Group 2001/02	Parent 2002/03	Parent 2001/02
Share capital at 1 October	45,677	45,482	45,677	45,482
Employee share issue	216	195	216	195
Issue after exercise of granted warrants	1,155	0	1,155	0
Share capital at 30 September	**47,048**	**45,677**	**47,048**	**45,677**
Share premium account at 1 October	294,176	293,701	294,176	293,701
Premium at share issue	4,614	544	4,614	544
Costs relating to share issue	(98)	(192)	(98)	(192)
Tax value of costs incurred	29	123	29	123
Share premium account at 30 September	**298,721**	**294,176**	**298,721**	**294,176**
Revaluation reserve at 1 October	0	2,451	0	2,451
Transferred to retained earnings 1 October	0	(2,451)	0	(2,451)
Revaluation reserve at 30 September	**0**	**0**	**0**	**0**
Retained earnings at 1 October	45,086	27,577	45,086	27,577
Transferred from revaluation reserve	0	2,451	0	2,451
Accumulated effect at the beginning of the year of change of accounting policies	0	(3,545)	0	(3,545)
Adjusted retained earnings at 1 October	45,086	26,483	45,086	26,483
Tax value of favourable element concerning employee shares	1,286	917	1,286	917
Tax value of favourable element concerning warrants	3,844	0	3,844	0
Net profit/loss for the year	(3,548)	18,025	(3,548)	18,025
Net adjustment of hedging instruments	(7)	(485)	(7)	(485)
Tax value of net adjustment of hedging instruments	2	146	2	146
Retained earnings at 30 September	**46,663**	**45,086**	**46,663**	**45,086**
Total equity	**392,432**	**384,939**	**392,432**	**384,939**

The share capital of DKK 47,048,005 consists of 9,409,601 shares at DKK 5.

There are no shares with special rights.

The conditions of granted warrants are disclosed in the note on incentive programmes.

Cash flow statement

		Group		Parent	
(DKK '000)	Note	2002/03	2001/02	2002/03	2001/02
Profit/loss before financial income and expenses		(12,122)	17,575	(4,687)	19,356
Depreciation/amortisation		10,780	10,002	9,001	8,026
Working capital changes	25	11,969	7,587	11,488	8,311
Cash flows from operating activities before net financials		**10,627**	**35,164**	**15,802**	**35,693**
Financial income		15,366	16,933	15,384	16,814
Financial expenses		(7,597)	(8,058)	(7,530)	(8,050)
Income taxes paid		7,998	(3,564)	7,998	(3,564)
Cash flows from operations		**26,394**	**40,475**	**31,654**	**40,893**
Intangible assets, net		2,650	0	0	0
Tangible fixed assets, net		(4,811)	(46,709)	(4,802)	(46,727)
Fixed asset investments		(26)	(14,003)	(26)	(14,003)
Cash flows from investments		**(2,187)**	**(60,712)**	**(4,828)**	**(60,730)**
Proceeds from capital increase, net		5,887	147	5,887	147
Net adjustment of hedging instruments		(7)	(485)	(7)	(485)
Raising of long-term liabilities		14,104	19,962	14,104	19,962
Instalment on and repayment of long-term liabilities		(15,973)	(1,838)	(15,973)	(1,838)
Cash flows from financing activities		**4,011**	**17,786**	**4,011**	**17,786**
Increase/decrease in cash and cash equivalents		**28,218**	**(2,451)**	**30,837**	**(2,051)**
Cash and cash equivalents at 1 October		263,119	265,570	260,291	262,342
Cash and cash equivalents at 30 September	26	**291,337**	**263,119**	**291,128**	**260,291**

Notes

(DKK '000)	Group 2002/03	Group 2001/02	Parent 2002/03	Parent 2001/02
1. Net turnover				
By technologies and own products etc				
Cordless including W-LAN	62,794	75,821	59,292	65,141
Cellular	38,952	43,421	38,952	43,421
Bluetooth	24,292	32,302	24,081	32,356
Own products etc	52,513	62,424	52,429	61,828
Total	**178,551**	**213,968**	**174,754**	**202,746**
By geographical areas				
Denmark	22,365	43,155	20,586	32,580
Other European countries	120,091	138,355	118,865	138,355
Asia and Australia	16,476	10,826	16,476	10,826
North America	19,619	21,632	18,827	20,985
Total	**178,551**	**213,968**	**174,754**	**202,746**

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

Net turnover of the Group by types of income

(DKK '000)	2002/03	Share	2001/02	Share
Development projects	75,438	42%	107,405	50%
Royalty	50,600	28%	44,139	21%
Own products etc	52,513	30%	62,424	29%
Total net turnover of the Group	**178,551**	**100%**	**213,968**	**100%**

Notes

(DKK '000)	Group 2002/03	Group 2001/02	Parent 2002/03	Parent 2001/02
1. Net turnover (continued)				
Composition of net turnover				
Sale of goods and services	118,828	165,790	117,846	157,966
Sales value of this year's production of contract development projects in progress uncompleted at 30 September 2003	59,723	48,178	56,908	44,780
Total	**178,551**	**213,968**	**174,754**	**202,746**

2. Staff costs

	Group 2002/03	Group 2001/02	Parent 2002/03	Parent 2001/02
Salaries	108,770	102,031	101,166	94,362
Other social security costs	1,132	1,004	1,047	919
Total	**109,902**	**103,035**	**102,213**	**95,281**
Of this remuneration for the Parent's				
Supervisory Board	737	696	737	696
Executive Board	1,565	1,460	1,565	1,460
Total	**2,302**	**2,156**	**2,302**	**2,156**
Warrants granted to the Parent's				
Supervisory Board, number	0	6,000	0	6,000
Executive Board, number	0	0	0	0
	0	6,000	0	6,000

The Group's incentive programmes are further specified in note 23.

