

# Announcement

To the Copenhagen Stock Exchange and the press

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## Announcement of the financial statements for 2000/01

Today, the Board of Directors has adopted the consolidated financial statements and the financial statements of RTX Telecom A/S for the year ended 30 September 2001.

### Summary of the financial statements for 2000/01

- The Group's turnover was increased by 4,6% to DKK 175.9 million.
- The result for the year before investment income and expenses was a loss of DKK 21.9 million.
- The net result for the year was a loss of DKK 4.3 million on last year's profit of DKK 27.8 million.
- The Group's development activities within the Bluetooth™, CDMA og TD-SCDMA technologies were intensified in 2000/01.
- The activities in the development company Penell A/S were acquired in 2000/01
- In 2001/02, the Group expects to realise a net turnover of approx. DKK 200 million and a profit before investment income and expenses of approx. DKK 10 million.

### Annual general meeting

The Company's annual general meeting will be held on 25 February 2002 at 4 pm at the Hotel Hvide Hus, Vesterbro 2, 9000 Aalborg.

The printed financial statements are expected to be available in mid-February 2002.

### For questions and further information, please contact

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## Financial highlights and key ratios of the Group

DKKm	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01
<b>Profit and loss account</b>							
Net turnover	11.7	16.1	40.8	65.7	122.9	168.1	175.9
Cost of goods sold	0.0	0.0	0.0	0.0	30.4	45.4	49.8
<b>Gross profit</b>	<b>11.7</b>	<b>16.1</b>	<b>40.8</b>	<b>65.7</b>	<b>92.5</b>	<b>122.7</b>	<b>126.1</b>
Staff costs	2.9	7.2	17.3	26.6	39.9	57.1	95.0
Other external expenses	4.1	6.6	9.1	12.3	21.4	25.1	45.6
Depreciation	0.2	0.4	1.0	1.8	3.1	4.5	7.4
<b>Profit before investment income and expenses</b>	<b>4.5</b>	<b>1.9</b>	<b>13.4</b>	<b>25.0</b>	<b>28.1</b>	<b>36.0</b>	<b>-21.9</b>
Net investment income and expenses	0.1	0.0	0.5	-0.4	-0.4	4.9	15.8
<b>Profit before tax and extraordinary items</b>	<b>4.6</b>	<b>1.9</b>	<b>13.9</b>	<b>24.6</b>	<b>27.7</b>	<b>40.9</b>	<b>-6.1</b>
Tax	1.4	0.7	5.6	8.3	9.2	13.1	-1.8
<b>Profit for the year <sup>1)</sup></b>	<b>3.2</b>	<b>1.2</b>	<b>8.3</b>	<b>16.3</b>	<b>18.5</b>	<b>27.8</b>	<b>-4.3</b>
<b>Balance sheet</b>							
Land and buildings	0.0	0.0	0.0	13.5	27.8	39.2	56.6
Other fixed assets	1.3	1.9	5.1	5.8	7.6	10.9	31.1
<b>Total fixed assets</b>	<b>1.3</b>	<b>1.9</b>	<b>5.1</b>	<b>19.3</b>	<b>35.4</b>	<b>50.1</b>	<b>87.7</b>
Debtors	1.2	3.7	9.4	13.8	17.3	50.4	51.2
Other current assets	0.5	1.4	1.7	4.2	3.6	15.0	24.8
Cash at bank and in hand and securities	3.0	1.4	16.1	27.9	25.7	307.0	265.6
<b>Total current assets</b>	<b>4.7</b>	<b>6.5</b>	<b>27.2</b>	<b>45.9</b>	<b>46.6</b>	<b>372.4</b>	<b>341.6</b>
<b>Total assets</b>	<b>6.0</b>	<b>8.4</b>	<b>32.3</b>	<b>65.2</b>	<b>82.0</b>	<b>422.5</b>	<b>429.3</b>
<b>Shareholders' equity</b>	<b>3.0</b>	<b>4.3</b>	<b>17.9</b>	<b>29.2</b>	<b>42.3</b>	<b>372.4</b>	<b>369.2</b>
Provisions	0.1	0.2	0.4	1.5	1.8	2.8	0.4
Interest-bearing debt	0.0	0.0	0.0	16.2	15.6	15.1	29.5
Trade creditors	0.3	0.5	2.3	2.0	3.2	15.0	10.8
Other current liabilities	2.6	3.4	11.7	16.3	19.1	17.2	19.4
<b>Total liabilities and provisions</b>	<b>3.0</b>	<b>4.1</b>	<b>14.4</b>	<b>36.0</b>	<b>39.7</b>	<b>50.1</b>	<b>60.1</b>
<b>Total liabilities, provisions and equity</b>	<b>6.0</b>	<b>8.4</b>	<b>32.3</b>	<b>65.2</b>	<b>82.0</b>	<b>422.5</b>	<b>429.3</b>
<b>Cash flow</b>							
Total cash flow for the year	2.4	-1.6	14.7	11.7	-2.1	281.2	-41.4
Cash flow from operations	3.7	-0.5	11.1	14.1	22.5	5.6	-17.6
Capital investments	1.3	1.1	4.2	15.9	19.1	19.2	44.9
Paid by shareholders	-	-	7.8	-	-	300.9	0.6

