

Announcement

To the Copenhagen Stock Exchange and the media

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Announcement of the financial statements for the 1st half year 2000/01

The Board of Directors today approved the financial statements of RTX Telecom A/S for the period 1 October 2000 to 31 March 2001.

Summary of the financial statements for the 1st half year 2000/01

- Net turnover increased by 38.6% to DKK 102.4 million.
- Development tasks within the fields of CDMA and Bluetooth™ technologies contributed to the net turnover in the first half year 2000/01.
- Net profit after tax for the first half year 2000/01 amounted to DKK 7.7 million as compared with DKK 9.7 million in the first half year 1999/00.
- The activities of the Penell A/S development company in Hadsund, Denmark, were acquired as at 1 May 2001 and are being continued as a 100%-owned subsidiary.
- The company premises in Nørresundby will be extended by 6,000 square metres.

The management expects that the present recession experienced by the Group's customers within telecommunication will have a negative short-term effect on the earnings of the Group. For the financial year 2000/01 as a whole, net profit for the year before financial items is expected to be realised with an amount not quite up to the level reached in 1999/00 of DKK 36.0 million. This should be seen in relation to the earlier management expectations of an increase of about 30%.

The Group's net profit after tax for the financial year 2000/01 is expected to exceed the result realised in 1999/00, which amounted to DKK 27.8 million.

In spite of the present recession within the telecommunication industry, the management still considers that the Group will experience an increase in its activities and will experience further growth in both turnover and profits in the coming financial year 2001/02.

Press and analysis meeting and telephone conference

A press and analysts meeting will be held on 21 May 2001 at 3.00 p.m. Central European Time (CET) at Radisson SAS Scandinavia Hotel, Amager Boulevard 70, 2300 Copenhagen S, Denmark.

At 5.00 p.m. CET the same day, RTX Telecom will hold a telephone conference in English for investors, analysts and journalists. Parties interested in participating in this conference should call +3531 439 0798 (Dublin number). Slides in PDF format will be available on the company's homepage www.rtx.dk during the telephone conference.

Poul Lind
Chairman of the Board

Jørgen Elbæk
Managing Director

Please contact managing director Jørgen Elbæk on +45 96 32 23 00 for answers to any questions and for further information.

Enclosures

- Financial highlights and key ratios
- Comments on the development in the 1st half year 2000/01
- Profit and loss account
- Changes in shareholders' equity
- Balance sheet
- Cash flow statement
- Distribution of turnover

Financial highlights and key ratios (unaudited)

DKKm	1 st half year 1998/99	1 st half year 1999/00	1 st half year 2000/01
Profit and loss account			
Net turnover	72.1	73.9	102.4
Cost of goods sold	20.8	20.0	28.5
Gross profit	51.3	53.9	73.9
Staff costs	19.2	26.4	45.3
Other external expenses	9.7	11.3	23.8
Depreciation	1.2	2.0	3.0
Profit before financial items	21.2	14.2	1.8
Net financial items	-0.2	0.0	9.2
Profit before tax and extraordinary items	21.0	14.2	11.0
Tax	6.8	4.5	3.3
Profit for the period ¹⁾	14.2	9.7	7.7
Balance sheet			
Land and buildings	27.3	27.9	43.3
Other fixed assets	6.2	17.5	14.4
Total fixed assets	33.5	45.4	57.7
Debtors	24.6	30.8	57.9
Other current assets	4.5	5.8	21.5
Cash at bank and in hand and securities	20.1	14.9	292.6
Total current assets	49.2	51.5	372.0
Total assets	82.7	96.9	429.7
Shareholders' equity	43.5	52.0	381.6
Provisions	1.5	1.8	2.8
Interest-bearing debt	15.8	22.6	14.9
Trade creditors	8.3	10.0	10.6
Other current liabilities	13.6	10.5	19.8
Total liabilities and provisions	39.2	44.9	48.1
Total liabilities, provisions and equity	82.7	96.9	429.7
Cash flow			
Total cash flow for the period	-7.7	-18.1	-14.4
Cash flow from operating activities	12.1	0.4	-4.2
Capital investments	15.4	12.0	10.5
Paid in by shareholders	-	-	0.6