	Group 2002/03	Group 2001/02	Parent 2002/03	Parent 2001/02
Number of employees at 30 September	219	246	206	227
Average number of employees	244	236	226	216

Notes

(DKK '000)	Group 2002/03	Group 2001/02	Parent 2002/03	Parent 2001/02
3. Depreciation/amortisation				
Licences	100	100	100	100
Goodwill	1,568	1,700	0	0
Buildings	1,831	1,307	1,831	1,307
Fixtures and fittings, tools and equipment	7,281	6,895	7,070	6,619
Total	**10,780**	**10,002**	**9,001**	**8,026**

4. Fees to auditors appointed by the general meeting

	Group 2002/03	Group 2001/02	Parent 2002/03	Parent 2001/02
Fees for audit services:				
Deloitte & Touche	399	394	370	365
Mortensen & Beierholm	72	70	72	70
Total	**471**	**464**	**442**	**435**
Fees for non-audit services:				
Deloitte & Touche	737	489	718	466
Mortensen & Beierholm	0	0	0	0
Total	**737**	**489**	**718**	**466**

5. Financial income

	Group 2002/03	Group 2001/02	Parent 2002/03	Parent 2001/02
Interest	10,547	11,275	10,565	11,156
Exchange gains	4,332	3,981	4,332	3,981
Price adjustment of securities	487	1,677	487	1,677
Total	**15,366**	**16,933**	**15,384**	**16,814**

Notes

(DKK '000)	Group 2002/03	Group 2001/02	Parent 2002/03	Parent 2001/02
6. Tax on profit/loss for the year				
Current tax on profit/loss for the year	10,589	4,224	12,644	5,125
Prior year adjustments of current tax	132	0	132	0
Change in deferred tax	(11,526)	4,201	(11,326)	3,665
Share of tax in subsidiary	0	0	(2,255)	(365)
Total	**(805)**	**8,425**	**(805)**	**8,425**
Tax on profit/loss for the year can be specified as follows:				
Income tax rate in Denmark	(30)	30	(30)	30
Prior year adjustments of current tax	0	0	0	0
Disallowable expenses less non-taxable income	1	0	1	0
Other adjustments	11	2	11	2
Effective tax rate	**(18)**	**32**	**(18)**	**32**
Tax on changes in equity				
Current tax	(407)	(1,186)	(407)	(1,186)
Deferred tax	(4,754)	0	(4,754)	0
Total	**(5,161)**	**(1,186)**	**(5,161)**	**(1,186)**
Taxes paid/received during the year	(7,998)	3,564	(7,998)	3,564

Notes

(DKK '000)	Group 2002/03	Group 2001/02	Parent 2002/03	Parent 2001/02
7. Intangible assets				
Licences				
Cost at 1 October	500	500	500	500
Additions for the year	0	0	0	0
Cost at 30 September	**500**	**500**	**500**	**500**
Amortisation at 1 October	(300)	(200)	(300)	(200)
Amortisation for the year	(100)	(100)	(100)	(100)
Amortisation at 30 September	**(400)**	**(300)**	**(400)**	**(300)**
Carrying amount at 30 September	**100**	**200**	**100**	**200**
Goodwill				
Cost at 1 October	17,004	17,004	0	0
Disposals for the year	(2,650)	0	0	0
Cost at 30 September	**14,354**	**17,004**	**0**	**0**
Amortisation at 1 October	(2,403)	(703)	0	0
Amortisation for the year	(1,568)	(1,700)	0	0
Amortisation at 30 September	**(3,971)**	**(2,403)**	**0**	**0**
Carrying amount at 30 September	**10,383**	**14,601**	**0**	**0**
Total carrying amount at 30 September	**10,483**	**14,801**	**100**	**200**

Notes

(DKK '000)	Group 2002/03	Group 2001/02	Parent 2002/03	Parent 2001/02
8. Tangible fixed assets				
Land and buildings				
Cost at 1 October	97,253	44,842	97,253	44,842
Transferred from assets under construction	0	13,517	0	13,517
Additions for the year	0	38,894	0	38,894
Cost at 30 September	**97,253**	**97,253**	**97,253**	**97,253**
Depreciation at 1 October	(3,041)	(1,734)	(3,041)	(1,734)
Depreciation for the year	(1,831)	(1,307)	(1,831)	(1,307)
Depreciation at 30 September	**(4,872)**	**(3,041)**	**(4,872)**	**(3,041)**
Carrying amount at 30 September	**92,381**	**94,212**	**92,381**	**94,212**

The total value according to the public land assessment (for assessed property) amounts to DKK 60.9m.

