

# Announcement

To NASDAQ OMX Copenhagen A/S and the press

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## Summary of the annual report for 2007/08 for the RTX Telecom Group

Today, the Supervisory Board has considered and approved the annual report of RTX Telecom A/S for the financial year 2007/08 for the period 1 October 2007 to 30 September 2008.

### Summary of the annual report for 2007/08 for the RTX Telecom Group

- Net turnover from continuing operations has increased by 20.7% amounting to DKK 250.3 million against DKK 207.3 million last year.
- Operating profit/loss (EBIT) from continuing operations amounts to a negative DKK 21.0 million against a negative DKK 95.7 million in 2006/07. In the comparative year EBIT was affected by a provision for bad debt of DKK 30.0 million.
- Profit/loss after tax amounts to a negative DKK 25.7 million compared to a negative DKK 47.3 million in 2006/07.
- The Group's cash and current asset investments amounted to DKK 99.5 million at 30 September 2008, which is a decrease of DKK 16.2 million compared to the same time last year.
- At 30 September 2008, the Group's equity amounted to DKK 221.1 million, which is a decline of DKK 35.9 million compared to last year.
- In the financial year, RTX Telecom entered into a strategic sales and marketing cooperation with Brazilian partners and set up a subsidiary in São Paulo, Brazil.
- In the financial year, RTX Telecom sold its shares in the wholly-owned subsidiary RTX Health-care to one of the world's leading suppliers of telehealth solutions.

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## **Prospects for the financial year 2008/09**

- Management expects for the financial year 2008/09 a moderate increase in net turnover compared to the financial year 2007/08 and an operating profit/loss (EBIT) around break-even.

## **Comments on the financial year 2007/08**

The Group's strengthening of the sales and marketing activities has resulted in an overall increase in the Group's net turnover and operating profit (EBIT) compared to the previous financial year 2006/07. The increase has been particularly noticeable in the two largest business units RTX Technology and RTX Products (formerly RTX Consumer Products) as the implementation of the adopted focus strategy as well as the expansion and optimisation of the sales and marketing activities have contributed to the positive development.

During the past financial year 2007/08, the RTX Telecom Group has continued the operational and financial turn-around process which was initiated in the autumn of 2006. The implementation of the focus strategy has been more time-consuming and resource-demanding than expected. The Group has performed a wide range of measures to support this process, including considerable main elements such as capacity reduction, establishment and strengthening of commercial activities in the business units as well as relocation of material activities to the subsidiary in Hong Kong, RTX Products Hong Kong Ltd.

The subsidiary RTX Products Hong Kong Ltd., which was acquired in January 2006, has realised a significant progress in sales and earnings in the past financial year. As a result of this progress, the subsidiary has turned a considerable loss in previous years into a satisfactory profit this year. The growth in sales and deliveries to OEM/ODM customers and the relocation of production and sales activities from Denmark to Hong Kong, among other things, have resulted in the number of staff in the subsidiary having more than doubled since the acquisition.

During the year, the Group established strategic sales and cooperative relations with local Brazilian partners to strengthen the sales efforts on the Latin American market and to support the continued development of activities in the business unit RTX Network Systems. In connection with this cooperation, the Group set up a subsidiary, RTX Telecom América Latina Ltda. in São Paulo, Brazil. The purpose of setting up this subsidiary is to market RTX Telecom's technologies and products as attractive options when Latin American teleoperators are planning to set up new wireless IP network solutions both within the new cooperation and when entering into other partnerships.

As a natural continuation of the strategy adopted, which was planned to focus on the business activities within the professional market for telecommunications, Group Management was able to announce in June 2008 that the Group had sold the shares of the 100%-owned subsidiary RTX Healthcare.

Also in the coming financial year, Management will currently consider and implement strategic initiatives to adjust the Group to the existing business opportunities. Moreover, the Group will make efforts to be among the technological leaders by currently developing an effective and competitive product programme within the Group's business areas.

### **Prospects for the financial year 2008/09**

As a result of the focus strategy and turn-around process implemented, RTX Telecom has recorded a significant increase in financial performance from 2006/07 to 2007/08. The Group has also carried out a number of activities with a view to obtaining positive operating profits in the years ahead. Over the past few years, the Group has built up and sourced out production in China through the subsidiary in Hong Kong, among other things, and a competence development of sales and marketing activities has been made in the Group as a whole. These activities were implemented at the same time as the focus strategy process and the adjustment of the Group's organisation were carried out.

The initiatives were all carried out for the purpose of preparing the RTX Telecom Group for renewed growth and for recovering the Group's financial strength and stability. It is assessed that the preconditions for growth exist as the Group has strong competitive power and competitive advantages as a result of flexible, considerable Danish competences and knowhow combined with the Group's presence in Hong Kong, Latin American and USA.

The Group's activities in 2008/09 comprise the business units RTX Technology, RTX Products and RTX Network Systems.

On this basis Management expects for the financial year 2008/09 a moderate increase in net turnover compared to the financial year 2007/08 and an operating profit/loss (EBIT) around break-even.

The described expectations to the future development are subject to uncertainty and risks. The most important activities in the Group are customer-paid development tasks and sales on the OEM/ODM market, and both areas are characterised by operating with relatively short order horizons. Because of these and other factors, e.g. the present turbulence on the financial markets and the global slowdown in the financial activity, the actual development may differ substantially from expectations.

### **In general**

The Company's annual report for 2007/08 will be sent separately to NASDAQ OMX Copenhagen A/S in continuation of this announcement. Please see annual report for more details.

### **Meeting for financial analysts and the press**

At 9.00am on 10 December 2008, RTX Telecom will hold a meeting for financial analysts and the press at Gudme Raaschou Bank A/S, Tietgen's House, Børsgade 4-8, DK-1215 Copenhagen K. At this meeting, the Management will comment on the annual report for 2007/08 for the Group and the Management's expectations for the financial year 2008/09.

### **Annual general meeting**

The Company's annual general meeting will be held on Wednesday, 28 January 2009 at 3.00pm at RTX Telecom, Strømmen 6, DK-9400 Nørresundby.

The printed annual report is expected to be available in Mid-January 2009.

### **Questions and further information**

Please contact CEO Tage Rasmussen, tel. +45 96 32 23 00.

Yours sincerely,

Poul Lind  
Chairman of the Board

Tage Rasmussen  
CEO

This announcement includes statements about the future. These statements include expectations or prognoses for events, such as introduction of new products, product approvals and financial results. These statements might be influenced by risks, uncertainty factors and inaccurate assumptions, and consequently the actual development might be different from the expectations indicated. These risk and uncertainty factors include - but are not limited to include - a number of factors such as general business and financial conditions, dependence on co-operators, delivery time of components as well as exchange rate and interest rate fluctuations, etc. Risks and uncertainty factors are further described in the annual report for 2007/08. RTX Telecom is not obliged to update the statements about the future or to adjust such statements to actual results unless required by law.

This announcement 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 this announcement, the Danish version shall prevail.