Financial highlights and key ratios (continued) (unaudited)

Key ratios	1 st half year 1998/99	1 st half year 1999/00	1 st half year 2000/01
Growth in net turnover (percentage)	-	2.4	38.6
Operating margin (percentage)	29.4	19.2	1.8
Equity ratio (percentage)	52.5	53.6	88.8
Average number of shares ²⁾ ('000)	7,260	7,298	9,323
Employment			
Number of employees, end of period	85	119	207
Average number of employees	75	111	182
Share data, DKK per share of DKK 5			
Profit for the period (EPS)	2.0	1.3	0.8
Net asset value	6.0	7.1	40.9

Note: The company's financial year runs from 1 October to 30 September.

The stated ratios have been calculated in accordance with 'Recommendations and Ratios 1997' issued by the Danish Association of Financial Analysts.

- 1) The company's extraordinary items amounted to DKK 0 in the stated half year financial statements.
2) Including all outstanding warrants, a total of 234,000 warrants of DKK 5, issued to key employees.

Comments on the development in the 1st half year 2000/01

Profit for the period

For the first half of the financial year 2000/01 (1 October–31 March) the company's net turnover increased by 38.6% to DKK 102.4 million compared with DKK 73.9 million in the same period the previous year. Turnover has thus met management expectations in full.

Up to and including the financial year 1999/00, the company's main revenue-generating activities were derived from DECT technology. In the first half of 2000/01, RTX Telecom signed development contracts with two terminal producers within the field of CDMA technology. These agreements comprise development contracts worth several million Danish kroner and are for CDMA mobile telephones for the North American market. Both agreements have generated turnover in the half year.

The company has signed an OEM agreement with Agilent Technologies on development, production and testing of a Bluetooth™ RF Tester, which is a measuring instrument. This tester is marketed under the name Agilent E1852A. Development efforts and production start-up, conducted in co-operation with the customer, have been very intensive and highly focused. RTX Telecom supplied the first testers in March 2001 and the company expects the agreement with Agilent Technologies to have a positive impact on turnover and earnings in the present financial year and in future financial periods. Reference is made to Notice to the Stock Exchange no 10/2000, 1 December 2000.

The intensified development effort in the Bluetooth™ technology area has already in the first half year 2000/01 led to considerable development agreements being made in the field of Bluetooth™ technology, which has generated turnover in the half year. In Notice to the Stock Exchange no 6/2001, 20 March 2001 it was also announced that GN Netcom has chosen RTX Telecom as its preferred partner in the development of GN Netcom's next generation of hands-free, wireless Bluetooth™ solutions.

Royalties of DKK 7.3 million are considerably below the level for the same period last year, when these amounted to DKK 12.3 million. Earnings have been considerably lower than expected, particularly in the 1st quarter 2001, which is due to a decrease in production levels among the company's customers, caused by the recession in the telecommunications market. Furthermore, the company's focus on the new technology areas, CDMA and Bluetooth™, has yet to generate royalties.

Development work on the CDMA and Bluetooth™ technology platforms, conducted at the company's own expense, has also called for considerable development resources in the first half year of 2000/01.

The recruitment of new employees has far exceeded the company's expectations. RTX Telecom has thus continued to be successful in attracting and retaining employees. In the first half of 2000/01, the company has succeeded in hiring 49 new employees, which is more than expected.

The increase in recruitment levels and the intensive work conducted in relation to new technologies has affected the result for the half year, but in the long term this is expected to be a significant prerequisite for the continued growth in the company's turnover and earnings. As of 31 March 2001, the company had 207 employees of whom 180 were engineers and technicians.

The half-yearly profit before financial items amounted to DKK 1.8 million, compared with DKK 14.2 million in the first half year of 1999/00.