## Financial highlights and key ratios of the Group (continued)

Key ratios	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01
Annual growth in net turnover (percentage)	150.1	37.6	154.0	60.9	86.9	36.8	4.6
Operating margin (percentage)	39.0	11.6	32.9	38.1	22.9	21.4	-12.5
Return on net assets (percentage)	230.6	37.7	116.3	93.7	60.0	41.9	-15.7
Return on equity (percentage)	213.6	33.6	59.6	69.2	51.9	18.9	-1.2
Equity ratio (percentage)	51.2	51.2	55.4	44.8	51.6	88.2	86.0
Average number of shares <sup>2)</sup> ('000)	6,600	6,600	7,260	7,260	7,260	8,058	9,339
<b>Employment</b>							
Number of employees at end of period	14	24	39	65	95	158	237
Average number of employees	7	20	35	53	83	127	207
Net turnover per employee (DKK '000)	1,669	804	1,167	1,240	1,480	1,324	850
Profit before investment income and expenses per employee (DKK '000)	651	94	384	473	338	283	-106
<b>Share data, DKK per share of DKK 5</b>							
Profit for the year (EPS)	0.5	0.2	1.1	2.2	2.6	3.5	-0.5
Cash flow from operations	0.6	-0.1	1.5	1.9	3.1	0.7	-1.9
Net asset value	0.5	0.7	2.5	4.0	5.8	41.0	40.6
Dividend	0.0	0.0	0.3	0.7	0.8	0.0	0.0
Payout ratio (percentage)	0.0	0.0	30.0	30.4	29.7	0.0	0.0

Note: The Company's financial year runs from 1 October - 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 Company's extraordinary items amounted to DKK 0 in the stated financial statements.

2) Including all outstanding warrants, a total of 246,000 warrants of DKK 5, issued in January and December 2000 and May 2001 to key employees and which, upon full conversion, can be converted into 246,000 shares of DKK 5 in the period from 1 June 2003 to 4 February 2006.

## Comments on the financial statements for 2000/01

In many ways the financial year 2000/01 was an eventful year for RTX Telecom.

The heavy slowdown in the international telecommunications and IT industries and the economic recession in the USA which started in the autumn of 2000 have had a negative impact on the Group's earnings in the financial year. The recession has hit a number of the Group's customers and resulted in an unusually low level of new development contracts in the last few months of the financial year. Thus, several of the ongoing contract negotiations have been stopped or postponed by the customers on the grounds of short-term cost saving.

Despite the recession, it is the management's opinion that the technological development possibilities within telecommunications fully exist and that RTX Telecom's strategic business goals and long-term growth potential are unchanged. Especially within the Bluetooth™ and CDMA technologies the Group's development activities were intensified and supplemented with considerable customer tasks.

### Results for the year

The Group's turnover was increased by 4.6% from DKK 168.1 million to DKK 175.9 million. However, turnover has not been up to the initial expectations which were a growth of approx. 30%.

The development has been characterised by a declining turnover in the course of the financial year compared with the previous year. A number of significant telecom companies have currently given notice of and carried through cutbacks which has created further uncertainty on the market.

The royalty income amounted to DKK 12.1 million which is considerably lower than last year's royalty income which amounted to DKK 22.5 million. Most of the financial year, the income from royalty has been much lower than expected and can be ascribed to the customers' declining production as a result of the recession on the telecommunications market. Further, the company's focus on the new technologies, CDMA and Bluetooth™ has not yet generated any material royalty income.

The result for the year before investment income and expenses was a loss of DKK 21.9 million which is a decrease of DKK 57.9 million on last year's profit before investment income and expenses of DKK 36.0 million.

The reason for the negative result before investment income and expenses is, besides the recession, that the Group's technological development for its own account has been intensive during the year, especially within the Bluetooth™, CDMA and TD-SCDMA technologies.

