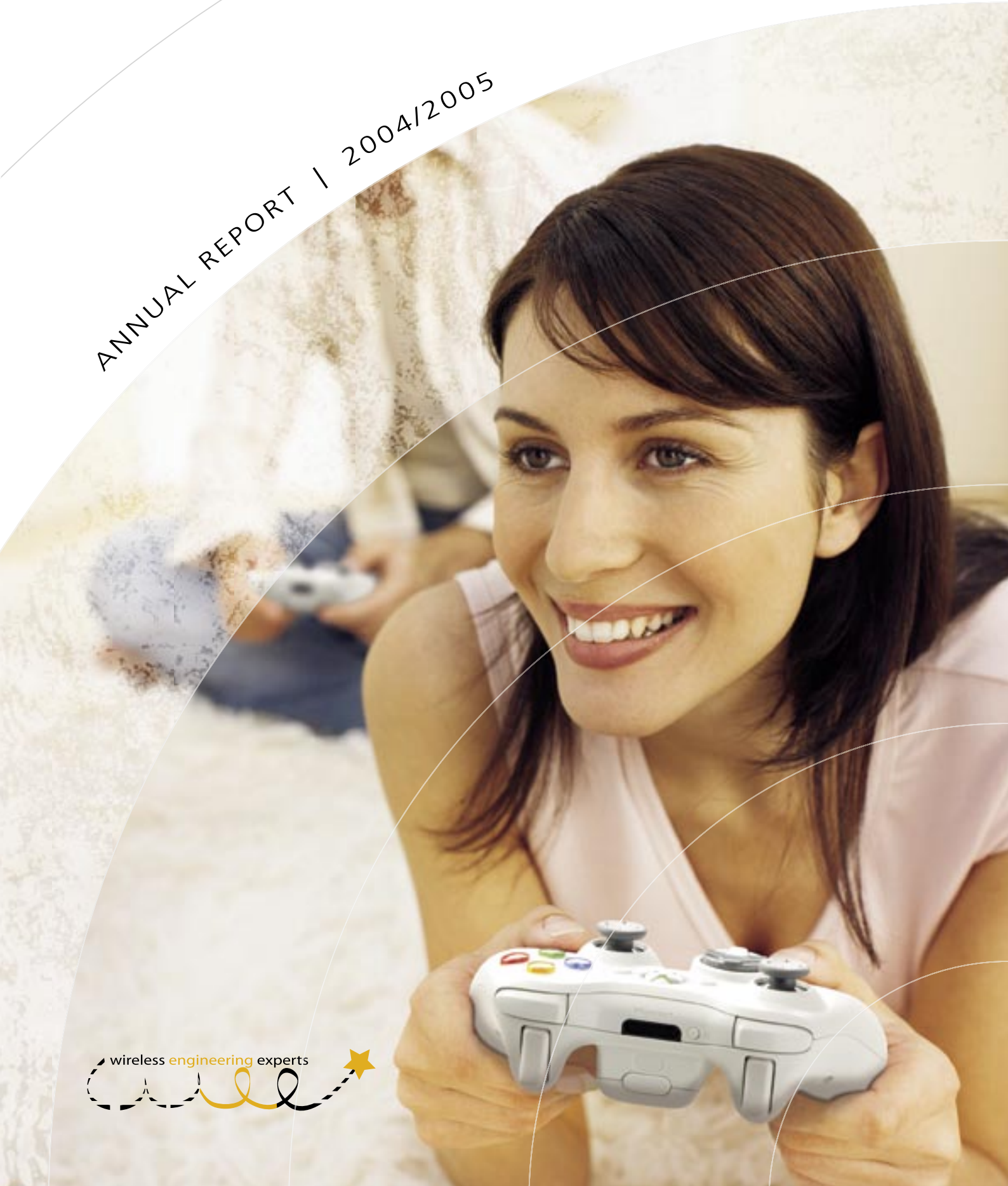


ANNUAL REPORT | 2004/2005



RTX TELECOM IN BRIEF

Company profile and business idea

RTX Telecom is an international-oriented Group which develops and sells advanced and high-technological wireless development projects and products, including cordless telephones, Bluetooth™-headsets and mobile phones. The Group covers several business links in the telecom industry's value chain.

The customers' preferred supplier

It is RTX Telecom's objective to be the customers' preferred supplier of advanced solutions within wireless technologies, including in particular DECT, DCT 2.4GHz, Bluetooth™, GSM/GPRS, CDMA, TD-SCDMA and WLAN. The Group seeks to create value growth for the customers' business areas by means of flexibility, short reaction time, high quality and thorough knowledge of the customers' production process and market conditions.

Resale of basic technology

The Group aims to provide the same basic technology to different customers enabling the customers to obtain competitive prices and shorter time-to-market.

Business partners

RTX Telecom constantly strives to build up strong cooperative relations with important chip suppliers of wireless technologies. In this way, RTX Telecom obtains a unique and early access to state-of-the-art technology and global sales channels.

Employees

The Group companies aim to be attractive places to work for their employees by offering competitive terms of employment, by promoting both a professional and social working environment in an efficient, flexible and knowledge-based organisation. It is a constant wish to enhance the technological skills of the organisation within the disciplines SW, HW, RF, Silicon IP, project management, and the capability of handling production and tests by goal-directed recruiting, training, efficient knowledge sharing and retention of skilful employees.

Technological and market flexibility

The Group recruits and trains the employees with special reference to obtain the greatest possible synergy and flexibility between development projects within different technologies and market areas.

Financial flexibility and financial resources

Maintaining financial strength, stability and flexibility is a key factor in RTX Telecom's strategy of being able to invest substantial resources in the Group's future growth.

Strategic acquisitions

RTX Telecom wants to maintain its position as one of the leading suppliers of advanced and high-technological wireless communication solutions. The company currently looks at the possibilities of making strategic acquisitions and investments to strengthen this position.

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FINANCIAL HIGHLIGHTS AND KEY RATIOS OF THE GROUP

DKKm	2000/01	2001/02	2002/03	2003/04	2004/05
Profit and loss account					
Net turnover	186.3	214.0	178.9	222.0	317.2
Cost of sales, etc	49.8	35.2	30.2	77.8	137.8
Gross profit	136.5	178.8	148.7	144.2	179.4
Staff costs	95.0	103.0	109.9	100.7	123.9
Other external expenses	45.6	48.2	40.1	54.3	49.2
Depreciation, amortisation and write-down	7.4	10.0	10.8	19.9	11.4
Profit/loss before financial income and expenses (EBIT)	-11.5	17.6	-12.1	-30.7	-5.1
Net financials	15.8	8.8	7.8	5.9	4.0
Profit/loss before tax and extraordinary items	4.3	26.4	-4.3	-24.8	-1.1
Income taxes	1.6	8.4	-0.8	-7.5	0.8
Profit/loss for the year¹⁾	2.7	18.0	-3.5	-17.3	-1.9
Balance sheet					
Intangible assets	16.6	14.8	10.5	6.4	11.6
Tangible fixed assets	70.2	108.7	104.4	102.0	98.4
Fixed asset investments	0.9	14.9	14.9	15.0	20.0
Fixed assets	87.7	138.4	129.8	123.4	130.0
Inventories	3.8	5.3	5.2	5.3	23.0
Receivables	51.2	42.7	35.9	51.3	98.5
Other receivables	23.3	22.5	31.4	35.9	31.3
Cash and current asset investments	265.6	263.1	291.3	231.2	161.5
Current assets	343.9	333.6	363.8	323.7	314.3
Assets	431.6	472.0	493.6	447.1	444.3
Share capital	45.5	45.7	47.0	47.0	47.0
Reserves	320.2	339.2	345.4	327.9	318.6
Equity	365.7	384.9	392.4	374.9	365.6
Provisions	0.4	2.9	0.3	6.0	1.2
Long-term liabilities other than provisions	34.6	45.5	43.6	28.2	28.5
Short-term liabilities other than provisions	30.9	38.7	57.3	38.0	49.0
Provisions and liabilities	65.9	87.1	101.2	72.2	78.7
Equity and liabilities	431.6	472.0	493.6	447.1	444.3
Cash flow statement					
Cash flows from operations	-18.2	40.4	26.4	-30.5	-47.2
Cash flows from investments	-44.9	-60.7	-2.2	-13.6	-17.9
Cash flows from financing activities	21.7	17.8	4.0	-16.0	-6.9
Increase/decrease in cash during the period	-41.4	-2.5	28.2	-60.1	-72.0
Key ratios					
Growth in net turnover (percentage)	16.5	14.8	-16.4	24.1	42.9
Profit margin (percentage)	-6.2	8.2	-6.8	-13.8	-1.6
Return on invested capital (percentage)	-11.1	13.5	-7.2	-19.9	-2.1
Return on equity (percentage)	0.7	4.8	-0.9	-4.5	-0.5
Equity ratio (percentage)	84.7	81.6	79.5	83.8	82.3
Average number of shares ²⁾ ('000)	9,105	9,260	9,384	9,580	9,406
Employment					
Number of employees, end of period	237	246	219	248	244
Average number of employees	207	236	244	225	249
Net turnover per employee (DKK '000)	900	907	733	987	1,274
Profit/loss before financial income and expenses per employee (DKK '000)	-55	74	-50	-136	-21
Share data, DKK per share at DKK 5					
Profit/loss for the year (EPS)	0.3	1.9	-0.4	-1.8	-0.2
Cash from operations	-2.0	4.4	2.8	-3.2	-5.0
Equity value	40.2	41.6	41.8	39.1	38.9
Dividends	0.0	0.0	0.0	0.0	0.0
Payout ratio (percentage)	0.0	0.0	0.0	0.0	0.0

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

The stated key ratios have been calculated in accordance with "Recommendations and Ratios 2005" issued by the Danish Association of Financial Analysts.