Net financial items show earnings of DKK 9.2 million, compared with DKK 0.0 million in the same period last year. This increase is mainly attributable to the fact that the majority of the proceeds from the introduction to the Stock Exchange in June 2000 have been placed in short-term securities and lodged as bank deposits.

The profit after tax for the period was DKK 7.7 million. This result is below the company's expectations, the management having expected an increase compared to the net profit of DKK 9.7 million in the first half of the 1999/00 financial year.

Revenue recognition

The company uses the invoice criterion as revenue recognition in its financial statements.

A significant part of RTX Telecom's revenue is attributable to development carried out for customers. A customer's payments are usually regulated by a development contract. Such contracts will typically call for progress payments during the project period. These payments are made when milestones are reached, i.e. at objectively fixed stages during the project. When a milestone has been reached, the company will invoice the customer in accordance with the contract, and this amount is recognised as revenue.

As a principal rule, the company's development contracts include provisions according to which RTX Telecom is entitled to progress payment when a milestone is reached, apart from cases where RTX Telecom fails to perform in relation to a contract. The company has not so far experienced any material demands for refunds and RTX Telecom has not so far repaid any material received payments. The individual milestones in the company's development contracts are therefore considered completed in the financial statements.

The timing associated with reaching a milestone may be affected by a customer's circumstances, as well as those of RTX Telecom.

Costs relating to development projects are charged to the profit and loss account at the time when the costs are defrayed. Defrayed costs relating to work in progress are not capitalised.

Balance sheet and cash flows

On 31 March 2001, the company's balance sheet total amounted to DKK 429.7 million, corresponding to an increase of DKK 332.8 million compared with last year. The increase in the balance sheet total is mainly attributable to the capital increase in connection with the Copenhagen Stock Exchange listing in June 2000.

Of the company's balance sheet total of DKK 429.7 million, shareholders' equity amounts to DKK 381.6 million, corresponding to 88.8%.

Cash flow from operating activities was negative at DKK 4.2 million, which is a decrease of DKK 4.6 million compared with the same period last year.

Cash flows to investing activities consisting of investments in intangible and tangible fixed assets amounted to DKK 10.5 million, compared with DKK 12.0 million in the first half of the 1999/00 financial year.

Cash flows from financing amounted to DKK 0.4 million, compared with DKK -6.5 million in the first half of 1999/00.

The net effect of cash flows in the first half 2000/01 was a decrease in cash and cash equivalents of DKK 14.4 million. Cash and cash equivalents, including securities, amounted to DKK 292.6 million at the end of the first half of 2000/01.

Accounting policies

The accounting policies applied are consistent with those applied in 1999/00. The half-yearly accounts have not been audited.

Events after 1 April 2001**Extension of Nørresundby premises**

RTX has started enlarging the company premises in Nørresundby. The extension of approx. 6,000 square metres, has been made necessary by the expected increase in the number of employees and increased activity. The extension will be completed in the spring of 2002, at which time the company premises in Nørresundby will extend over more than 11,000 square metres.

Take-over of Penell A/S

Effective 1 May 2001, RTX Telecom has taken over the activities of Penell A/S in Hadsund, Denmark. The purchase price for goodwill and tangible fixed assets makes up a total not exceeding DKK 16.5 million. The major part of this purchase price is to be paid in cash, and payment of the remaining amount is dependent on development within the next two years.

Penell A/S has specialised in carrying out contract development of electronics, hardware and software and customised devices and instruments. Since Penell was established in 1991, the company has experienced a good and profitable development and currently has a staff of 20, of whom 18 are engineers and technicians. The company's turnover for the latest closed financial year 2000 was DKK 11.9 million.

Among the company's customers are several major Danish medico companies and several major telecom and industrial companies.