The profit development is further influenced by the fact that the Group expenses development costs in the financial year in which they are incurred.

As a consequence of the continued strategic efforts to increase the Group's know-how and technological development capacity within the business areas, the increase of employees and the intensive technological work have had a negative impact on the results for the year, including increase in staff costs of DKK 38 million. In the long run, these efforts are considered a condition of the Group's continued growth in turnover and earnings, but in the short run it means a negative impact on the result.

In connection with the listing in June 2000, RTX Telecom had a considerable capital infusion, and net financials thus increased from DKK 4.9 million in 1999/00 to DKK 15.8 million.

The net result for the year was a loss of DKK 4.3 million on last year's profit of DKK 27.8 million. Earnings per share (EPS) amounted to DKK -0.46 on last year's DKK 3.45.

Although the development in results is more unfavourable than expected at the beginning of the financial year, the development in turnover, results before investment income and expenses and net results for the year meets the reassessed expectations published by the Management in August 2001 (cf. Announcement No. 10/2001 to the Copenhagen Stock Exchange on 9 August 2001).

In the light of the heavy decline of the global telecom industry, the Management has realised that the initial expectations for the financial year have not been fulfilled. The resultant deficit must clearly be considered as unsatisfactory, but must be seen in the light of the significant changes of the Group's market areas. Results and activities of in-house development projects are considered satisfactory.

### Turnover by business area

<u>DKKm</u>	<u>1996/97</u>	<u>Share</u>	<u>1997/98</u>	<u>Share</u>	<u>1998/99</u>	<u>Share</u>	<u>1999/00</u>	<u>Share</u>	<u>2000/01</u>	<u>Share</u>
Development tasks	31.3	77%	46.4	70%	55.0	45%	82.1	49%	88.2	50%
Royalty	5.7	14%	14.3	22%	19.1	16%	22.5	13%	12.1	7%
Own products etc.	3.8	9%	5.0	8%	48.8	39%	63.5	38%	75.6	43%
<b>Total turnover</b>	<b>40.8</b>	<b>100%</b>	<b>65.7</b>	<b>100%</b>	<b>122.9</b>	<b>100%</b>	<b>168.1</b>	<b>100%</b>	<b>175.9</b>	<b>100%</b>

### Revenue recognition

The Group 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 group companies will invoice the customer in accordance with the contract, and the amount is recognised as revenue.

As a principal rule the Group'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 a contract. So far, the Group has not repaid any material progress payments. Therefore, the individual milestones in the Group's development contracts are considered completed in the financial statements.

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

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

### **Balance sheet and cash flows**

At 30 September 2001, the Group's balance sheet total amounted to DKK 429.3 million equivalent to an increase of DKK 6.8 million on last year. The increase in the balance sheet total comprises an increase of fixed assets of DKK 37.6 million whereas current assets have been reduced by DKK 30.8 million.

Of the Group's balance sheet total of DKK 429.3 million, shareholders' equity amounts to DKK 369.2 million equal to 86.0%.

Cash flow from operations amounted to DKK -17.6 million which is a decrease of DKK 23.1 million compared with 1999/00. The decrease is mainly ascribable to the decrease in results for the year and changes in the working capital.

Cash flows from investments consisting of investments in intangible and tangible fixed assets amounted to DKK 44.9 million compared with DKK 19.2 million in 1999/00. Besides current investments, the item also includes purchase of goodwill and commencement of the enlargement of the premises in Nørresundby.

Cash flows from financing amounted to DKK 21.0 million compared with DKK 294.9 million in 1999/00. The financial year's cash flows have been strongly affected by the raising of long-term loans of DKK 21.0 million. The share issue in connection with the listing in June 2000 provided RTX Telecom with net cash proceeds of DKK 300.9 million in 1999/00.

The net effect of cash flows in 2000/01 was a decrease in cash and cash equivalents of DKK 41.4 million. Cash and cash equivalents, including securities, amounted to DKK 265.6 million at the end of the financial year.

### **Accounting policies**

The consolidated financial statements and the financial statements have been presented in accordance with the Danish Company Accounts Act of 1981, current Danish Accounting Standards and the requirements otherwise imposed by the Copenhagen Stock Exchange relating to the presentation of financial statements for listed companies.

The accounting policies applied are consistent with those applied in 1999/00.

