

Announcement

To the Copenhagen Stock Exchange and the press

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Summary of the annual report for 2005/06

Summary: The Group's net turnover amounts to DKK 285.1 million and EBIT amounts to DKK -63.0 million. The figures correspond with the announced expectations from August 2006. The Group has initiated implementation of a new strategy for the purpose of improving the Group's international competitiveness and level of earnings.

The Group expects to realise a net turnover of DKK 310 - 350 million and an EBIT in the interval a negative DKK 20 million to DKK 0 million in 2006/07.

Today, the Supervisory Board has considered and approved the annual report of RTX Telecom A/S for the financial year 2005/06 for the period 1 October 2005 to 30 September 2006.

Summary of the annual report for 2005/06 for the RTX Telecom Group

- Net turnover has been decreased by 10.1% and amounts to DKK 285.1 million compared to 317.2 million last year.
- Operating profit/loss (EBIT) amounts to a negative DKK 63.0 million compared to a negative DKK 3.9 million last year.
- The profit/loss after tax amounts to a negative DKK 64.7 million compared to a negative DKK 1.1 million in 2004/05.
- In January 2006, RTX Telecom acquired the Hong Kong-based company D.R.S. Electronics Ltd.
- In the financial year 2006/07 a strategy will be implemented with the purpose of obtaining a positive and profitable development of the Group's activities.
- The Management expects a net turnover of DKK 310 - 350 million and an operating profit/loss (EBIT) in the interval a negative DKK 20 million to DKK 0 million for the financial year 2006/07.

The realised accounting result for the financial year 2005/06 is unsatisfactory. The most significant reasons in terms of amounts can be summarised as follows:

Significant decline in earnings from performed contract development projects for a third party compared to previous financial years.

Sale of the Group's own products has not met expectations.

Extension of the programme for own products has required more internal development resources than expected as well as it has taken longer time than expected. This has resulted in increased development costs and delayed sales income compared to the plans for the financial year 2005/06.

Prospects for the financial year 2006/07

The Supervisory Board has adopted a strategy entailing that the Group, in the near future, will focus its resources on fewer technologies and moving of certain of the Group's competences to the subsidiary D.R.S., Electronics, Hong Kong and more low-wage areas, as well as changes are planned for the organisation of the sales and marketing activities whereby they, in future, to a higher degree than previously will strengthen the main business areas.

Implementation of the strategy has among other things meant that the staff is being reduced by approximately 70 persons in the group's Danish companies.

It is the Management's assessment that the strategy will strengthen the potential for growth in the longer term by focusing the global sales and marketing tasks around a fewer number of product and technology areas. The Group will continue to invest in development of more new products in future financial years. The level of the Group's development activities will, however, be reduced compared to 2005/06.

During the last three years, the Group has invested significant amounts in development of new innovative wireless products with a high knowledge content. Activities regarding development of more new products have had high priority and certain products have successfully been introduced in previous financial years, including the wireless Telephone Line Extender (TLE), USB Cordless DUALphone and ODM products for a new DECT-based telephone system in Romania. In this financial year 2006/07, the Group plans to launch the following new products:

- a Skype based LAN DUALphone (DUALphone 3088)
- a Skype based USB DUALphone with colour display (DUALphone 3058)
- a SIP based LAN Cordless DUALphone

It is the Management's assessment that sale and earnings from own developed products in 2006/07 will be higher than in the closing financial year 2005/06. However, in particular forecasting sale of the new products is connected with some uncertainty.

It is expected that income from customer-financed development projects and royalty will be fairly at level with income in the financial year 2005/06.

The Group's investments in own development projects will, compared to the financial year 2005/06, be reduced significantly in 2006/07 and the development costs are expected as a whole to burden the profit and loss account. Not all the planned development projects will generate material turnover in the financial year 2006/07.

Based on this, the Management expects that, during the financial year 2006/07, the RTX Telecom Group will realise a net turnover of DKK 310 - 350 million and an operating profit/loss (EBIT) in the interval a negative DKK 20 million to DKK 0 million. These expectations express a significant increase in the level of as well net turnover as EBIT compared to the realised level in 2005/06.

Net turnover and EBIT in the financial year 2006/07 are not necessarily expected to be equally distributed between the first and second half years ending 30 September 2007.

In general

The Company's annual report for 2005/06 will be sent separately to the Copenhagen Stock Exchange in continuation of this announcement. Please see annual report for more details.

Meeting for financial analysts and the press

At 9.00 a.m. on 12 December 2006, RTX Telecom will hold a meeting for financial analysts and the press at Gudme Raaschou Bank A/S, Kalvebod Brygge 43, DK-1560 Copenhagen K. At this meeting, the Management will comment on the annual report for 2005/06 for the Group and the Management's expectations for the financial year 2006/07.

Annual general meeting

The Company's annual general meeting will be held on 24 January 2007 at 4.00 p.m. at RTX Telecom, Stroemmen 6, DK-9400 Noerresundby.

The printed annual report is expected to be available at the beginning of January 2007.

Questions and further information

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

Yours sincerely,

Poul Lind
Chairman of the Board

Tage Rasmussen
Managing Director

This announcement contains statements on the future. These statements for instance comprise expectations or forecasts regarding 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 - though are not limited to include - a number of factors such as general business and financial conditions, dependence on co-operators, delivery times of components and exchange rate and interest rate fluctuations etc. Risk and uncertainty factors are further described in the annual report for 2005/06. RTX Telecom is not obligated to update the included statements on the future or to adjust such statements in relation to actual results, unless it is a statutory requirement.

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.