(DKK '000)	Group 2002/03	Group 2001/02	Parent 2002/03	Parent 2001/02
Fixtures and fittings, tools and equipment				
Cost at 1 October	36,528	28,961	35,658	28,073
Additions for the year	4,920	8,052	4,827	8,014
Disposals for the year	(471)	(485)	(387)	(429)
Cost at 30 September	**40,977**	**36,528**	**40,098**	**35,658**
Depreciation at 1 October	(22,020)	(15,373)	(21,624)	(15,253)
Depreciation for the year	(7,281)	(6,895)	(7,070)	(6,619)
Depreciation concerning disposals for the year	362	248	362	248
Depreciation at 30 September	**(28,939)**	**(22,020)**	**(28,332)**	**(21,624)**
Carrying amount at 30 September	**12,038**	**14,508**	**11,766**	**14,034**
Assets under construction				
Cost at 1 October	0	13,517	0	13,517
Additions for the year	0	0	0	0
Transferred to land and buildings	0	(13,517)	0	(13,517)
Cost at 30 September	**0**	**0**	**0**	**0**
Total carrying amount at 30 September	**104,419**	**108,720**	**104,147**	**108,246**
Including				
Recognised leased assets	0	0	0	0
Recognised interest expenses	0	0	0	0

Notes

(DKK '000)	Group 2002/03	Group 2001/02	Parent 2002/03	Parent 2001/02
9. Fixed asset investments				
Investment in subsidiary				
Cost at 1 October			15,125	15,125
Additions for the year			0	0
Cost at 30 September			**15,125**	**15,125**
Value adjustments at 1 October			(2,059)	(886)
Share of profit/loss for the year			(5,265)	(1,173)
Dividends			0	0
Value adjustments at 30 September			**(7,324)**	**(2,059)**
Carrying amount at 30 September			**7,801**	**13,066**

Investment in subsidiary comprises the entire share capital of DKK 5,000,000 in RTX Healthcare A/S (formerly Penell A/S), Strømmen 6, DK-9400 Nørresundby
Central Business Registration No: 25 77 44 77

(DKK '000)	Group 2002/03	Group 2001/02	Parent 2002/03	Parent 2001/02
Other investments				
Cost at 1 October	14,172	0	14,172	0
Additions for the year	0	14,172	0	14,172
Cost at 30 September	**14,172**	**14,172**	**14,172**	**14,172**
Value adjustments at 1 October	0	0	0	0
Additions for the year	0	0	0	0
Disposals for the year	0	0	0	0
Value adjustments at 30 September	**0**	**0**	**0**	**0**
Carrying amount at 30 September	**14,172**	**14,172**	**14,172**	**14,172**

Other investments comprise holding of shares in
LitePoint Corporation, USA and
Thomsen Bioscience A/S, Nørresundby, Denmark.

Notes

(DKK '000)	Group 2002/03	Group 2001/02	Parent 2002/03	Parent 2001/02
9. Fixed asset investments (continued)				
Deposits				
Cost at 1 October	698	867	698	867
Additions for the year	26	7	26	7
Disposals for the year	0	(176)	0	(176)
Cost at 30 September	**724**	**698**	**724**	**698**
Carrying amount at 30 September	**724**	**698**	**724**	**698**
Deposits are not depreciated.				
Total carrying amount at 30 September	**14,896**	**14,870**	**22,697**	**27,936**

10. Contract development projects in progress

	Group 2002/03	Group 2001/02	Parent 2002/03	Parent 2001/02
Market value of development projects in progress	85,593	57,891	80,493	54,450
Invoiced on account	(80,813)	(58,097)	(76,246)	(55,332)
Contract development projects in progress, net	**4,780**	**(206)**	**4,247**	**(882)**
which is recognised in the balance sheet as follows:				
Contract development projects in progress	4,780	513	4,247	(163)
Prepayments received from customers	0	(719)	0	(719)
Contract development projects in progress, net	**4,780**	**(206)**	**4,247**	**(882)**
Volume of orders not booked as income				
Total volume of orders	116,521	97,350	111,050	92,423
Of this market value booked as income	(85,593)	(57,891)	(80,493)	(54,450)
Volume of orders not booked as income	**30,928**	**39,459**	**30,557**	**37,973**
Volume of orders not booked as income as percentage of total volume of orders	27	41	28	41

Notes

(DKK '000)	Group 2002/03	Group 2001/02	Parent 2002/03	Parent 2001/02
11. Current asset investments				
Cost at 1 October	169,558	207,849	169,558	207,849
Additions for the year	338,936	178,227	338,936	178,227
Disposals for the year	(250,516)	(216,518)	(250,516)	(216,518)
Cost at 30 September	**257,978**	**169,558**	**257,978**	**169,558**
Value adjustments at 1 October	1,028	2,451	1,028	2,451
Value adjustments for the year	(751)	(1,423)	(751)	(1,423)
Value adjustments at 30 September	**277**	**1,028**	**277**	**1,028**
Carrying amount at 30 September	**258,255**	**170,586**	**258,255**	**170,586**
Current asset investments consist of bonds with an average maturity of	1.6 years	0.6 years	1.6 years	0.6 years
average effective rate of interest of	2.6 %	3.4 %	2.6 %	3.4 %

12. Share capital

The share capital consists of 9,409,601 shares at DKK 5.