### **Main events of the year**

In the past two financial years, the Group's efforts in the CDMA area have been targeted, and considerable development resources have been allocated to this area. On this basis RTX Telecom has succeeded in short time to build a CDMA technology platform which has aroused very great interest among terminal producers. During the financial year, RTX Telecom has entered into two development contracts with large terminal producers of CDMA mobile telephones targeted at the North American market. The Group regards the results achieved as being extremely valuable as besides being a future profit-earning activity, CDMA is expected to be the Group's link to 3G mobile telephony.

RTX Telecom has entered into a significant OEM supply agreement with Agilent Technologies U.K. Ltd. which is one of the world's leading distributors of testing and measuring equipment. According to the contract, RTX Telecom is responsible for development, production and testing of a Bluetooth™ RF tester whereas Agilent Technologies is responsible for marketing and support. Through Agilent Technologies' global distributors' network the Bluetooth™ tester is marketed under the name Agilent E1852A.

GN Netcom, which is among the leading companies on the global market within hands-free communications technology, has announced in the financial year that the company has chosen RTX Telecom as the preferred co-operator when developing GN Netcom's next generation of hands-free, wireless solutions, including Bluetooth™ solutions. The agreement is a milestone in RTX Telecom's cooperation with GN Netcom to supply high-quality products within the wireless Bluetooth™ technology and hands-free communications solutions. GN Netcom was first on the market with a Bluetooth™ headset.

In March 2001, RTX Telecom started to enlarge its premises in Nørresundby. The enlargement of approx. 6,100 square metres will be completed in the spring of 2002 after which the company will have more than 11,000 square metres at its disposal in Nørresundby.

The activities in the development company, Penell A/S, were acquired in May 2001. With this acquisition, RTX Telecom is at the leading edge of development within embedded communications devices in equipment and instruments for the use of other industries than the telecom industry.

#### **General market development**

The market for wireless and other information and communication products has experienced a turbulent year. Especially the US market has been instable.

A number of leading telecom companies, including Nokia, Ericsson, Siemens, Toshiba and Motorola have given notice of and carried out restructuring and set out other priorities and carried out reductions. Considering the companies' size and market positions this has created great uncertainty on the market in general.

The uncertainty has also affected RTX Telecom's market situation as it has apparently been difficult for RTX Telecom's customers to have market plans and product projects confirmed, and consequently the decisions to initiate projects have made slow progress.

As a result of this year's events, a small number of development projects have either been postponed or given up. Therefore, in August 2001 the Group had to readjust expectations for the results for the year. But the Management expects some of these projects to be implemented later.

Further, it is the Management's opinion that the market basis is unchanged in relation to the types of projects in which RTX Telecom has traditionally been involved. Therefore, the Management is convinced that when a number of leading customers have made organisational adjustments, it will again be relevant for them to source out product measures and development projects.

In 2000/01, RTX Telecom has continued the development of new technologies and further developed existing technologies demanded by the market. The Group's staff of well-educated engineers have long experience in implementation of customized projects and in-house technological development projects. The specialist competence includes project management, development and integration of radio circuits, digital and analogous circuits as well as software development of protocols and applications.

#### **Acquisition of Penell A/S**

With effect from 1 May 2001, RTX Telecom took over the activities in the development company Penell A/S.

Penell A/S which like RTX Telecom is domiciled in Northern Jutland offers contract development of customer-specified hardware and software for the intelligent products of the future. Penell

focuses particularly on the market for product development of wireless communication supplied to customers on the medico, telecom and industrial markets.

With the acquisition of Penell, RTX Telecom is at the leading edge of development within embedded communications devices in equipment and instruments for the use in other industries than the telecom industry. Especially the extension and use of the Bluetooth™ technology is estimated to have great potential. Altogether RTX Telecom and Penell expect to be able to realise significant synergies.

Since the acquisition, Penell's turnover and earnings have been negatively influenced by the general market recession. Moreover, during the period resources have been invested in Penell's integration in the RTX Telecom Group.

Penell generated a turnover of DKK 4.1 million in the period from 1 May to 30 September 2001. The results after tax amounted to a loss of DKK 0.9 million. Penell's shareholders' equity amounted to DKK 14.2 million at 30 September 2001.

Penell is a 100% owned subsidiary. At the organisational level RTX Telecom's other business areas and competences have been integrated. The company had 20 employees at the end of the financial year.

### **Litigation**

In the autumn of 1999, one of RTX Telecom's major customers terminated a development contract in progress. The company believes that the customer's termination is in breach of the contract, and RTX Telecom has brought an action to test whether the termination is lawful in view of the existing contract. A compensation of DKK 45 million is claimed. The contract is subject to French law.