With this acquisition, RTX Telecom sees increased market potential for its present technology platforms, as wireless communication is expected to be built into numerous industrial devices and instruments in the years ahead. RTX Telecom expects Bluetooth™ technology, in particular, to become widely used in the medico and telecom sectors as well as in industry in general. The development competences related to Bluetooth™ of both RTX Telecom and Penell A/S are expected to make the acquisition advantageous both strategically and in terms of earnings.

The acquired activities will be placed in a newly established 100% owned subsidiary called Penell A/S. The acquisition is not expected to have any significant effect on Group results for the present financial year 2000/01 or the following financial year 2001/02. Penell A/S is expected to contribute positively to earnings in the Group in the financial year 2002/03 and subsequent years.

For a more detailed description of this acquisition, please refer to Notice to the Stock Exchange no 8/2001, 9 May 2001.

Prospects for the financial year 2000/01

In connection with the presentation of the company's financial statement for 1999/00, the management of RTX Telecom considered that the use of wireless telecommunication solutions presented considerable potential, as the market is characterised by a large growth potential in connection with the growing integration of telephony and data transfer. The

company has planned to benefit from this potential by devoting considerable resources to the development of future-oriented technologies, conducted at the company's own expense.

This assessment is still valid and the company's objective of carrying out intensified development work relating to CDMA and Bluetooth™ technologies is still maintained at the present time in the financial year 2000/01, supplemented by activities relating to other technologies, including TD-SCDMA.

Decelerating economic growth and the present low growth rates in the US economy have, however, affected several of the company's potential telecommunication customers, as these customers have had to introduce cuts and organisational adjustments. It is the company's view that this deceleration can cause customers' decision-making processes to extend over a longer period, as a number of the major players in the market are currently re-evaluating their strategies and business concepts.

Within the last month, there have been specific examples where contract negotiations already begun have been postponed. It cannot therefore be ruled out that previously calculated expectations of earnings from development contracts will not be met in the present financial year. Furthermore, the decline in royalties already experienced may continue for some months to come until royalty is received from projects not yet concluded, including projects within the company's new technologies. These circumstances will have a negative effect on Group earnings in the financial year 2000/01.

On the other hand, the management considers that major telecommunications companies will in future increasingly focus on their own core competences, and will outsource special competences. The organisational adjustments that these companies are thus expected to introduce are, in the medium term, expected to be advantageous for development companies with special competences, including RTX Telecom.

Within recent weeks the company has seen a steep increase in inquiries from potential customers. In the opinion of the management, the company will therefore experience both increases in its activities and further growth in 2001/02, including increasing royalties.

At the end of the half year, the company had signed development contracts in progress worth DKK 123.8 million, of which DKK 59.4 million was invoiced and recognised as revenue as of 31 March 2001. The volume of ongoing contracts not yet invoiced has doubled compared to the same time last year. Parts of the contractual milestone payments are not expected to be invoiced until the financial year 2001/02, especially in regard to CDMA projects.

Based on the above, the management expects the financial year 2000/01 for the RTX Telecom Group to feature an increase in net turnover of approx. 30%, a profit before financial items that is somewhat lower than the 1999/00 level of DKK 36.0 million, and a profit after tax for the financial year 2000/01 that is expected to exceed the DKK 27.8 million result realised in the financial year 1999/00.

It should again be emphasised that the timing of a development contract milestone payment can have material impact on realised earnings, positively as well as negatively.

Technologies

DECT

Based on expected growth in the number of DECT terminals sold, RTX Telecom is continuing its development work and work on cost optimisation relating to DECT. It is

expected that development work on new features, such as SMS and direct calls from handset to handset ("walkie-talkie mode"), will continue.

The 2.4GHz market in the USA represents considerable potential.

Bluetooth

The company is engaged in development work relating to Bluetooth technology, and intensive work is being done to supplement the Bluetooth Protocol Stack already developed with a Profiler, as soon as the appropriate definitions are ready. The RTX Bluetooth Core can now be delivered so that it is fully compatible with an ARM microprocessor.

