

Announcement

To OMX The Nordic Stock Exchange Copenhagen and the press

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Summary of the annual report 2006/07 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 2006/07 for the period 1 October 2006 to 30 September 2007.

The net profit/loss for the year is more negative than expected because of extraordinary provisions to cover loss on a debtor

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

Prospects for the financial year 2007/08

- Management expects net turnover of DKK 240 – 300 million and operating profit/loss (EBIT) in the range from a negative DKK 30 million to DKK 0 million in the financial year 2007/08.

Comments on the financial year 2006/07

The realised accounting result for the financial year 2006/07 is unsatisfactory. The most significant reasons in terms of amounts can be summarised as follows:

The Group has realised continued significant decline in earnings from performed contract development projects for customers compared to previous financial years.

Royalty income is realised on an unchanged level compared to last financial year.

Sale of the Group's products has not met expectations. For instance has sale of the Skype™ products not met expectations, and supply of products to the Wireless IP Network technology has been subject to delays.

In the financial year implementation of the adopted focus strategy has been initiated, and considerable parts of the Group's competences have been transferred to the subsidiary in Hong Kong. During the year a comprehensive capacity reduction has taken place in order to adjust the Group's costs. The adjustment has resulted in a reduction in the number of employees in the Group's Danish companies by net 84 people while the number of employees in the Group's foreign subsidiaries has increased by net 23 people. The increase in employees abroad has exclusively taken place in Hong Kong. The financial effect of this adjustment has shown impact in the second half of the financial year 2006/07.

RTX Telecom Group has carried out important development activities and completed the development of a Skype™-based LAN DU@Lphone (DU@Lphone 3088) in the financial year 2006/07. Having completed a few of the large development projects and after an organisational adjustment, the impact from the development of own products has been decreasing in the last part of the financial year. Overall in the financial year 2006/07, development costs incurred at the Group's own account have affected the profit and loss account by DKK 26.5 million on last year's 46.3 million. The development costs are fully expensed as costs in the profit and loss account.

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

RTX Telecom sold its minority interest in the US company LitePoint Corporation in 2006/07. The share sale has resulted in a positive impact on RTX Telecom's financial income of DKK 72.6 million in 2006/07.

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

Prospects for the financial year 2007/08

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

The work on implementing the strategy will continue in the financial year 2007/08. The implementation will include increased sales efforts in order to sell professional telephony products to OEM/ODM customers. The Group has entered into a considerable number of agreements with major ODM customers for the financial year 2007/08. The agreements primarily cover production and supply of professional telephony products.

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

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

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

In general

The Company's annual report for 2006/07 will be sent separately to OMX The Nordic Stock Exchange Copenhagen in continuation of this announcement. Please see annual report for more details.

Meeting for financial analysts and the press

At 9.00am on 6 December 2007, 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 2006/07 for the Group and the Management's expectations for the financial year 2007/08.

Please notice that the presentation will take place at Gudme Raaschou Bank's new premises at the address, Tietgen's House, Børsgade 4-8, DK-1215 Copenhagen K.

Annual general meeting

The Company's annual general meeting will be held on 21 January 2008 at 3.00pm at RTX Telecom, Strømmen 6, DK-9400 Nørresundby.

The printed annual report is expected to be available at the beginning of January 2008.

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 include 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 2006/07. 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.