Development in share capital over the past five years:

(DKK '000)	2002/03	2001/02	2000/01	1999/00	1998/99
Share capital at 1 October	45,677	45,482	45,428	3,300	3,300
Bonus shares	0	0	0	33,344	0
Cash capital increase	0	0	0	8,750	0
Employee share issues	216	195	54	34	0
Capital increase after exercise of granted warrants	1,155	0	0	0	0
Share capital at 30 September	**47,048**	**45,677**	**45,482**	**45,428**	**3,300**

Notes

(DKK '000)	Group 2002/03	Group 2001/02	Parent 2002/03	Parent 2001/02
13. Deferred tax				
Provisions at 1 October	2,520	(1,681)	2,363	(1,302)
Deferred tax on profit/loss for the year	(11,394)	4,201	(11,195)	3,665
Adjustment concerning previous years	(131)	0	(131)	0
Provisions at 30 September	**(9,005)**	**2,520**	**(8,963)**	**2,363**
Deferred tax is incumbent on the following items:				
Intangible assets	183	68	30	60
Tangible fixed assets	8	2,560	78	2,614
Current assets etc	(471)	(108)	(346)	(311)
Tax loss for carry-forward	(8,725)	0	(8,725)	0
Total	**(9,005)**	**2,520**	**(8,963)**	**2,363**

The tax rate used in the calculation of deferred tax is 30%.
For further details, see 'Accounting policies'.

14. Other provisions

	Group 2002/03	Group 2001/02	Parent 2002/03	Parent 2001/02
Provisions at 1 October	350	0	350	0
Provisions for the year	127	350	127	350
Consumption for the year	(202)	0	(202)	0
Provisions at 30 September	**275**	**350**	**275**	**350**
Anticipated maturity:				
Less than 1 year	176	222	176	222
Between 1 and 5 years	99	128	99	128
	275	**350**	**275**	**350**

Notes

	Group		Parent	
(DKK '000)	2002/03	2001/02	2002/03	2001/02
15. Long-term liabilities				
Amortised cost of long-term liabilities amounts to	**45,756**	**53,625**	**45,756**	**47,625**
The loans are raised in DKK and EUR.				
Long-term liabilities comprise mortgage debt with maturity from 2012 to 2023.				
The liabilities fall due as follows:				
Less than 1 year	2,141	8,165	2,141	2,165
Between one and 5 years	9,670	9,885	9,670	9,885
After 5 years	33,945	35,575	33,945	35,575
Total	**45,756**	**53,625**	**45,756**	**47,625**
Interest revaluation time				
Revalued under 3 months	0	0	0	0
Revalued between 3 and 6 months	9,370	9,744	9,370	9,744
Revalued between 6 and 12 months	0	6,000	0	0
Revalued after more than 12 months or at a fixed rate	36,386	37,881	36,386	37,881
Total	**45,756**	**53,625**	**45,756**	**47,625**
Effective rate of interest in local currency				
Under 4%	9,370	15,744	9,370	9,744
Between 4% and 6%	22,288	9,297	22,288	9,297
Between 6% and 8%	14,098	28,584	14,098	28,584
More than 8%	0	0	0	0
Total	**45,756**	**53,625**	**45,756**	**47,625**

Adjustment of above loans to market value
at 30 September 2003 will result in costs of DKK 1.3m.

Of long-term liabilities, DKK 0.0 relates to assets held
under finance lease.

Notes

(DKK '000)	Group 2002/03	Group 2001/02	Parent 2002/03	Parent 2001/02
16. Income taxes				
Income taxes at 1 October	(10,530)	(10,004)	(10,530)	(10,004)
Tax on profit/loss for the year	10,589	4,224	10,589	4,224
Tax value of entries on equity	(4,754)	(1,186)	(4,754)	(1,186)
Prior year tax adjustments, net	(274)	0	(274)	0
Taxes paid concerning prior years, net	9,566	(1,421)	9,566	(1,421)
Taxes paid concerning present year, net	(1,568)	(2,143)	(1,568)	(2,143)
Income taxes at 30 September	**3,029**	**(10,530)**	**3,029**	**(10,530)**

Amounts at 1 October and 30 September in brackets are receivables.

17. Accruals

Accruals of DKK 23.8m relates to compensation received from a French customer which the Company has been granted by the court of first instance.

The customer has appealed against the judgment to a higher court. At present, the Company is not able to comment on the likely outcome of the appeal.

	Number 2002/03	Number 2001/02	Nominal value (DKK '000) 2002/03	Nominal value (DKK '000) 2001/02	% of share capital 2002/03	% of share capital 2001/02
18. Treasury shares						
Treasury shares at 1 October	0	0	0	0	-	-
Purchase	0	0	0	0	-	-
Sale	0	0	0	0	-	-
Treasury shares at 30 September	**0**	**0**	**0**	**0**	**-**	**-**

The market price of treasury shares at 30 September 2003 totals DKK 0.0m.

The Company is authorised to acquire treasury shares of a total face value of 10% of the Company's share capital up to 27 January 2004.