1) The Group's extraordinary items amounted to DKK 0 in the stated financial statements.

2) Included employees which, upon full conversion, can be converted into 121,000 shares at DKK 5 in the period 20 January 2006 to 4 February 2009.

COMPANY

RTX Telecom A/S

Stroemmen 6
9400 Noerresundby
Denmark

Central Business Registration No.: 17 00 21 47
Domiciled in: Aalborg, Denmark



SUPERVISORY BOARD	OCCUPATION
Poul Lind, Chairman	Managing Director of NESA A/S Member of the Group Executive Board of Elsam A/S Chairman of the Supervisory Board of Nesa Net A/S Chairman of the Supervisory Board of Nesa Forsyning A/S Chairman of the Supervisory Board of Nesa EI A/S Chairman of the Supervisory Board of Nesa Vind A/S Member of the Supervisory Board of Nesa A/S Member of the Supervisory Board of MT Højgaard a/s
Per Møller, Deputy Chairman	Managing Director of Højgaard Holding A/S Chairman of the Supervisory Board of MT Højgaard a/s Chairman of the Supervisory Board of Atrium Partners A/S Chairman of the Supervisory Board of Det Danske Klasselotteri A/S Chairman of the Supervisory Board of Superfos Aerosol GmbH Chairman of the Supervisory Board of Glunz & Jensen Fonden Member of the Supervisory Board of Glunz & Jensen A/S Member of the Supervisory Board of BioMar Holding A/S
Peter Christensen, Employee Representative	Development Manager of RTX Telecom A/S
Dennis Elgaard, Employee Representative	Sales Manager of RTX Telecom A/S
Jens Hansen	Member of Strategic Technology Group of RTX Telecom A/S Managing Director of JH Venture A/S Chairman of the Supervisory Board of Futarque A/S Member of the Supervisory Board of JH Venture A/S
Jens Toftgaard Petersen	Head of Strategic Technology Group of RTX Telecom A/S
John R. Phelps	Vice President and General Manager Europe of National Semiconductor, Germany
Mogens Westeraa	Consultant

EXECUTIVE BOARD	OCCUPATION
Jørgen Elbæk	Managing Director of RTX Telecom A/S Member of the Supervisory Board of Aalborg Universitet Member of the Supervisory Board of Nordjyske Holding A/S Member of the Supervisory Board of Futarque A/S Member of the Supervisory Board of LitePoint Corporation, USA

AUDITORS	
Deloitte Statsautoriseret Revisionsaktieselskab	Mortensen & Beierholm Statsautoriseret Revisionsaktieselskab



**WELCOME TO A
WIRELESS OP**



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WORLD OF PORTUNITIES >>

MANAGEMENT'S REVIEW

The financial year 2004/05 has been characterised by a continued high activity level within the Group. There has, not least, been significant growth in sales of the Group's own products.

Considerable resources have been used to broaden the programme for own products, both products developed and produced prior to possible receipt of actual customer orders (own distributed products) and products developed and produced subsequent to receipt of fixed orders from customers (OEM/ODM products). This development effort has been carried out in accordance with the Group's strategy to supplement the Group's earnings from customer-based development projects and royalty with earnings from sale of own developed wireless niche products.

In the past financial year, the Group has successfully introduced several new innovative niche products, including the new USB DUALphone as well as GSM modules for installation in telephone systems, for remote reading as well as systems for monitoring and alarms, etc. Moreover, the Group has introduced variations of the wireless telephone line extender (TLE) which is produced and delivered to new markets, in particular in Europe and North America.

Based on fixed delivery orders, many resources have been used, in the financial year, on development of a number of products which are to be delivered to an IP based DECT Wireless Local Loop (WLL) system in Romania.

Moreover, during the financial year 2004/05, the Group has executed substantial deliveries of test instruments and test equipment, for instance including a complete test solution for Microsoft. The test solution has comprised development, production and delivery of test and measurement instruments for production test of the wireless part of Microsoft's games console Xbox 360™.

The considerable resources invested in own development have burdened the profit and loss account in the past financial year. In return, the revenue basis from own products has been significantly strengthened as a result of the development efforts. The Group expects that these products will contribute to net turnover and earnings in the financial years ahead.

The following main points relating to the Group appear from the annual report for 2004/05:

- Net turnover has been increased by 42.9% and amounts to DKK 317.2 million compared to DKK 222.0 million last year.
- Profit/loss before financial income and expenses (EBIT) amounts to a negative DKK 5.1 million compared to a negative DKK 30.7 million last year.
- The profit/loss after tax amounts to a negative DKK 1.9 million compared to a negative DKK 17.3 million in 2003/04.
- RTX Telecom entered during the financial year into an agreement on delivery of test instruments and test equipment for Microsoft at a double-digit multi-million sum in Danish kroner.
- The RTX Telecom Group received during the financial year orders from Atlas Telecom Network Romania for delivery of wireless DECT products for an IP based DECT Wireless Local Loop (WLL) system.
- In the financial year 2005/06, the Group will continue to invest a considerable amount in development of own products. These investments are expected to burden the profit and loss account in all essentials.
- The Management expects a net turnover of DKK 350 - 380 million and a profit/loss before financial income and expenses (EBIT) in the interval DKK 5 million to DKK 20 million for the financial year 2005/06.

MARKET DEVELOPMENT

Market trends

There is still a very intense competition among the various suppliers within the telecom industry. The Group assesses that the individual market segments still will develop with differentiated growth rates and competitive conditions.

The market's and the customers' focus on reducing cost prices have had an effect on RTX Telecom's sales opportunities. During the year, it has been necessary to operate with different business models, and the Management expects this trend to continue. Negotiations with potential customers on new projects are still characterised by uncertainty among the customers, both regarding specifications of the products and expectations to the market.

Therefore, the customers still make cautious decisions regarding start-up of products and though, during the year, increased activity was detected in customer negotiations on new development projects, the financial year as a whole was characterised by customers' cautious and rather long decision-making process.



We strive to create value and growth for our customers

However, there are segments in the market where large market interest and development is noted. An example of a growth area is VoIP (Voice over Internet Protocol), which by now attract great attention in the media and on the market. The market development for this segment has been positive for RTX Telecom and both through new product launches as well as through offers for development services, the Group is in the process of building a prominent position within the VoIP technology.

During the past financial year, RTX Telecom has focused extensively on reducing the Group's dependence on customer-financed development projects. The Group has maintained a strategy with an aim where the Group's earnings from customer-financed development contracts must be maintained and supplemented with development, production and delivery of a number of the Group's own ODM products (finished brand products) either marketed by RTX Telecom's customers or concerning selected products, sold via the Group's own distribution network. In 2004, this development led to the establishment of the wholly-owned subsidiary RTX Products A/S which is now responsible for the Group's high priority production, sale and distribution of wireless niche products, including OEM/ODM products and own distributed products. This part of the Group's business development is mentioned below under the sections "OEM/ODM products" and "Own distributed products".

Competition

The difficult market trends within some of the Group's business areas have forced a number of the Group's competitors to reduce prices of development services and chips considerably. This development has also affected RTX Telecom's competitive situation, therefore RTX Telecom must constantly enhance the efficiency of its output and performance in order to stay competitive regarding quality and efficiency - also in relation to competitors from lower-paid countries.