The development contract which was signed in November 1998 was a contract for the development of four main components for a WLL (Wireless Local Loop) system based on the DECT technology. The customer was to develop the infrastructure of the project itself and in order to optimise the technically very complex project process, a joint steering committee was set up which was to agree on and currently adjust time schedules and priorities.

As expected, in the period up to September 1999, there were changes in product specifications and time schedules within the customer's as well as the RTX Telecom's project responsibility. All changes were approved by the steering committee. However, in October 1999 the customer terminated the development contract. The termination was in conflict with the procedures laid down in the contract, and RTX made a claim for compensation.

In the summer of 2001, the customer made a counterclaim which highly exceeded RTX Telecom's claim for compensation. In the latest assessment, the company's French attorney considers the counterclaim totally unfounded. The customer partly made a claim for compensation for expenses which do not relate to the development project and partly demanded compensation for internal expenses which cannot be regarded as a loss according to French law. Finally, the French attorney finds the claims unsubstantiated and with no legal basis.

The Management considers the counterclaims unserious and unsubstantiated and estimates that the decision of this legal action will not have negative effect on the Group's financial position. The Management has been informed that the decision of the court of first instance is expected to be made public on 19 December 2001.



### **Events after the balance sheet date**

In October 2001, RTX Telecom made an important agreement with a producer of telecommunications equipment. The project includes the development of a Wireless Local Loop (WLL) terminal for a mobile telephony system. The contract sum of the technology development amounted to a considerable double-digit million kroner figure. Further, RTX Telecom expects significant royalty income from production after conclusion of the development project.

The work under the development contract will be completed in the spring of 2002 according to plans. On this background the Group expects the contract to generate turnover and earnings in the financial years 2001/02 and 2002/03.

To further promote contract making, RTX Telecom made an intensive effort in the sales area in 2000/01. Another important target was reached after the balance sheet date as RTX Telecom entered into two cooperative agreements on representation in the US and Japan. With these two agreements the Group has now got an improved basis for utilizing the growth potential on some of the most important markets, including the US, Japan and China.

In December 2001, the development department in Århus moved to new and larger premises. The lease of the premises, which can be expanded, runs over a 10-year period. The Århus department was set up in April 2000, primarily to be represented in one more area with close concentration of qualified engineers.

The Group's most recent action area is represented by the wireless technology IEEE802.11a, which uses the license free 5GHz frequency. The IEEE802.11a technology can show transmission speed of up to 54 Mbit/sec. and is expected to create completely new perspectives for wireless network solutions in offices as well as in private homes. In November 2001, RTX Telecom entered into a cooperative agreement with American Resonext Communications which is one of the pioneers within design of integrated circuits to the technology. With this, RTX Telecom will be able to offer reference designs and design assistance to Resonext's customers and to the Group's own customers.

### **Prospects**

The recession in international economy and the present slackening among several of the Group's customers within telecommunications will naturally damp the Management's expectations for turnover and earnings for the financial year 2001/02. The Management does not expect the market situation of the RTX Telecom Group to normalise until at the end of the financial year 2001/02.

According the Group's Management, there is still great potential for application of wireless telecommunications solutions as the market is characterised by substantial growth potential in connection with the increasing integration of telephony and data transmission. To utilize this potential, the Group also plans in the years ahead to use substantial amounts of resources on the development of advanced technologies for its own account. The Group aims at intensifying the development of the Group's technologies, including CDMA, TD-SCDMA, Bluetooth™ and IEEE802.11a.

At 30 September 2001, RTX Telecom had signed contracts in progress for development projects amounting to DKK 76 million of which DKK 50 million was invoiced and recognised at 30 September 2001. Since the expiry of the financial year 2000/01 and up to 1 December 2001, the RTX Telecom has entered into development contracts for a further DKK 27 million.

The development in royalty income is expected to be positive in 2001/02 as several important development projects within new technologies have been completed as well as supplied to the customers. Royalty payments are usually based on the number of produced units.

The company's turnover on selected OEM products etc. within niches is expected to remain unchanged. Sales mainly include DECT repeaters, Bluetooth™ RF testers and ISDN DECT-base stations.

On the above basis, the Management expects that in the financial year 2001/02 the RTX Telecom Group will realise a net turnover of approx. DKK 200 million, a profit before investment income and expenses of approx. DKK 10 million and a profit after tax of approx. DKK 15 million. These estimates are based on consistent accounting policies in the Group. The Group operates in a highly volatile market and even small fluctuations in net turnover may have a considerable impact on the realized profit before investment income and expenses. Net turnover and net profit are not expected to be equally divided between the first and the second half-years of the financial year ending 30 September 2002.