Notes

19. Collateral

The mortgage debt in the Parent is secured by mortgage on property, fixtures and fittings with a carrying amount of DKK 104.1m at 30 September 2003.

Other collateral secured upon the Group's machinery and equipment amounts to DKK 0.1m at 30 September 2003.

The Group's bank has provided a bank guarantee of DKK 11.9m concerning a pending case against a French customer. The Group has provided a bank deposit of DKK 11.9m as security for the provided guarantee.

20. Contractual obligations

The Group's rent obligations in leasehold amount to DKK 11.8m in the period of interminability which in full relates to the Parent.

Rent and lease payments relating to operational lease contracts, including rent obligations, fall due as follows:

	Group		Parent	
(DKK '000)	**2002/03**	**2001/02**	**2002/03**	**2001/02**
In less than 1 year	1,736	2,002	1,736	1,618
Between 1 and 5 years	6,380	6,216	6,380	6,120
In more than 5 years	4,598	5,832	4,598	5,832

Costs of rent/leasing amounted to DKK 2.4m in 2002/03 and DKK 2.8m in 2001/02.

Notes

21. Contingent liabilities

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.

The Group has not assumed any pension commitments.

The Parent is jointly and severally liable with the other jointly taxed enterprises for the total income tax.

Litigation

In the financial year 1999/2000, one of the Parent's major customers terminated a development contract in progress. According to the Company, the customer has failed to perform the contract, and the Company has brought an action against the customer to test whether the termination is lawful in view of the existing contract. The contract is subject to French law.

The dispute concerns a development contract with a contract sum exceeding DKK 30m which the customer has terminated after having paid approx. DKK 10m which the company has recognised in the profit and loss account. No provision has been made in the financial statements for the Company's risks related to this legal action, neither has the Company included the claim made against the customer in the financial statements. The customer has set up a counterclaim against the Company which highly exceeds the principal claim.

On an order of first instance on 15 January 2002, the French customer was ordered to pay a compensation of DKK 23.8m to the Company. The Company received the amount in January 2003. The customer has appealed against the judgment to a higher court. At present, the Company is not able to comment on the likely outcome of the appeal.

The amount received is recognised in the annual report as accruals (note 17) under short-term liabilities.

In addition to this, the Group is not a party to any other litigation which is believed to have any significant impact on the Group's financial position.

Notes

22. Related parties

No related parties have a controlling interest in the RTX Telecom Group.

Related parties with significant interest in the RTX Telecom Group include the subsidiary, the Supervisory Board, the Executive Board and executives of the Group enterprises.

RTX Telecom A/S carries on business with the subsidiary and shareholders of the Company. All transactions are made on market conditions.

In addition to this, the Company has not had any transactions with the Supervisory Board, the Executive Board, large shareholders or other related parties in the financial year, apart from intra-group transactions which have been eliminated in the consolidated financial statements as well as an ordinary management remuneration.

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

Number of shares at DKK 5		**30 Sept. 2003**	**30 Sept. 2002**
Supervisory Board:			
Poul Lind		0	0
Per Møller		0	0
Dennis Elgaard		1,725	1,475
Jens Hansen		825,625	825,375
Jørgen Dalby-Jakobsen	(joined the Board in 2002/03)	1,681	-
Per Koch	(resigned from the Board in 2002/03)	-	1,529
John R. Phelps	(joined the Board in 2002/03)	0	-
Detlev Kunz	(resigned from the Board in 2002/03)	-	0
Jens Toftgaard Petersen		681,250	681,000
Mogens Westeraa		599,550	625,150
Total		**2,109,831**	**2,134,529**
Executive Board			
Jørgen Elbæk		681,250	681,000
Total shareholding of the Supervisory Board and the Executive Board:			
Number of shares at DKK 5		2,791,081	2,815,529
Market value in DKK '000		181,811	253,398

The market value at year-end is based on the share prices quoted at the end of the financial year.

Notes

22. Related parties (continued)

The Supervisory Board and the Executive Board have the following outstanding unexercised warrants:

Number of warrants at DKK 5		30 Sept. 2003	30 Sept. 2002
Supervisory Board:			
Poul Lind		0	0
Per Møller		0	0
Dennis Elgaard		6,000	6,000
Jens Hansen		0	0
Jørgen Dalby-Jakobsen	(Joined the Board in 2002/03)	3,000	-
Per Koch	(Resigned from the Board in 2002/03)	-	3,000
John R. Phelps	(Joined the Board in 2002/03)	0	0
Jens Toftgaard Petersen		0	0
Mogens Westeraa		0	0
Total		**9,000**	**9,000**
Executive Board:			
Jørgen Elbæk		0	0
Outstanding, unexercised warrants at DKK 5 granted to the Supervisory Board and the Executive Board, total		**9,000**	**9,000**

Notes

23. Incentive programmes

Warrants

RTX Telecom A/S has granted 162,000 warrants at DKK 5 to a limited number of executives. The unexercised granted warrants can be specified as follows:

Time of issue	Number of warrants at DKK 5	Exercise price per share at DKK 5	Exercise period
December 2000	3,000	334.8900	20 January - 4 February in 2004 - 2006
May 2001	9,000	222.7700	20 January - 4 February in 2004 - 2006
January 2002	129,000	97.6000	20 January - 4 February in 2004 - 2007
December 2002	21,000	82.8900	20 January - 4 February in 2004 - 2008
	162,000		

The granted warrants account for approx. 1.7% of the Company's share capital.