RTX Telecom aims to maintain its overall objective that all projects are to generate profits. To meet this objective, the Group has together with its technological partners, e.g. SiTel Semiconductor, Holland (previously part of National Semiconductor) continuously taken initiatives during recent years to attract potential new customers. These initiatives have been taken in order to offer the customers high quality in deliveries at favourable prices.

New market trends

The interest in Wireless Multimedia and IP telephony is increasing which is reflected in various specific inquiries and customer orders placed with RTX Telecom for integration of the Group's technologies within these new product solutions. RTX Telecom's extensive experience in development of wireless telephones has proven large competitiveness within this technology area.





Pocket receiver for RTX's Wireless Music System

» During the year, the Group has engaged in cooperation with Skype who is currently the world's largest provider of Internet telephony. In October 2004, RTX Telecom has launched the world's first wireless telephone, USB DUALphone which both supports Skype's Internet telephony as well as the wired telephone network (PSTN). The cooperation with Skype is expected to be extended with new products which have not yet been introduced into the market.

The delay in the penetration of 3G network for mobile telephony has become visible during the financial year 2004/05. However, during recent years an increased interest has been noted in the use of various W-LAN technologies in 3G/4G similar systems. Teleoperators therefore feel compelled to offer new and new products directed towards different end-user segments. Applications and services using the facility of packet data transmission are gaining ground at the same time as the occurrence of increasingly complex terminals.

RTX Telecom is still in a position to handle projects within all these different markets and technologies.

IMPORTANT EVENTS IN THE FINANCIAL YEAR

In October 2004, the RTX Telecom Group has entered into an agreement with Nesa in relation to delivery of 20,000

communication modules for remote reading of Smart Read™ electricity meters and for monitoring of the supply voltage. With this module, Nesa can perform continuous and precise remote readings of electricity meters as well as compute and charge the customers for their exact power consumption. The communication module transfers the meter readings to Nesa via a GSM/GPRS unit.

In March 2005, RTX Telecom has entered into an agreement with a large international group on development of a wireless telephone system for use in small and medium-sized companies. The system will be launched on the market via the customer's existing distribution network on the North American market.

In May 2005, RTX Telecom has entered into an agreement with Microsoft on substantial deliveries of test instruments and test equipment for Microsoft. The deliveries have been executed in the second half of the financial year 2004/05. The test equipment is used for production test of, for instance, a wireless unit developed by RTX Telecom for Game Pad for Xbox 360™. The product is now produced in China and the RTX Telecom Group has solved the task on development, production and delivery of a measuring instrument which tests the wireless part of the product. RTX Telecom has also delivered total test racks, including software for control and logging of production data.

The agreement was an expansion of an existing co-operation with Microsoft.

At the beginning of the financial year, the RTX Telecom Group has entered into agreements with Atlas Telecom Network Romania on development, production and delivery of several different wireless DECT products which are to be used by the end-users in Atlas Telecom Network's DECT system. This system will provide customers in Romania and, in the long term, customers in central European countries with an inexpensive and effective telephone service based on wireless connections for the individual subscribers. The agreements represent a double-digit million sum in Danish kroner and they are based on ODM supply agreements. According to the agreements, the RTX Telecom Group has been assigned the responsibility for development and production whereas the customer handles sales, distribution and after sales services. The RTX Telecom Group's production will be handled via sub-suppliers. Deliveries are expected to be ongoing for several years in line with the customer's extension of the DECT system.

In May 2005, the RTX Telecom Group has received additional orders from Atlas Telecom Network Romania, this time it regarded the infrastructure of the DECT system, specifically designated DECT base stations for outside mounting and signal distribution units/GPS time synchronisation units. The entire infrastructure is based on IP and uses the SIP protocol. Talk is handled as Voice over IP (VoIP). This allows for an inexpensive system with almost unlimited expansion possibilities and with features that otherwise are only known from mobile telephone systems. Delivery of the first of these infrastructure products is expected to take place in the first six months of the financial year 2005/06.

The co-operation with Atlas Telecom Network has been extended further in August 2005 as an agreement has been entered with the customer on development, production and delivery of a wireless DECT phone which is to be a part of Atlas Telecom Network's DECT system. The product is an advanced DECT handset which allows for full mobility within the entire DECT system's coverage. Deliveries are expected to be ongoing for several years, commencing at the end of the financial year 2005/06.

In August 2005, RTX Telecom has signed two important agreements on distribution of the Group's Skype compatible USB DUALphone. A royalty based distribution agreement has been entered with Giant Wireless Technology Ltd., Hong

Kong concerning certain Asian countries as well as a distribution agreement has been entered with Brightpoint, Inc., USA which is an important distributor of telecommunications products on the American Market. The latter distribution agreement covers the American market.

BUSINESS STRATEGY AND BUSINESS DEVELOPMENT

Development projects

The Group's efforts to enter into new customer-financed development contracts have also been intensive during the past financial year. The sales department assisted by the development department has carried out intense sales efforts and cultivation of customers. The efforts have resulted in the attraction of new customers within new market segments.

The Group's potential customers are for instance large international companies which either require to use their development resources on tasks within the building of core competences or which seek technology solutions with high knowledge content from a developer, for instance RTX Telecom. Moreover, RTX Telecom has potential customers among smaller market actors which seek wireless solutions, however they do not have the necessary internal development competences themselves.

The sales department has kept focus on maintaining and extending the cooperation with existing customers, which for instance takes place as described in the Group's key account programme.

RTX Telecom has intensified the sale to customers who, besides actual development projects, also request production and delivery of products. With the significant growth in net turnover of products which is realised in 2004/05, RTX Telecom feel well-positioned to handle both development and production via RTX Telecom's long-term cooperation with a number of Electronic Manufacturing Services (Contract Manufacturers) in Europe and the Far East.

The marketing efforts have been adjusted to the individual technology and market areas.

Royalty

RTX Telecom experiences continued intense competition and as a consequence with it a growing pressure in the market for steady lower costs. In order to lead potential customers through a difficult decision-making process, the Company has deliberately offered selected customers a lower payment





RTX's LAN Cordless DUALphone to be launched in the beginning of 2006

» for execution of the development projects in return for a royalty increase.

The change in payment profile involves a risk that total payments for these development projects will be lower if the products are not successful on the market. However, it is the Group's assessment that there are still good possibilities of maintaining the present level of earnings concerning royalty. In the long term, the Group expects increasing royalty income.

OEM/ODM products

The strategy for this business area is that the Group develops and supplies innovative quality products with a large technological content created by the competences already present in the Group.

For some years, the Group has successfully developed and produced OEM/ODM products, for instance including DECT repeaters for Siemens as well as wireless telephone line extender (TLE) for important "pay-per-view" suppliers, for in-

stance Foxtel and SKY Italia. This type of product is marketed and distributed by the customers, and RTX Telecom's development of the products is carried out in close cooperation with the customers.

OEM/ODM products are typically only produced according to fixed customer orders which, in relative terms, limits the Group's risks and tie-up of money in relation to the product sales compared to the stocking of finished products and the sale of the products through the Group's own distribution network.

The following will include examples of OEM/ODM products.

DECT Repeater

This product has been marketed and sold throughout several years. In 2004/05 a third generation repeater has been developed and this ensures the product's competitiveness as well as the compliance of directives which regulate the environmentally compatible production and the handling of electronic equipment (the RoHS and WEEE directives). This is a niche product which only has the interest of a few individual DECT producers.

In 2004/05, more new product versions have been introduced into the market which has resulted in a positive development in sales.

Wireless telephone line extender (TLE)

The wireless telephone line extender makes it possible for "pay-per-view" television suppliers to establish a backward channel from the customers' satellite set-top boxes. Isolated the satellite signal will not make it possible to establish a backward channel to the operator, however via the wireless telephone line extender a modem connection is established and thereby it is possible to establish the required backward channel. The backward channel is a necessary facility enabling the customers to order "pay-per-view" services or to participate in provided interactive games, etc.

During the year, further development of the wireless telephone line extender has been performed and it is now available in a number of different versions for Europe, USA and Australia. The Group is negotiating with several European and American customers on locally adapted versions of the product.

IP-DECT Wireless Local Loop system (WLL)

In close co-operation with Atlas Telecom Network Romania, the Group invests in development and production of an IP

based DECT Wireless Local Loop system (WLL). As supplier, the RTX Telecom Group contributes with development of technological solutions and sub-components as well as delivery of products for a complete DECT based telephone system consisting of an IP interface (Ethernet- and VDSL based) with GPS time synchronisation and remote controlled voltage supply, base stations, repeaters and various telephones and terminals.