In the past financial year there have been examples of on-going contract negotiations having been postponed. Therefore it cannot be precluded that expectations for income from development contracts will not be fulfilled in the present financial year. The delay of a milestone payment of a development contract may for instance have a considerable negative impact on earnings.

On the other hand, it is the Management's opinion that large international companies within telecommunications will focus on their own core competence in the future and at the same time source out special competence to a higher extent. These organisational adjustments which can be expected in these companies are presumed to be an advantage for development companies with special competence, including RTX Telecom.

## Decisions of the Board of Directors and proposals for the general meeting

### Quarterly reports

For the present, the Board of Directors has decided not to submit quarterly reports. The Board of Directors is of the opinion that a comparison between the Group's quarterly reports can show considerable fluctuations and will in some cases fail to give an adequate view of the Group's assets and liabilities, financial position and results.

### Own shares

It is recommended to the general meeting that until the next ordinary general meeting the Board of Directors 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 time of the purchase with a deviation of up to 10%.

### Employee shares

In pursuance of paragraphs 6.3 and 6.2 of the Articles of Association, the Board of Directors decided on 13 December 2001 to issue employee shares with a nominal value of up to DKK 250,000, equal to up to 50,000 shares of DKK 5 each. The employee shares are allotted among all the Group's employees according to seniority on the allotment date on 7 January 2002. Subscription for employee shares is made at a favourable price fixed at 20% of the listed price "all transactions" at 7 January 2002.

### Issue of warrants

In pursuance of paragraphs 7.5 to 7.8 of the Articles of Association, the Board of Directors decided on 13 December 2001 to issue warrants to employees in the Group for a nominal value of DKK 675,000, equal to 135,000 shares of DKK 5. The issued warrants account for approx. 1.5% of the company's share capital. The price of exercising the warrants will be the listed price "all transactions" at 7 January 2002. The warrants have been issued for employees in the Group without pre-emption right to the company's other shareholders. Further, the Board of Directors have adopted the related share capital increase.

### Dividend and appropriation of profit

For the previous financial year 1999/00 no dividend was distributed to the Company's shareholders.

On the basis of the development in the financial year 2000/01 the Board of Directors proposes that no dividend is paid out for the past financial year. This decision is in accordance with what was informed in connection with the Company's application for listing in June 2000.

The Board of Directors proposes the loss for the year be appropriated as follows:

	<u>DKK '000</u>
Carried forward to revaluation reserves	1,515
Brought forward from retained profits	-5,801
	<b>-4,286</b>

Yours sincerely

Poul Lind  
Chairman of the Board

Jørgen Elbæk  
Managing Director

## ENCLOSURE

- Profit and loss account
- Changes in shareholders' equity
- Balance sheet
- Cash flow statement
- Distribution of turnover

## PROFIT AND LOSS ACCOUNT

DKK '000	Group		Parent company	
	2000/01	1999/00	2000/01	1999/00
<b>Net turnover</b>	<b>175,888</b>	<b>168,095</b>	<b>171,884</b>	<b>168,095</b>
Cost of goods sold	(49,821)	(45,434)	(49,821)	(45,434)
Other external expenses	(45,608)	(25,094)	(44,247)	(25,094)
Staff costs	(95,028)	(57,134)	(91,911)	(57,134)
Depreciation/amortisation	<u>(7,340)</u>	<u>(4,450)</u>	<u>(6,517)</u>	<u>(4,450)</u>
<b>Results before investment income/expenses</b>	<b>(21,909)</b>	<b>35,983</b>	<b>(20,612)</b>	<b>35,983</b>
Results before tax in subsidiary	0	-	(1,264)	-
Investment income	19,384	6,158	19,326	6,158
Investment expenses	<u>(3,563)</u>	<u>(1,228)</u>	<u>(3,538)</u>	<u>(1,228)</u>
<b>Results before taxation</b>	<b>(6,088)</b>	<b>40,913</b>	<b>(6,088)</b>	<b>40,913</b>
Tax on results for the year	<u>1,802</u>	<u>(13,081)</u>	<u>1,802</u>	<u>(13,081)</u>
<b>RESULTS FOR THE YEAR</b>	<b><u>(4,286)</u></b>	<b><u>27,832</u></b>	<b><u>(4,286)</u></b>	<b><u>27,832</u></b>