In the financial year 2002/03, 231,000 warrants have been exercised at an exercise price of DKK 22.7273 per share at DKK 5. The market value per warrant at the exercise time amounted to DKK 78.19 per share at DKK 5.

Movements of the year and unexercised warrants at 30 September 2003 can be specified as follows:

	Total	Supervisory Board	Exe-cutive Board	Execu-tives	Other staff
Unexercised warrants at 1 October 2002	381,000	9,000	0	255,000	117,000
Granted in December 2002	21,000				21,000
Exercised in June 2003	(231,000)			(231,000)	
Employees who have resigned	(9,000)				(9,000)
Unexercised warrants at 30 September 2003	**162,000**	**9,000**	**0**	**24,000**	**129,000**

The market value of all unexercised warrants at 30 September 2003 is calculated at DKK 1.5m on the basis of the Black-Scholes model of valuation of warrants. The calculation is based on a volatility of 41.2%, and the zero-coupon interest rate is used as risk-proof interest rate up to the expiry of the warrant. The zero-coupon interest rates are based on the Danish swap and deposit interest rates at 30 September 2003.

Notes

24. Financial instruments

At 30 September 2003, the Company had current forward contracts to hedge payments in USD of receivables and bank deposits on USD account at 30 September 2003 and payments of expected goods and services sold in USD up to November 2003.

Forward contracts hedging a transaction risk at 30 September 2003 are recognised at fair value in the balance sheet, and value adjustments are recognised in the profit and loss account.

Value adjustments of forward contracts at 30 September 2003 to hedge sale of goods and services after 30 September 2003 are recognised in the balance sheet under other receivables or other payables. Value adjustments are recognised directly on equity until the hedged transaction is recognised in the balance sheet. The sum of these contracts stated at market price at 30 September 2003 amounts to DKK 3.7m, and at 30 September 2003, the Company has from these forward contracts an unrealised capital gain of DKK 0.2m which is recognised under other receivables.

	Group		Parent	
(DKK '000)	**2002/03**	**2001/02**	**2002/03**	**2001/02**
25. Working capital changes				
Change in inventories	92	(1,506)	92	(1,506)
Change in receivables	(3,426)	8,707	(7,058)	8,581
Change in trade payables etc	15,303	386	18,454	1,236
Total	**11,969**	**7,587**	**11,488**	**8,311**
26. Cash and cash equivalents at 30 September				
Cash at bank and in hand	33,082	92,533	32,873	89,705
Current asset investments	258,255	170,586	258,255	170,586
Total	**291,337**	**263,119**	**291,128**	**260,291**
of which unrealised gains (losses) on current asset investments amount to	277	1,028	277	1,028

Statement by the 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 2002/03.

The annual report has been presented in accordance with the Danish Financial Statements Act, Danish accounting standards and other accounting provisions applying to companies listed by the Copenhagen Stock Exchange.

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, equity and liabilities, financial position, results and cash flows.

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

Nørresundby, 4 December 2003

Executive Board

Jørgen Elbæk
Managing Director

Supervisory Board

Poul Lind
Chairman of the Board

Per Møller
Deputy Chairman

Jørgen Dalby-Jakobsen

Dennis Elgaard

Jens Hansen

Jens Toftgaard Petersen

John R. Phelps

Mogens Westeraa

Auditors' report

To the shareholders of RTX Telecom A/S

We have audited the annual report of RTX Telecom A/S for the financial year 2002/03.

The annual report is the responsibility of the Company's management. Our responsibility is to express an opinion on the annual report based on our audit.

Basis of opinion

We conducted our audit in accordance with Danish Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the annual report. An audit also includes assessing the accounting policies used and significant estimates made by the management, as well as evaluating the overall annual report presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the annual report gives a true and fair view of the Group's and the Parent's financial position at 30 September 2003 and of the results of their operations as well as the consolidated cash flows for the financial year 2002/03 in accordance with the Danish Financial Statements Act and Danish Accounting Standards.