The system's vital and central parts build on standard IP components which allows for implementation of an inexpensive and effective telephone system at a price significantly lower than the price for a GSM network, for instance. Primarily, the system has been adjusted for use in eastern and central parts of Europe where some places lack basic telephone systems. The system can, however, also be used in other geographical areas with similar requirements.

Own distributed products

The Group has chosen to increase focus on the area own distributed products partly to obtain a larger financial independence from customer-financed development contracts and partly to lead the way for customers in relation to new product ideas. The own distributed products are in line with the OEM/ODM products characterised by the fact that it is innovative quality products with a considerable knowledge content.

Once the right possibilities appear, the Group intends to extend the programme of own distributed products.

Below, is given an overview of the most important products in the Group's present product portfolio which have already been introduced into the market or which are expected to be introduced in the next financial year.

USB DUALphone

The cooperation with Skype has been extended during the year and the wireless USB DUALphone has met the sales expectations since the telephone was introduced in the autumn of 2004. The telephone is currently introduced in approx. 50 countries and the Group expects an increasing but also more competitive market.

The wireless USB DUALphone can be adjusted to so-called "softphones", for instance MSN, Yahoo, SIP, etc and next year the USB DUALphone is expected to be marketed and sold in relation to the continued extension of the market for IP telephony.

LAN Cordless DUALphone

In the past financial year, RTX Telecom has invested significant resources in the development of a SIP based wireless telephone which is introduced in relation to the telecom operators initial transition to IP telephony and the appearance of dedicated Internet Telephony Service Providers (ITSP). In the product development, the Group has chosen to focus on the telecom operators' and the ITSPs' possibilities of offering new services in excess of IP telephony. LAN Cordless DUALphone can for instance show news, e-mails or other information from the Internet. These services provide the ITSP's with the possibility of realising business added value.

The product has attracted good pre-interest among the telecom operators and ITSP's in USA and Europe.

RTX Telecom expects a continued expansion of the product line within VoIP and IP telephony.

Wireless Music System

The Group has developed a combined system for distribution of music with up to six different music programmes. This system can be used in noisy factory buildings where hearing protection is required. At the same time, each user can be contacted individually or as part of a group, for instance as part of the work process or in case of an alarm.

The pre-interest in the system has been strong and it is expected that marketing of the system can be commenced during 2005/06. There are high expectations for the sale of the music system.

2.4 GHz and 5.8 GHz testers based on the WDCT technology

The portfolio of testers has been enlarged to the extend this is considered to be necessary and appropriate. Testers are primarily developed to support the Group customers' production equipment in relation to test of technology developed by the RTX Telecom Group. An example is the RTX2501 tester which is used upon test of wireless control of Microsoft's game pad Xbox 360™.

Production test equipment

For a number of years, the Group has developed production test equipment for use in test of electronics modules and end-tests of the customers' products and the Group's own products. By now, the Group has build up a highly competitive knowledge which benefits the Group within several technological areas. In the financial year 2004/05, there has been



» great activity within this area, however, as a consequence of relatively large customer dependence, the high activity level cannot necessarily be maintained from one financial year to the next financial year. Though, the area still has significant interest to RTX Telecom commercially.

Cooperation with other companies

Besides the wholly-owned subsidiaries RTX Products A/S, RTX Healthcare A/S and RTX America, Inc., RTX Telecom has minority holdings in LitePoint Corporation in San José, California and in Thomsen Bioscience A/S, Nørresundby.

Historically, the cooperation with LitePoint Corporation has partly been at a technological level and partly at a marketing level.

Thomsen Bioscience has rented premises in the RTX Telecom's head office in Nørresundby and the two companies cooperate on the development of a mobile detector of biological substances. Thomsen Bioscience concentrates on collection and detection principles whereas RTX Telecom concentrates on general project management, steering electronics, software and communications section in initiated projects.

TECHNOLOGICAL DEVELOPMENT

In the past financial year, the Group has, besides the basic development of VoIP technology for wireless VoIP telephones and WLL systems, mainly focused on maintaining its position within the technological areas developed so far. As a result of this, the Group has placed relatively less attention to the development of new technological areas during the year.

Wireless telecommunications in general

The market situation of the Group's traditional markets has not changed materially over the past financial year. It still varies from area to area, geographically as well as technologically.

Engineer skills in many third world countries are being upgraded these years. This has resulted in an intensive price competition of development of standard products within wireless technology. The Management sees this development as a challenge and intends to take action to secure the Group's continued competitiveness, for instance by paying special attention to the development of innovative niche products with high knowledge content.

DECT

DECT is a standard for digital wireless telephony which is widely used in Europe, the Middle East, parts of the Far East and in South America. In a slightly modified form this standard has been introduced in USA in the middle of 2005.

Most of the DECT products on the market are used in private households and this market is still dominated by few but large producers such as Siemens, Philips and Panasonic. RTX Telecom has maintained a close strategic cooperation with SiTel Semiconductor, Holland (previously part of National Semiconductor) based on this producer's baseband chip. Through a management buy-out, National Semiconductor has recently divested the activities in the business area comprising development and sale of wireless chipsets to SiTel Semiconductor.

Globally, RTX Telecom is probably the only development company which masters all facets of the DECT technology. RTX Telecom has maintained its strong position within development of advanced products for the DECT market through development of advanced technological solutions with high knowledge content, as for instance a fast response time which is critical regarding wireless communication with games consoles.

Competition on the more simple products has further intensified in the last financial year. The products are increasingly distributed and sold through retail chains and department stores to private consumers.

In the past year, the RTX Telecom Group has developed, or is developing, a number of the essential sub-components necessary to build up an advanced and inexpensive IP-, SIP-, VoIP- and DECT based Wireless Local Loop (WLL) system. The first customer on the system, Atlas Telecom Network, is launching the system in Romania.

In the past financial year, the Group has, as the first company in the world, received approval of products for the new US-DECT frequency band in USA. The frequency area is noted for being free of interference from other wireless technologies. The Group's permission to use the frequency band for DECT similar products is expected to strengthen sale of the Group's DECT products in USA.

The DECT technology has proven to be a viable technology with its suitability within new applications, for instance games and monitoring/alarm. RTX Telecom's possibilities of growth within



Product development for leading brand name manufacturers all over the world

the DECT technology can thereby be strengthened through diffusion of the technology to these new applications.

WDCT (Wireless Digital Cordless Telephony)/ 2.4 GHz/5.8 GHz

WDCT is a DECT similar digital technology placed in the 2.4 GHz or 5.8 GHz frequency bands on the North American market.

RTX Telecom and SiTel Semiconductor can offer flexible module solutions within WDCT under the same concept as the DECT solutions.

Bluetooth™

Bluetooth is the name of a technology standard for short-distance wireless data transmission between different types of intelligent products.

RTX Telecom is still regarded as one of the leading companies within development of Bluetooth™ headset. This development work takes place in close cooperation with the chip supplier Cambridge Silicon Radio (CSR), UK.

During the past financial year, RTX Telecom has continued the cooperation with National Semiconductor on the supply of Intellectual Property for National Semiconductor's Bluetooth™-chips and for various module solutions. The Group

still expects that the common chip solution will contribute with royalty income for RTX Telecom.

Today, the Group has complete knowledge of all areas of the Bluetooth™ technology which means that the Group is able to adapt its solutions precisely to the customers' requests. RTX Telecom has demonstrated several times at the various Bluetooth™ conferences and workshops that RTX Telecom is among the leaders within Bluetooth™ development.

GSM/GPRS

GSM is a second generation (2G) digital mobile phone standard. GPRS and EDGE are 2.5 generation (2.5G) standards capable of handling packet data. WCDMA (UMTS) is a third generation technology (3G).

RTX Telecom maintains its decision not to initiate development of the WCDMA technology by itself.

There is still a very intense competition within production and development of mobile telephones. This has resulted in the fact that RTX Telecom has decided not to enter into development contracts on mobile telephones. On the contrary, focus is directed at the vertical markets where GSM/GPRS can be included as part of a product and where RTX Telecom with its knowledge on various wireless technologies can optimize the total solution for the customer or in own developed products. »

» Within the GSM/GPRS area, RTX Telecom has to a high degree adjusted to serve the demand for industrial special solutions. Demand is driven by several factors at the same time as more and more companies outside the telecom industry ask for wireless communication solutions to cover the requirement for monitoring, alarm and communication. These new customers do not have the necessary experience within telecommunication or with the production of telecom products.