## CHANGES IN SHAREHOLDERS' EQUITY

DKK '000

Shareholders' equity at the beginning of the year	372,389	42,252	372,389	42,252
Capital increase	234	300,855	234	300,855
Tax on equity entries	874	1,450	874	1,450
Results for the year	<u>(4,286)</u>	<u>27,832</u>	<u>(4,286)</u>	<u>27,832</u>
<b>Shareholders' equity at the end of the year</b>	<b><u>369,211</u></b>	<b><u>372,389</u></b>	<b><u>369,211</u></b>	<b><u>372,389</u></b>

**BALANCE SHEET AT 30 SEPTEMBER 2001**  
**ASSETS**

DKK '000	Group		Parent company	
	2000/01	1999/00	2000/01	1999/00
Licence rights	300	400	300	400
Goodwill	16,301	0	0	0
Deposits	867	135	867	135
<b>Total intangible fixed assets</b>	<b>17,468</b>	<b>535</b>	<b>1,167</b>	<b>535</b>
Land and buildings	43,108	39,192	43,108	39,192
Machinery and equipment	13,588	10,400	12,820	10,400
Assets under construction	13,517	0	13,517	0
<b>Total tangible fixed assets</b>	<b>70,213</b>	<b>49,592</b>	<b>69,445</b>	<b>49,592</b>
Investment in subsidiary	0	0	14,239	0
<b>Total fixed asset investments</b>	<b>0</b>	<b>0</b>	<b>14,239</b>	<b>0</b>
<b>TOTAL FIXED ASSETS</b>	<b>87,681</b>	<b>50,127</b>	<b>84,851</b>	<b>50,127</b>
Raw materials and consumables	677	628	677	628
Finished goods and goods for resale	3,109	2,985	3,109	2,985
<b>Total stocks</b>	<b>3,786</b>	<b>3,613</b>	<b>3,786</b>	<b>3,613</b>
Deferred tax assets	160	0	0	0
Debtors	51,180	50,399	49,300	50,399
Amount owed by subsidiary	0	0	85	0
Corporation tax	10,004	0	10,004	0
Other debtors	10,205	10,571	10,205	10,571
Prepayments and accrued income	737	779	723	779
<b>Total debtors</b>	<b>72,286</b>	<b>61,749</b>	<b>70,317</b>	<b>61,749</b>
<b>Securities</b>	<b>210,300</b>	<b>207,111</b>	<b>210,300</b>	<b>207,111</b>
<b>Cash at bank and in hand</b>	<b>55,270</b>	<b>99,869</b>	<b>52,042</b>	<b>99,869</b>
<b>TOTAL CURRENT ASSETS</b>	<b>341,642</b>	<b>372,342</b>	<b>336,445</b>	<b>372,342</b>
<b>TOTAL ASSETS</b>	<b>429,323</b>	<b>422,469</b>	<b>421,296</b>	<b>422,469</b>

**BALANCE SHEET AT 30 SEPTEMBER 2001**  
**LIABILITIES**

DKK '000	Group		Parent company	
	<u>2000/01</u>	<u>1999/00</u>	<u>2000/01</u>	<u>1999/00</u>
Share capital	45,482	45,428	45,482	45,428
Share premium account	293,701	293,521	293,701	293,521
Revaluation reserves	2,451	936	2,451	936
Retained profit	<u>27,577</u>	<u>32,504</u>	<u>27,577</u>	<u>32,504</u>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b><u>369,211</u></b>	<b><u>372,389</u></b>	<b><u>369,211</u></b>	<b><u>372,389</u></b>
Deferred tax	0	2,789	218	2,789
Other provisions	<u>400</u>	<u>0</u>	<u>400</u>	<u>0</u>
<b>TOTAL PROVISIONS</b>	<b><u>400</u></b>	<b><u>2,789</u></b>	<b><u>618</u></b>	<b><u>2,789</u></b>
Mortgage debt	28,584	14,600	28,584	14,600
Trade creditors	<u>6,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total long-term creditors</b>	<b><u>34,584</u></b>	<b><u>14,600</u></b>	<b><u>28,584</u></b>	<b><u>14,600</u></b>
Current portion of long-term creditors	917	499	917	499
Trade creditors	4,821	15,015	4,687	15,015
Corporation tax	0	5,824	0	5,824
Other creditors	<u>19,390</u>	<u>11,353</u>	<u>17,279</u>	<u>11,353</u>
<b>Total short-term creditors</b>	<b><u>25,128</u></b>	<b><u>32,691</u></b>	<b><u>22,883</u></b>	<b><u>32,691</u></b>
<b>TOTAL LIABILITIES</b>	<b><u>59,712</u></b>	<b><u>47,291</u></b>	<b><u>51,467</u></b>	<b><u>47,291</u></b>
<b>TOTAL LIABILITIES, PROVISIONS AND EQUITY</b>	<b><u>429,323</u></b>	<b><u>422,469</u></b>	<b><u>421,296</u></b>	<b><u>422,469</u></b>