Aalborg, 4 December 2003

Deloitte & Touche
Statsautoriseret Revisionsaktieselskab

Henrik Koch
State Authorised
Public Accountant

Hans Østergaard
State Authorised
Public Accountant

Mortensen & Beierholm
Statsautoriseret Revisionsaktieselskab

Ole Johansen
State Authorised
Public Accountant

P. Østergaard Mortensen
State Authorised
Public Accountant

Glossary

Technical term	Explanation
1G, 2G, 2,5G, 3G, 4G	The very first mobile telephony systems (1G, i.e. first generation) were analog, and only used for voice transmission. One example of a 1G mobile telephony system is NMT, which was mainly used in the Nordic countries. The second generation (2G) standards are digital, and although principally used for voice transmissions can also be used for sending and receiving data. Examples of 2G standards are GSM and CDMA. GPRS, which transmits data twelve times faster than GSM and can be used for “always on” links to the Internet, for example, is a 2.5G technology. 3G provides the user with a broadband connection for transferring sound, images and video. It is 200 times faster than GSM. Examples of 3G technologies include W-CDMA, TD-SCDMA and UMTS. There is already discussion of a fourth generation (4G), which will be approximately 4000 times faster than GSM.
AV	AV is an abbreviation for Audio-Visual, and is a general description of products used for sound and images.
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 9,600 kbit/s, that of a fixed-line telephone/modem 56 kbit/s, GPRS up to 114 kbit/s, and UMTS up to 2 Mbit/s.
Bluetooth™	This is a global technology standard that can easily create a wireless connection at distances of between 10 and 100 metres, and thus replace cables. Bluetooth is mainly used for mobile telephones, so the user can, for example, speak through a mobile telephone via a wireless Bluetooth headset. Bluetooth can be used for a number of other applications, such as exchanging business cards between two mobile telephones or as a wireless modem. Maximum data transfer speed 720 kbit/s, or approximately ten times as fast as an ordinary 56k modem and telephone connection.
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 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.

Glossary

Technical term	Explanation
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.
DCT 2.4 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 complies with the requirements of the North American market.
DECT	DECT 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 an European standard, but it has subsequently also been adopted in a number of non-European countries.
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.
EDGE	EDGE (Enhanced Data Global Evolution) is an extension of GSM. EDGE gives the mobile telephone user access to increased bandwidth and multimedia services, such as video clips. From the point of view of the operator, the advantage of EDGE is that this technology allows the existing GSM infrastructure to be expanded to EDGE, achieving data transfer speeds almost as high as those of UMTS without the need to buy a UTMS licence or build a completely new infrastructure.
GPRS	General Packet Radio Services (GPRS) is a mobile telephony technology for sending and receiving 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 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 location of a car or a person 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 Defense and operates via 21 satellites that orbit the Earth.
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).

Glossary

Technical term	Explanation
GSM/GPRS	GSM (Global System for Mobile communication) combined with GPRS (General Packet Radio Services) is known all over the world as 2½ generation (2.5 G) GSM network. GSM/GPRS is the next step towards the 3G network. The GSM/GPRS network is suitable for supporting multimedia facilities because of the high data transmission time.
HomeRF	HomeRF stands for Home Radio Frequency. It is a short-range wireless technology that uses the licence-free frequency band 2.4 GHz. HomeRF supports both wireless audio and data, as it is a combination of WLAN and DECT.
IC	IC is an abbreviation for an Integrated Circuit, also known as a chip or chipset. The functionality of an IC is the heart of an electronics product, and the nature of the functionality depends on the particular product. An IC can, for example, function either as a storage or a control device.
IDC	International Data Corporation is a reputable supplier of market analyses to and about the IT and telecom sectors.
IEEE 802.11	802.11 consists of a number of different wireless data standards that can be used to link several devices, typically PCs, together in a network also called a Wireless Local Area Network. This means that several PCs and users can share the same ADSL connection or printer. 802.11 is an open standard developed by the Institute of Electrical and Electronic Engineers (IEEE) and currently consists of four different standards: 802.11, 802.11a, 802.11b and 802.11g. 802.11a operates on the licence-free 5 GHz frequency band, while the others use the 2.4 GHz band. 802.11b is currently the most widespread standard, and can transfer data wirelessly at a speed of 5.5 Mbit/s, with a range of 50–100 metres. 802.11a is four times faster than 802.11b, providing a speed of 27 Mbit/s and a range of 20–100 metres. 802.11g is the latest standard and is just as fast as 802.11a, but operates on the 2.4 GHz frequency band.
Interference	Interference is the term used when two or more signals disturb each other and thus affect communication between two or more devices.
IP	Internet Protocol (IP) is a method or protocol for sending data over the Internet or even from one telephone to another (Voice over IP). The difference is that whereas in conventional telephony infrastructure, each connection occupies an entire channel, several IP data packets can share the same connection, just as lots of cars can use the same motorway at the same time, cf. “Silicon IP”.
IS-95	IS-95 is a CDMA standard.

Glossary

Technical term	Explanation
ISDN	Integrated Service Digital Network is a standard established by ITU (International Telecommunication Union). It enables digital traffic over existing copper wires. This means that a household can have two telephone numbers for the same connection, and that it is possible to surf the Internet twice as fast as with an ordinary telephone link-up and a 56k modem.
IT	Information Technology (IT) is a term covering the many diverse electronic means and methods for creating, storing, exchanging and using information in various formats, whether images, documents, telephone conversations, video, etc.
LAN	A Local Area Network (LAN) consists of a group of PCs and other devices sharing the same Internet connection, printers and/or servers in a home or an organisation.
NMT	NMT (Nordic Mobile Telephone System) was the first mobile analog telephone system and contributed to launching of 1G mobile systems at the end of the 1970s and at the beginning of the 1980s. NMT still exists and is under development in several countries all over the world.
M2M	According to the largest mobile operators, the number of other wireless products will soon be twice the number of mobile phones. This is a result of the growing use of tele services. RTX has unique technical know-how in the development of wireless products (M2M) and integration of these for information servers on the Internet (M2S).
ODM	Original Design Manufacturer (ODM) is a business model involving the full design, development and manufacturing of a product according to the customer's product requirement specification. In the typical ODM model, the ODM manufacturer designs, develops and manufactures the complete product. For instance, based on detailed product requirement specifications from a customer, RTX 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 then incorporated into end products using the reseller's brand name. In this case there is a low degree of customisation of the OEM product compared to an ODM offering. When a customer purchases an OEM product often only a limited number of changes are made to the product, for example limited to branding or labelling.