TD-SCDMA

TD-SCDMA is a 3G technology developed by the Chinese technology group Datang Telecom Technology and Industry Group in cooperation with Siemens for the use of the rapidly growing Chinese market. Today, China is the largest market for mobile phones.

The Group's activities within TD-SCDMA has not met the expectations and in the financial year 2003/04 the Group decided to reduce the development activities within the technology temporarily, due to the fact that the Chinese Government continuously postponed the decision on which operators are to receive licences to operate the Chinese 3G network. The reduction of activities is implemented in a way whereby RTX Telecom's key competences and knowledge within TD-SCDMA remain intact and these can subsequently be brought into use and supplemented rapidly into concrete projects.

All development costs incurred so far in relation to the TD-SCDMA activity are continuously charged to the profit and loss account.

RTX Telecom has obtained a good understanding of the problems related to the development of TD-SCDMA products and is ready to develop products as the demand occurs. However, RTX Telecom will not on its own invest further in this technology before there is a clear picture of the future 3G market in China.

RTX Telecom still regards TD-SCDMA as a technology with great potential as well as it is especially suitable for meeting the requirements made by the Chinese market as to capacity and low costs.

WLAN (IEEE802.11)

IEEE802.11a/b/g are a number of standards for wireless data networks. The standards operate in the 2.4 and 5.8 GHz frequency areas and can by now be used in most countries,

including USA and Denmark. The standards offer the opportunity of transfer of up to 54 Mbits/s.

RTX Telecom is convinced that IEEE802.11 will be an important standard in the wireless integration of the intelligent home and decisive for the users' mobility. There has in particular been great interest and potential within the combination of WLAN technology and of RTX Telecom's technology for wireless telephones.

During the past financial year, several initiatives have been made to strengthen RTX Telecom's position within wireless IP telephony. It is the Management's conviction that the very WLAN technology in years ahead will hold good potential for RTX Telecom as IP telephony is introduced to the mass market and as this market segment has high demands of IP telephony.

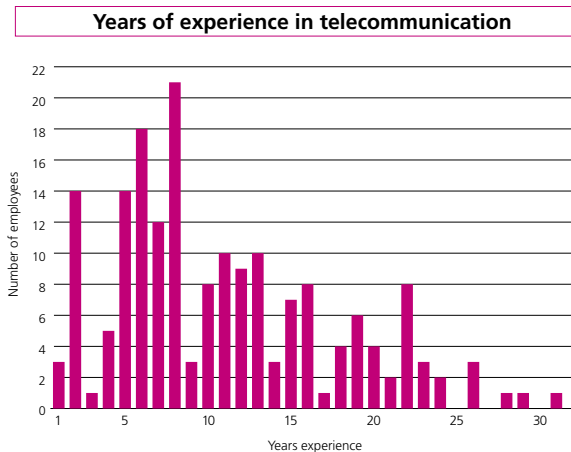
ORGANISATION AND KNOWLEDGE RESOURCES

It is essential that the employees of the Group have wide knowledge of the engineering disciplines required to carry out high-technology development projects from definition to delivery of wireless communications services and products. The Group's employees have the required competences and this means that RTX Telecom is able to supply turnkey solutions and not only part solutions which require that the customers have to complete the project themselves.

The Management believes that the challenges and opportunities for personal development which the Group provides to its employees are key parameters in attracting and retaining employees. Supporting this view is the rather low employee turnover rate in general over a number of years and the fact that to date RTX Telecom has been able to successfully attract the necessary labour resources.

During 2004/05, 13 employees were dismissed in connection with organisational and cost adjustments. The full effect in relation to costs due to the reduction of personnel has taken place during the second half of the financial year 2004/05.

During 2004/05, a total of 30 employees joined the Group and 34 employees have left the Group. In addition, the Group has for part of the financial year temporarily employed a group of employees in order to execute large test equipment orders. The latter conditions have contributed to the fact that the average number of full-time employees has increased by 10.7% to 249 employees in 2004/05.



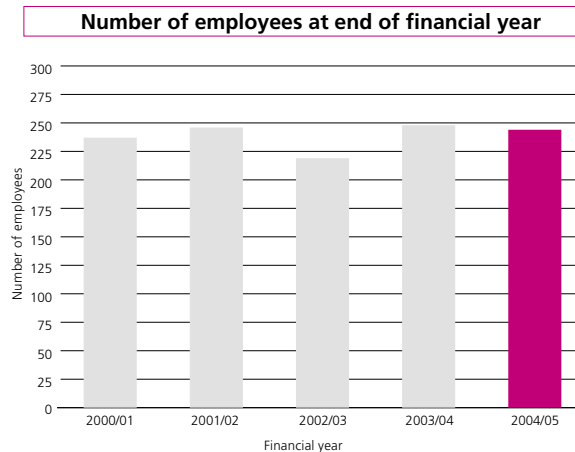
At 30 September 2005, the Group employed 244 employees, 181 of them engineers and technical staff. Compared to the same time last year, the total number of employees has decreased by 1.6%.

The Group is prepared for future growth as the structure of the organisation enables a prompt integration of more skilled employees. An organisation which is ready for change makes it possible with short notice to transfer and appoint engineers to technology areas which need activity and qualified staff. The project management is still being strengthened, and the technical competence within software, baseband and RF is currently updated.

The Group intends to continue expanding the product line. This strategy is the reason for the fact that the personnel organisation has been strengthened and successively, during the past two financial year, has been supplemented with special competences within the product organisation.

Through visits to educational establishments and as the Group generally has a positive reputation among engineers within the industry, RTX Telecom has succeeded in maintaining the position as an attractive workplace.

RTX Telecom will continue trying to attract and retain employees with the best professional skills and human qualifications, e.g. by means of incentive schemes. The Group can offer its key employees an incentive scheme through share options and offer employee shares for employees in RTX Telecom and its subsidiaries.



ENVIRONMENTAL ISSUES

For a number of years, RTX Telecom has worked systematically on maintaining satisfactory environmental and working environment conditions. The Group still strives to obtain continuous improvements besides the applicable requirements made by the official authorities.

The Group's activities include development and sale of advanced and high-technological wireless development projects and products. In-house RTX Telecom only has a small physical production as the majority of the Group's production is outsourced to cooperative partners in Denmark and abroad. Therefore, the Group's impact on the environment is indirect and in-house it is restricted to electricity and heating as well as insignificant chemical consumption.

The Group encourages its sub-suppliers to use environmentally acceptable raw materials and products, including observance of directives, which regulate the environmental production and handling of electronic equipment (the RoHS and WEEE directives).

SUBSIDIARIES

RTX Products A/S

RTX Products A/S handles the Group's production, sale and distribution of wireless niche products, including OEM/ODM products and own distributed products. Thereby, the subsidiary covers a business area which has strategically high priority within the Group.





RTX - profound technical knowledge and expertise

» In the financial year 2004/05, a number of new products has been introduced and the Company's turnover in 2004/05 has more than doubled compared to the last financial year. The subsidiary's activities have for instance comprised production and delivery of DECT repeaters, wireless USB DUALphones, wireless telephone line extenders (TLE), DECT products for Atlas Telecom Network, GSM/GPRS communications modules, testers as well as production test equipment.

RTX Products A/S uses significant costs to broaden the programme for own products and during the financial year 2004/05, the subsidiary has invested in and used resources on a number of important development projects, including new innovative VoIP based products.

The subsidiary has had success with the development, production and sale of a wireless telephone line extender (TLE) for the European and Australian "pay-per-view" suppliers on ODM basis. During the year, further development has taken place of the wireless telephone line extender and the product is now available in a number of versions for the European, American and Australian markets. Negotiations are ongoing with several European and American customers on a locally adapted version of the product.

A wireless USB DUALphone has been developed and connected to a computer's USB port this establishes a telephone

connection via the Internet or uses the wired telephone network (PSTN). Sale of the telephone has met the expectations since the telephone was introduced in the autumn of 2004 and the telephone is currently introduced in more than 50 countries. The wireless USB DUALphone can be adjusted to other so-called "softphones", for instance MSN, Yahoo, SIP, etc and the USB DUALphone is expected to be marketed and sold in future years in relation to the continued expansion of the market for IP telephony.

In the past financial year, the subsidiary has invested significant resources in the development of a LAN Cordless DUALphone which is a SIP based wireless phone introduced in relation to the telecom operators' and the ITSPs' transition to IP telephony. In the product development, the Group has chosen to focus on the telecom operators possibility of offering new services within IP telephony. The product has prompted good pre-interest among the telecom operators and the ITSPs in USA and Europe. The product is introduced into the market in 2005/06.