There are clear indications that many new Bluetooth products will be launched towards the end of the 2001 calendar year.

CDMA

Intensive work is being carried out on verification and testing, in collaboration with customers.

There is a significant market potential, which recently expanded due to the inclusion of China, and important suppliers of CDMA equipment have shown considerable interest.

TD-SCDMA

The Chinese government has now defined the new 3G standard for TD-SCDMA.

RTX Telecom is developing the basic technology with a view to being able to deliver both silicon-IP and complete turnkey solutions.

If TD-SCDMA becomes the de facto standard for China, this represents a considerable potential for RTX Telecom.

Resolutions passed by the Board of Directors

Pursuant to articles 7.5–7.8 of the Articles of Association, the Board of Directors has decided to issue warrants to employees in the company for a nominal value of DKK 60,000 equivalent to 12,000 warrants of DKK 5 each. The exercise price shall be the average market price on 28 May 2001. The warrants are granted to employees in the company with no pre-emption to the rest of the company's shareholders. Furthermore, the Board of Directors has decided to undertake the corresponding capital increase.

The warrants issued comprise approx. 0.1% of the company's share capital.

PROFIT AND LOSS ACCOUNT
(unaudited)

DKK '000

	<u>1st half 2000/01</u>	<u>1st half 1999/00</u>
Net turnover	102,395	73,874
Other external expenses	(52,297)	(31,269)
Staff costs	(45,258)	(26,440)
Depreciation	<u>(2,997)</u>	<u>(1,961)</u>
Profit before financial items	1,843	14,204
Financial income	9,662	634
Financial expenses	<u>(521)</u>	<u>(592)</u>
Profit before taxation	10,984	14,246
Tax on profit for the period	<u>(3,295)</u>	<u>(4,576)</u>
PROFIT FOR THE PERIOD	<u>7,689</u>	<u>9,670</u>

CHANGES IN SHAREHOLDERS' EQUITY

DKK '000

Shareholders' equity at the beginning of the period	372,389	42,252
Capital increase	634	34
Tax on equity entries	874	0
Profit for the period	<u>7,689</u>	<u>9,670</u>
Shareholders' equity at the end of the period	<u>381,586</u>	<u>51,956</u>

BALANCE SHEET AT 31 MARCH 2001
(unaudited)

ASSETS

DKK '000	<u>1st half 2000/01</u>	<u>1st half 1999/00</u>
License rights	350	450
Deposits	<u>176</u>	<u>0</u>
Total intangible fixed assets	<u>526</u>	<u>450</u>
Land and buildings	43,281	27,942
Machinery and equipment	13,727	7,957
Assets under construction	<u>116</u>	<u>9,053</u>
Total tangible fixed assets	<u>57,124</u>	<u>44,952</u>
TOTAL FIXED ASSETS	<u>57,650</u>	<u>45,402</u>
Raw materials and consumables	623	687
Finished goods and goods for resale	<u>5,140</u>	<u>1,840</u>
Total stocks	<u>5,763</u>	<u>2,527</u>
Trade debtors	57,949	30,754
Tax receivable	7,857	0
Other debtors	2,532	2,271
Prepayments and accrued income	<u>5,299</u>	<u>1,055</u>
Total debtors	<u>73,637</u>	<u>34,080</u>
Securities	<u>209,323</u>	<u>0</u>
Cash at bank and in hand	<u>83,290</u>	<u>14,893</u>
TOTAL CURRENT ASSETS	<u>372,013</u>	<u>51,500</u>
TOTAL ASSETS	<u><u>429,663</u></u>	<u><u>96,902</u></u>

BALANCE SHEET AT 31 MARCH 2001
(unaudited)