Glossary

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.
Radio Frequency	Radio frequencies are electronic waves used for wireless transmission. These can be used for communication between a mobile telephone and an antenna mast.
Repeater	A repeater receives digital signals electronically and sends them on to another device. This means that a DECT repeater can expand coverage, allowing DECT telephones to reach a wider area.
RF	Radio Frequency (RF) means the radio part that establishes the wireless links in a communication product.
Silicon IP	Silicon Intellectual Properties (Silicon IP) is an expression used for the design or intellectual know-how used to make a chip (or IC) function in a given way.
Software	Software is the general term for IT programs that make PCs and other electronic devices function.
TD-SCDMA	TD-SCDMA stands for Time Division – Synchronous Code Division Multiple Access. TD-SCDMA is a third generation mobile telephony standard developed by CATT (China Academy of Telecommunications Technology) in collaboration with Datang and Siemens. TD-SCDMA enables surfing the Internet at a speed of up to 2 Mbit/s, or 35 times faster than an ordinary 56k modem and telephone line link. It also allows supremely efficient use of the infrastructure.
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 start the product.
UMTS	Universal Mobile Telecommunications System (UTMS) is a third generation standard with a data capacity of up to 2 Mbit/s, 35 times faster than an ordinary 56k modem and a standard telephone line. It is based on the world’s most frequently used mobile telephony standard, GSM. In various countries, several mobile operators have paid a great deal of money for UTMS licences. These operators hope that UTMS will enable them to launch a range of new interactive multimedia-based services, such as video conferencing, video on demand, and online route directions.

Glossary

Technical term	Explanation
USB	Universal Serial Bus (USB) is a communications link between a PC and other devices such as modems, scanners and printers. The advantage of USB is that it makes the devices virtually self-configuring as USB is integrated into Windows 98 and later versions.
WAP	Wireless Application Protocol (WAP) is a set of standardised communications rules used to allow mobile appliances such as mobile telephones to access special Web sites and e-mail. WAP also enables Internet access and a range of different services from a mobile telephone.
W-CDMA	Wideband Code Division Multiple Access is an optimisation of CDMA technology that also builds on technologies familiar from the GSM mobile telephony standard.
W-LAN	A Wireless Local Area Network (WLAN) allows several mobile users to access and link to the same network within an organisation or at home, and so share the same printer, Internet connection and other facilities. The different WLAN standards are mainly specified by the Institute of Electrical and Electronics Engineers (IEEE). See also "IEEE 802.11".
WLL	Local Loop is the term for the connection between a household and the ordinary telephone network of the phone company. Wireless Local Loop (WLL) is used to describe a wireless link instead of the traditional copper wiring.
W-PAN	Wireless Personal Area Network (W-PAN) is a network surrounding a person, and is used for wireless connection of products to each other. An example is a mobile telephone linked wirelessly to a headset. A personal network typically has a range of up to ten metres. Bluetooth is an example of a W-PAN technology.
W-WAN	Wireless Wide Area Network (W-WAN) is a wireless network that covers a large area. Typically, W-WAN is used to describe a mobile telephony network where the user is on one end and the antenna mast on the other.

Definitions of financial highlights and key ratios

Definitions

The key ratios have been calculated in accordance with "Recommendations & Ratios 1997" issued by the Danish Association of Financial Analysts, unless otherwise indicated.

Profit/loss before financial income and expenses	Operating profit/loss (EBIT)
Profit/loss from ordinary activities after tax	Profit/loss for the year adjusted for extraordinary items after tax and minority interests
Growth in net turnover	(Net turnover in year n - net turnover in year n-1) * 100 / Net turnover in year n-1
Profit margin	Profit/loss before financial income and expenses * 100/ Net turnover
Return on net assets	Profit/loss before financial income and expenses * 100/ Average operating assets
Return on equity	Profit/loss from ordinary activities after tax and minority interests * 100/ Average equity
Equity ratio	Equity ratio 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 each at a nominal value of DKK 5
Cash flow per share[1]	Cash flow from operating activities/ Average number of shares each at a nominal value of DKK 5
Equity value per share	Equity at year-end excluding minority interests/ Number of shares each at a nominal value of DKK 5
Dividends per share	Total dividends paid/ Average number of shares each at a nominal value of DKK 5
Payout ratio	Total dividends paid * 100/ Profit/loss from ordinary activities and minority interests

1) Not defined by the Danish Association of Financial Analysts

This annual report includes statements on expectations for the Group's future financial position. These statements might be influenced by risk and uncertainty factors, and consequently the actual development might be different from the expectations indicated. These risk factors include a number of factors such as general business and financial conditions, dependence on co-operators and exchange rate and interest rate fluctuations etc. Risk and uncertainty factors are further described in this annual report.

The annual report for 2002/03 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.