During 2004/05, the subsidiary has entered into several ODM delivery agreements with Atlas Telecom Network Romania for wireless DECT products to be used in the so-called Wireless Local Loop system (WLL) in Romania. Deliveries are expected for several years in line with the customers' extension of the DECT system and, in the long-term, the system may be distributed to other customers in Eastern and Central European countries.

Finally, a Wireless Music System has been developed. The system is a combined system for distribution of music in noisy factory buildings where hearing protectors are required. At the same time, the individual employee can be called individually, in groups or all together, for instance in case of fire.

In 2004/05, considerable resources and amounts have been invested in development of the mentioned products. A number of the products have not yet been delivered to the Company's customers or introduced into the market (own distributed products). These products have not yet contributed significantly to turnover and earnings in the financial year 2004/05. All development costs incurred in the financial year 2004/05 are charged to the profit and loss account.

RTX Products A/S' turnover amounted to DKK 220.6 million in 2004/05. The profit before financial income and expenses (EBIT) amounted to DKK 11.6 million and profit after tax amounted to DKK 7.6 million. Equity in RTX Products A/S amounted to DKK 32.2 million at 30 September 2005.

RTX Products A/S is a wholly-owned subsidiary which employed 41 persons at the end of the financial year. The Company is a fully integrated Group company at all levels.

RTX Healthcare A/S

In the financial year 2004/05, RTX Healthcare has worked intensively on further development and extension of the Company's business activities within development, production and sale of wireless products for the health sector. The Company operates with focus on a relatively new and still immature market within remote monitoring of patients with chronic ailments. Through its own and customer-related products, RTX Healthcare has build up important competences and a technological platform within the business area. This is a significant factor for the Company's future growth potential.

Throughout the financial year, the subsidiary has performed large sales efforts on the American market and in the financial year very interesting negotiations, primarily with American customers, have been performed. These negotiations have proven that there is a great interest, and thereby also growth potential, for the Company's services. In spite of the fact that the market has been characterised by reluctance, the negotiations with potential customers, in the second half of the financial year, have in particular shown signs of a positive development in the market.

Subsequent to the financial year, RTX Healthcare has entered into an important development and delivery agreement with the American company Alere Medical Incorporated on development, production and delivery of a wireless monitoring unit, Daylink® Monitor.

RTX Healthcare A/S' turnover amounted to DKK 8.4 million. The loss before financial items (EBIT) amounted to DKK 0.2 million and loss after tax amounted to DKK 0.3 million. Equity in RTX Healthcare A/S amounted to DKK 4.1 million at 30 September 2005.

RTX Healthcare A/S is a wholly-owned subsidiary which employed 9 persons at the end of the financial year. The Company is a fully integrated Group company at all levels.

RTX America, Inc.

In order to strengthen the Group's sales and marketing efforts on the important American market, RTX America, Inc. was established in 2004 as a wholly-owned subsidiary in San Jose, California, USA.

The establishment has been located in the centre of Silicon Valley as a part of the Company's strategy to continue the extension of the sales and marketing efforts and to be more sales and customer-oriented on the American market. RTX Telecom already has a number of well-established customer relations in USA and with the establishment of the subsidiary, the Group is now also able to offer these American customers improved technical product support.

In the financial year 2004/05, the subsidiary has performed intense sales and marketing efforts on the North American market. For instance, the subsidiary has entered into a distribution agreement with Brightpoint Inc., USA for specifically agreed products for the American market. Brightpoint Inc. is an important distributor of telecommunications products on the American market.

RTX America Inc.'s turnover amounted to DKK 8.0 million in 2004/05. The loss after tax amounted to DKK 0.7 million. Equity in RTX America, Inc. amounted to DKK 2.4 million at 30 September 2005.

At the end of the financial year, the Company employed 5 persons.

INVESTMENTS

LitePoint Corporation, USA (www.litepoint.com)

RTX Telecom invested USD 1.5 million in LitePoint Corporation in 2001/02. The ownership amounts to 15.0%.

LitePoint Corporation is a wireless chip technology company domiciled in Silicon Valley, California. The company employs engineers who all have long and wide experience in development and supply of Intellectual Property within wireless technologies, e.g. Wideband Code Division Multiple-Access (WCDMA), GSM/GPRS, IEEE802.11 a/b/g and Bluetooth™. The Company has expertise within component specifications and chip architecture.

The Company's present activities primarily include development, production and marketing of a number of WLAN testers. Tasks within RF architecture and RF chip designs are solved on a small scale.

Thomsen Bioscience A/S (www.thomsen-bioscience.com)

Thomsen Bioscience is a development company with focus on integration of advanced biological methods in biochips. »

» Biochemical and biophysical processes and analyses are integrated in selfgoverning micro-labs by way of biochips, also called intelligent lab-on-chips. The technology can be used for detection of biological weapons, veterinarian diagnostics, diagnostics of food products, clinical diagnosing of infectious diseases and pharmaceutical drug development.

Thomsen Bioscience A/S' objective is to develop portable sensor units enabling efficient and early discovery of different types of air-borne spores, bacteria and viruses and subsequent transmission of the retrieved data to a centrally based data treatment.

The Company has received development aid from a large British industrial cooperating partner and has, moreover, received positive pre-indications from a number of Danish and foreign potential customers.

The first functional product prototype has been available in the calendar year 2005.

In the financial year 2004/05, new and existing shareholders have made capital increases at a total of DKK 19.9 million in order to strengthen the financial basis in the Company. The capital increases have resulted in strengthening the activities in Thomsen Bioscience, including development and production maturation of the first products which are expected to be marketed in the next couple of years.

Overall, since 2002, RTX Telecom has subscribed for shares in Thomsen Bioscience at a market value of DKK 7.0 million. RTX Telecom's ownership in the Company represents 19.8%.

SPECIAL ISSUES

RTX Telecom has been part of a previously mentioned lawsuit against a French customer. The lawsuit has now been finally ruled by the Court of Appeal in favour of RTX Telecom as the French customer has chosen not to appeal the delivered ruling to the third court instance. As a consequence of this, RTX Telecom has in the financial year 2004/05 reversed the previously performed provisions made in relation to the lawsuit.

EVENTS AFTER THE BALANCE SHEET DATE

The RTX Telecom Group has entered into an agreement with Atlas Telecom Network in Romania on development, production and delivery of a 12 slot DECT repeater. This agreement

complements previously entered agreements, whereby the RTX Telecom Group as supplier provides the development of technological solutions and sub-components for delivery of products for a DECT Wireless Local Loop (WLL) system. Such a system is being launched in Romania and it will provide the customers with an inexpensive and effective telephone service. In the long-term, the system can be launched in other Eastern and Central European countries. The received order is formulated as an ODM delivery agreement.

RTX Telecom's subsidiary, RTX Healthcare, has entered into a development and delivery agreement with the American company Alere Medical Incorporated, which is a leading company within the health sector. This Company specialises in wireless remote monitoring of patients with chronic ailments. RTX Healthcare is to develop, produce and deliver a wireless monitoring unit, Daylink® Monitor, which will be a user-friendly unit for remote reading and transmission of objective patient information, such as blood pressure, blood glucose, weight, etc. Moreover, the wireless Daylink® Monitor can register symptomatic data, for instance on the patient's difficulty in breathing and other state of well-being via dynamic and interactive question/answer dialogue with the patient. Moreover, the wireless unit allows for interactivity and flexibility in relation to the patients' individual needs, for instance the possibility of communicating messages and reminders about medication.

PROSPECTS FOR THE FINANCIAL YEAR 2005/06

During the last financial year, the RTX Telecom Group has used significant resources on extending the programme for own products. The Group has been successful in introducing new innovative niche products into the market. The realised sales and the financial development in 2004/05 have confirmed the importance of supplementing income from customer-based development projects and royalty with earnings from a broadened programme of the Group's own wireless products.

RTX Telecom will continue to prioritise a profitable sales growth within OEM/ODM products and own distributed products. In the next financial year, the Group intends to proceed strengthening growth potential in the long term. A continued extensive activity level with investment in development of a number of new products is given high priority in the financial year 2005/06.

During the financial year 2005/06, RTX Telecom expects to introduce a number of new own developed products into

the market, for instance the newly developed LAN Cordless DUALphone which has already prompted good pre-interest. In the financial year 2005/06, the Group also expects still being able to deliver ODM products to Atlas Telecom Network Romania for a new DECT based telephone system in Romania. Moreover, in the next financial year the Group will also use considerable sales efforts with regards to introducing modified TLE units and USB DUALphones for new markets.