## CASH FLOW STATEMENT

DKK '000	Group		Parent company	
	2000/01	1999/00	2000/01	1999/00
Results before investment income/expenses	(21,909)	35,983	(20,612)	35,983
Depreciation	7,340	4,450	6,517	4,450
Change in working capital	<u>(2,703)</u>	<u>(29,868)</u>	<u>(3,139)</u>	<u>(29,868)</u>
<b>Cash flow from ordinary operations</b>	<b>(17,272)</b>	<b>10,565</b>	<b>(17,234)</b>	<b>10,565</b>
Net interest and exchange gains	15,821	4,930	15,788	4,930
Corporation tax paid	<u>(16,102)</u>	<u>(9,922)</u>	<u>(16,102)</u>	<u>(9,922)</u>
<b>Cash flow from operations</b>	<b>(17,553)</b>	<b>5,573</b>	<b>(17,548)</b>	<b>5,573</b>
Net payments to acquire intangible fixed assets	(17,736)	(135)	(732)	(135)
Net payments to acquire tangible fixed assets	(27,157)	(19,078)	(26,269)	(19,078)
Fixed asset investments	<u>0</u>	<u>0</u>	<u>(15,125)</u>	<u>0</u>
<b>Cash flow from investments</b>	<b>(44,893)</b>	<b>(19,213)</b>	<b>(42,126)</b>	<b>(19,213)</b>
Raising of long-term loans	21,000	0	15,000	0
Instalments on long-term liabilities	(598)	(468)	(598)	(468)
Proceeds from capital increase	634	300,855	634	300,855
Dividend paid during the year	<u>0</u>	<u>(5,500)</u>	<u>0</u>	<u>(5,500)</u>
<b>Cash flow from financing</b>	<b>21,036</b>	<b>294,887</b>	<b>15,036</b>	<b>294,887</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(41,410)</b>	<b>281,247</b>	<b>(44,638)</b>	<b>281,247</b>
Cash and cash equivalents at 1 October	<u>306,980</u>	<u>25,733</u>	<u>306,980</u>	<u>25,733</u>
<b>CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER</b>	<b><u>265,570</u></b>	<b><u>306,980</u></b>	<b><u>262,342</u></b>	<b><u>306,980</u></b>



## NET TURNOVER

### Net turnover by business areas

DKK '000	<u>2000/01</u>	<u>Share</u>	<u>1999/00</u>	<u>Share</u>
Development tasks	88,157	50%	82,102	49%
Royalty	12,101	7%	22,490	13%
Own products etc.	<u>75,630</u>	<u>43%</u>	<u>63,503</u>	<u>38%</u>
<b>Total</b>	<b><u>175,888</u></b>	<b><u>100%</u></b>	<b><u>168,095</u></b>	<b><u>100%</u></b>

### Net turnover by geographical areas

DKK '000	Group		Parent company	
	<u>2000/01</u>	<u>1999/00</u>	<u>2000/01</u>	<u>1999/00</u>
Denmark	47,352	34,863	43,348	34,863
Other European countries	95,154	114,641	95,154	114,641
Asia	27,155	13,725	27,155	13,725
North America	<u>6,227</u>	<u>4,866</u>	<u>6,227</u>	<u>4,866</u>
<b>Total</b>	<b><u>175,888</u></b>	<b><u>168,095</u></b>	<b><u>171,884</u></b>	<b><u>168,095</u></b>

### Development contracts in progress

Signed development contracts in progress can be specified as follows:

Contract sum	75,848	61,859	73,729	61,859
Hereof invoiced and booked as income at 30 September 2001	<u>(49,725)</u>	<u>(32,054)</u>	<u>(48,583)</u>	<u>(32,054)</u>
	<b><u>26,123</u></b>	<b><u>29,805</u></b>	<b><u>25,146</u></b>	<b><u>29,805</u></b>

This announcement 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 cooperators and exchange rate and interest rate fluctuations, etc. Risk and uncertainty factors are further described in the financial statements for 1999/00 and will be described in more detail in the financial statements for 2000/01.

This announcement of the financial statements for 2000/01 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.