LIABILITIES

DKK '000	<u>1st half</u> <u>2000/01</u>	<u>1st half</u> <u>1999/00</u>
Share capital	45,482	36,678
Share premium account	294,101	0
Revaluation reserves	1,439	0
Retained profit	<u>40,564</u>	<u>15,278</u>
TOTAL SHAREHOLDERS' EQUITY	<u>381,586</u>	<u>51,956</u>
Deferred tax	<u>2,789</u>	<u>1,815</u>
TOTAL PROVISIONS	<u>2,789</u>	<u>1,815</u>
Mortgage debt	<u>14,354</u>	<u>14,848</u>
Total long-term liabilities	<u>14,354</u>	<u>14,848</u>
Mortgage debt	499	487
Bank debt	0	7,284
Trade creditors	10,640	9,999
Prepayment from customers	550	0
Corporation tax	0	103
Other creditors	<u>19,245</u>	<u>10,410</u>
Total current liabilities	<u>30,934</u>	<u>28,283</u>
TOTAL LIABILITIES	<u>45,288</u>	<u>43,131</u>
TOTAL LIABILITIES, PROVISIONS AND EQUITY	<u>429,663</u>	<u>96,902</u>

CASH FLOW STATEMENT
(unaudited)

DKK '000	1st half 2000/01	1st half 1999/00
Profit before financial items	1,843	14,204
Depreciation	2,997	1,961
(Increase)/decrease in working capital	<u>(2,114)</u>	<u>(6,242)</u>
Cash flow from ordinary operations	2,726	9,923
Net interest and exchange differences	9,141	42
Corporation tax paid	<u>(16,102)</u>	<u>(9,563)</u>
Net cash inflow from operating activities	<u>(4,235)</u>	<u>402</u>
Net payments to acquire intangible fixed assets	(41)	0
Payments to acquire tangible fixed assets	<u>(10,479)</u>	<u>(11,999)</u>
Cash (outflow) from investing activities	<u>(10,520)</u>	<u>(11,999)</u>
Repayment of mortgage debt	(246)	(231)
Proceeds from capital increase	634	34
Dividend paid during the period	<u>(0)</u>	<u>(6,330)</u>
Cash inflow (outflow) from financing	<u>388</u>	<u>(6,527)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(14,367)	(18,124)
Cash and cash equivalents at 1 October	<u>306,980</u>	<u>25,733</u>
CASH AND CASH EQUIVALENTS AT 31 MARCH	<u><u>292,613</u></u>	<u><u>7,609</u></u>

NET TURNOVER (unaudited)

Net turnover by business areas

DKK '000	<u>1st half 2000/01</u>	<u>Share</u>	<u>1st half 1999/00</u>	<u>Share</u>
Development tasks	52,326	51%	34,924	47%
Royalties	7,296	7%	12,327	17%
Own products, etc.	<u>42,773</u>	<u>42%</u>	<u>26,623</u>	<u>36%</u>
Total turnover	<u>102,395</u>	<u>100%</u>	<u>73,874</u>	<u>100%</u>

At 31 March 2001 the company has signed development contracts in progress amounting to DKK 124 million (31 March 2000: DKK 62 million), of which DKK 59 million is invoiced and booked as income at 31 March 2001 (31 March 2000: DKK 30 million).

Net turnover by geographical areas

DKK '000	<u>1st half 2000/01</u>	<u>1st half 1999/00</u>
Denmark	28,910	13,624
Other European countries	52,944	57,076
Asia	15,268	2,133
North America	<u>5,273</u>	<u>1,041</u>
Total	<u>102,395</u>	<u>73,874</u>

This notice includes statements on expectations for the company's future financial position. These statements may be influenced by elements of risk and uncertainty, and consequently the actual development may differ from the expectations indicated. These risk factors include a number of factors such as general business and financial conditions, dependence on working partners, as well as fluctuations in exchange rates and interest rates, etc. These elements of risk and uncertainty factors are described in greater detail in the Offering Circular of May 2000 and in the financial statements for 1999/00.

This announcement of the financial statements for the first half year 2000/01 has been prepared in both Danish and English, where the English version is a translation of the Danish version. In the event of any inconsistency between the Danish version and this announcement, the Danish version shall prevail.