In the financial year 2005/06, the Group will mainly focus on maintaining its position within the technological areas developed so far as well as within the VoIP technology and the DECT Wireless Local Loop market area.

The Group's turnover from selected OEM and ODM products, etc within the niche area is expected to increase compared to the last financial year. The major part of net turnover from this business area is expected to comprise DECT repeaters, wireless telephone line extenders (TLE), USB DUALphones, DECT products for Atlas Telecom Network Romania as well as the new LAN Cordless DUALphone which is expected to be introduced at the end of the first half of the financial year 2005/06.

At the end of the financial year, the market value of non-completed work on development tasks for customers in the Group accounts for DKK 24.4 million which is DKK 7.6 million less than at the same time last year. Since the end of the financial year 2004/05 and until 25 November 2005, the Group has entered into customer-financed development contracts for a further DKK 13.2 million.

Royalty income in 2005/06 is expected to be at a somewhat higher level than royalty income in the last financial year. The level of royalty income is determined by the number of delivered customer-based development projects and royalty payment is usually based on the number of produced units.

As an overall view, the financial year 2005/06 is expected to be characterised by uncertainty in the market for development projects, royalty income at a higher level than in 2004/05 and a turnover from OEM and ODM products, etc at a higher level than in the last financial year. The Group's investments in own development projects will still be significant in the financial year 2005/06 and the development projects are expected as a whole to burden the profit and loss account. Not all the mentioned projects will generate material turnover in the financial year 2005/06.



*Bluetooth™ technology developed by RTX
(Photo courtesy of National Semiconductor)*

Based on this, the Management expects that, during the financial year 2005/06, the RTX Telecom Group will realise a net turnover of DKK 350 - 380 million and a profit/loss before financial income and expenses (EBIT) in the interval DKK 5 million to DKK 20 million. These expectations express a continued increase in the level of as well net turnover as EBIT compared to the realised level in 2004/05.

The above-mentioned estimates for 2005/06 are based on unchanged accounting policies. As from 2005/06, the Group has to comply with the international accounting standards, IFRS. The consequences on the result in terms of amounts, due to the changes in accounting policies, have not been stated at present.

Net turnover and EBIT in the financial year 2005/06 are not necessarily expected to be equally distributed between the first and second half years ending 30 September 2006. ■



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FINANCIAL REVIEW

NET PROFIT/LOSS FOR THE YEAR

In 2004/05, the Group realised a net turnover of DKK 317.2 million which represents an increase of 42.9% compared to last year's net turnover of DKK 222.0 million. Thereby, net turnover has more than met the previously announced expectations which was DKK 270 - 310 million.

Income from contract development projects is computed to DKK 75.6 million which represents a decline of 19.8% compared to last year's income of DKK 94.2 million. Meanwhile, in the previous financial year the Group has recognised an awarded compensation of DKK 27.8 million from a French customer as income. If compensation from the French customer is disregarded, income from contract development projects has increased with 13.9%.

In the past financial year, the RTX Telecom Group has focused on becoming less dependent on customer-financed development projects. The Group's strategy is that the Group's objective is to maintain the level of income from customer-financed development contracts and supplement this income with earnings from development, production and delivery of a number of own ODM products (completed brand products) which are either marketed by RTX Telecom's customers or, regarding selected products, sold via the Group's own distribution network. Parallel to undertaking the customer-financed development contracts, the Group has carried out a number of important development projects at the Group's own account during the financial year 2004/05. The result hereof has already led to a number of important wireless product solutions.

Royalty income totals DKK 21.0 million which is a decline of 9.2% compared to last year's income of DKK 23.1 million. The decline is firstly due to the fact that some of the products which have contributed to royalty income in previous financial years have been phased out and secondly due to the fact that there has not been completed sufficient development projects in previous financial years with a royalty structure which can compensate for this phase-out. Royalty payment is as a main rule based on the number of units produced.

Sale of the Group's own products, etc amounts to DKK 220.7 million which is 110.7% above last year's sale of own products which amounted to DKK 104.8 million. The Group uses considerable resources on extending the programme for own products and the most important part of the increase in turnover is due to the fact that the Group in this financial year once more has completed and introduced a number

of significant innovative niche products. Thereby, the sales activities have been extended significantly and have among others focused on entering into agreements on production and delivery of DECT repeaters, wireless USB DUALphones, wireless telephone line extenders (TLE), DECT products for Atlas Telecom Network, GSM/GPRS communications modules, testers as well as production test equipment.

The Group has successfully developed, produced and sold a wireless telephone line extender (TLE) which has been sold on ODM basis to some important "pay-per-view" suppliers, for instance Foxtel and SKY Italia. During the year, further developments have been made on the wireless telephone line extender and the product is now available in a number of versions for the European, American and Australian markets. Negotiations are ongoing with some European and American customers on a locally adapted version of the product.

A wireless DUALphone has been developed. Connected to a computer's USB port it establishes a telephone connection via the Internet or it uses the wired telephone network (PSTN). The sale of this telephone has met expectations since it was introduced in the autumn of 2004 and the telephone is currently being marketed in approximately 50 countries. The wireless USB DUALphone has been adapted to Skype and it can, moreover, be modified to other so-called "softphones", for instance MSN, Yahoo, SIP, etc. Next year, the USB DUALphone is expected to be marketed and sold in relation to the continued extension of the market for IP telephony.

Other external expenses declined from DKK 54.3 million in 2003/04 to DKK 49.2 million in 2004/05 which is a decline of 9.4%. The decline in expenses is for instance due to a reversal of previously performed provisions for potential losses on completed and contract development projects in progress. Moreover, increasing marketing expenses concerning own distributed niche products have increased the distribution costs.

The mentioned development projects at the Group's own account have burdened the Group's profit and loss account with significant amounts in 2004/05 as all the development expenses incurred in the financial year have been charged to the profit and loss account. Development costs have been recognised in the Group's balance sheet at year-end with a total of DKK 3.8 million which concerns a completed development project at the Group's own account in previous financial years. The capitalised development costs are amortised over the estimated useful life, which is usually 3-5 years. Therefore, it is expected



RTX GSM/GPRS dualband cellular engine

that only in special cases will incurred costs relating to present and future development projects at the Group's own account meet the requirements for capitalisation.

Compared to the same time last year, the total number of employees is 244 persons which is a decline of 4 persons by the end of the financial year. During 2004/05, the Group has made some organisational and cost adjustments which for instance has led to the redundancy of 13 employees. The full effect in cost terms of the reduction of personnel has taken place in the second half of the financial year 2004/05.

During 2004/05, some new appointments of employees with special competences in the Group were performed as a consequence of the increased focus on commercializing the already developed technology platforms and activities. In particular, the Group's introduction of new OEM/ODM products and own distributed products required the hiring of new employees with knowledge on production, logistics and marketing.

The average number of employees in the Group has increased from 225 in 2003/04 to 249 in 2004/05 which is an increase of 10.7%. For part of the financial year, the Group has, on a temporary basis, employed a group of employees in relation to executing large test equipment orders, for instance to Microsoft.

Staff costs amounted to DKK 124.0 million which is 17.1% more than last year. Measured per employee this is an increase of 5.8%. Upon computation of the above-mentioned percentage development in staff costs, adjustments have been made to the capitalised salaries on completed contract development projects during the financial year 2003/04.

Depreciation, amortisation and write-down declined from DKK 19.9 million in 2003/04 to DKK 11.4 million in 2004/05. The decline is primarily due to the fact that the Group has chosen to write down goodwill in RTX Healthcare to DKK 0.0 million which has entailed a write-down of DKK 8.7 million during the financial year 2003/04.

Profit/loss for the year before financial income and expenses (EBIT) amounts to a negative DKK 5.1 million which is a performance improvement of DKK 25.6 million compared to last year's result before financial income and expenses of a negative DKK 30.7 million. On comparison, it should be noted that profit/loss before financial income and expenses (EBIT) in the previous financial year has been influenced positively with DKK 23.5 million (net) concerning compensation, etc from lawsuit and has been influenced negatively with write-down on goodwill with DKK 8.7 million. Thereby, an improvement is realised of DKK 40.4 million compared to previous year's profit/loss before financial income and expenses when adjustments are made for special items from the financial year 2003/04. »

» The realised profit/loss before financial income and expenses (EBIT) of a negative DKK 5.1 million is realised at the level of the Group's expectations at the beginning of the financial year. The expectations were a profit/loss before financial income and expenses (EBIT) in the interval a negative DKK 10 million to a positive DKK 10 million.

The realised increase in profit/loss before financial income and expenses compared to previous year must be considered as being satisfactory. Moreover, the result must be assessed based on the performed investments in developing wireless niche products at the Group's own accounts, which has significantly burdened the profit and loss account in 2004/05. The development activities in question are expected to contribute to the Group's turnover and primary result in future financial years.

Financial income (net) has declined from DKK 5.8 million in 2003/04 to DKK 4.0 million in 2004/05. The declining financial income is for instance due to significant tie-ups of money which are a result of the realised growth in sale of own products. The main part of the Group's cash is placed in short-term current asset investments and bank deposits.

The net profit/loss for the year is a negative DKK 1.9 million against a negative DKK 17.3 million the year before. The earnings per share (EPS) total a negative DKK 0.20 against a negative DKK 1.81 the year before.

BALANCE SHEET AND CASH FLOWS

At 30 September 2005, the Group's balance sheet total amounts to DKK 444.3 million which is equal to a decline of DKK 2.8 million compared to last year. The decline in the balance sheet total represents an increase in fixed assets of DKK 6.5 million and a reduction of current assets of DKK 9.3 million.

During the year, Group equity has decreased by DKK 9.3 million from DKK 374.9 million to DKK 365.6 million. The result

for the year has reduced equity by DKK 1.9 million and acquisition of treasury shares has reduced equity by DKK 7.4 million.

The equity ratio is 82.3%, which is a decline of 1.5% compared to last year.

Cash flows from operations amounted to a negative DKK 47.2 million which is a reduction of DKK 16.7 million compared to 2003/04. Compared to last year, the decline is affected by significant changes in profit/loss for the year before financial income and expenses, working capital and items without influence on cash.

Cash flows from investments, comprising investments in intangible assets as well as tangible fixed assets and fixed asset investments totalled DKK 17.9 million compared to DKK 13.6 million in 2003/04. The largest change concerns fixed asset investments.

Cash flows from financing activities totalled a negative DKK 6.9 million against a negative DKK 16.0 million in 2003/04. The cash flows for the year include acquisition of treasury shares at an amount of DKK 7.4 million.

The net effect of cash flows in 2004/05 was a decrease in cash and cash equivalents of DKK 72.0 million. At the end of 2004/05, cash, including current asset investments, amounted to DKK 159.2 million.

COMPLIANCE WITH IFRS IN 2005/06

With effect from 1 October 2005, the annual report will be prepared in accordance with the requirements of the international accounting standards (IFRS). RTX Telecom has chosen to use the IFRS standards in the annual reports, both for the Parent as well as for the Group.

The Group has commenced analytical work in order to identify the differences between applied accounting policies so

Turnover by business area

DKK ('000)	2000/01	Share	2001/02	Share	2002/03	Share	2003/04	Share	2004/05	Share
Development contracts	98.6	53%	107.4	50%	78.9	44%	94.2	43%	75.6	24%
Royalty	12.1	6%	44.2	21%	50.6	28%	23.1	10%	21.0	7%
Own products, etc	75.6	41%	62.4	29%	49.4	28%	104.7	47%	220.6	69%
Total net turnover	186.3	100%	214.0	100%	178.9	100%	222.0	100%	317.2	100%



RTX Wireless Music System

far and the applicable IFRS standards. An opening balance sheet as at 1 October 2004 will be prepared. The effect of the changes in accounting policies will be announced by the latest in the annual report 2005/06.

The IFRS standards contain additional requirements on information in a number of areas compared to the Danish Financial Statements Act and the Danish Accounting Standards. Moreover, certain accounting items must be reclassified as well as there may occur editorial changes in the text concerning a number of accounting items. RTX Telecom expects to be able to comply with these additional requirements on information with the Company's present reporting systems.

Based on the present IFRS standards and the analytical work performed so far, the transition to IFRS is for instance expected to result in the following essential changes to the annual report and applied accounting policies.

Derivative financial instruments

Forward exchange contracts and similar financial instruments for hedging of future cash flows are measured at fair market value at the balance sheet date. The present use of forward exchange contracts, etc does not comply with the detailed IFRS requirements for hedging in relation to accounting. Therefore, the value adjustment will be recognised in the profit and loss account under financial income or financial expenses.

If hedging transactions are performed and these comply with the accounting requirements according to IFRS, these transactions will still be treated according to the current practice.

Share-based remuneration

The fair market value of share-based remuneration schemes, issued as remuneration for services provided by employees, will be charged to the profit and loss account and distributed over the vesting period.

Goodwill

So far, goodwill has been amortised over the estimated useful life. As from 1 October 2004, amortisation on goodwill no longer has to be performed. Subsequently, the assessment of goodwill has to be subject to an impairment test.

Investments in group enterprises

So far, the Parent has recognised investments in subsidiaries under the equity method. In future, these investments are to be measured at cost.

Received dividends from subsidiaries will, in future, be recognised in the Parent's profit and loss account under financial income at the time of declaration.





Vtech's Cordless VoIP Softphone developed by RTX

» Provisions

The main item "provisions" will no longer be included in the balance sheet as provisions, in future, the items will be classified under long-term and short-term liabilities, respectively, dependent on the expected time of maturity.

Deferred tax liabilities will be presented under long-term liabilities and deferred tax assets will, in future, be classified under financial assets.

Contract development projects in progress

The individual contract development projects in progress will be recognised in the balance sheet under receivables or short-term liabilities dependent on the net value of the market value less invoicing on account and recognised losses. Till now, set-off has been performed between contract development projects in progress with positive and negative values.

Securities (current asset investments)

Securities classified as current assets will only be included under cash and cash equivalents in the cash flow statement if the maturity term at the acquisition time is three months or less and if they, moreover, are assessed as being part of the cash. Cash flows from securities with a maturity term for more than three months at the acquisition time will be included under cash flows from investments.

RISK MANAGEMENT

All investments in shares involve certain risk. The risk profile of RTX Telecom is partly a reflection of the day-to-day operations of the Group and partly a reflection of its continued development. In the following, a number of risk factors are presented which may impact on the future growth, financial position and results of RTX Telecom. The factors mentioned are not necessarily all the factors which may involve a risk to the Group, but they are the factors which the Management considers to be of primary significance to the Group. It should be noted that the priority of the risk factors does not reflect their significance. The description of risks should be considered in the context of the annual report in general.

Rapid technological changes and new markets

The Group's strategy is to continue to improve existing products as well as to develop and launch the results of its development efforts and to introduce new or improved functionality to meet the ever growing customer demands.

The RTX Telecom Group continuously aims at identifying and developing technological competence enabling the Group to produce technological solutions and products for which the customers will contract. In addition, it is the intention of the Group to be able to currently predict or react to the technological development to the extent required as well as to changes in customer preferences.

The Group is working with a goal-directed effort with detailed project and resource control tools which enables very fast reaction time in relation to inquiries by customers.

Project management

By focusing on project planning, the Group tries to ensure synergies between parallel development activities. The progress of the individual development projects is supervised by achievement of the planned milestones. Despite the complexity of the parallel development projects, RTX Telecom has so far been able to meet the customers' expectations and supply the projects agreed in time.

The ability to attract and retain skilled employees

The employees represent RTX Telecom's most important asset and are also sometimes a scarce resource. In order to develop and market its products, the Group will continue to rely on its ability to attract, retain, motivate and train skilled employees.

The Group strives to be an attractive place to work for its employees by offering competitive terms of employment, by promoting both a professional and social working environment as well as by offering key employees to participate in an incentive scheme and by offering all employees the opportunity to subscribe for employee shares.

Development of technology platforms

Development of technology platforms involve development projects at the Group's own account launched in order to bring new knowledge and competence about new technologies to RTX Telecom.

A significant but varying portion of the Group's development projects will continue to be at the Group's own account. This will cause a considerable increase in costs in the short term and should be regarded as an investment in new technology.

New technology platforms are often developed in close cooperation with well-reputed international producers of chips. To some degree, RTX Telecom is dependent on delivery of the agreed technology from the producers of chips at the agreed time.

Managing growth

The Group's ability to remain competitive and to follow the defined strategy will depend, among other things, on its ability to control and effectively manage organisational growth and to integrate any companies that may be acquired. In order to effectively manage growth, the Group will need to continue to implement new systems and control routines, and to increase, train, integrate, motivate and effectively manage its staff.

Possible fluctuations in interim results

The Management is of the impression that a period-to-period comparison of the interim results realised by the Group will not necessarily provide a complete picture of the Group's financial situation and that such a comparison should not be used as an indication of the future results to be realised by the Group.

Dependence on single customers

Developers of the size of RTX Telecom may to some extent become dependent on single customers. During the past three years, approximately 70% of turnover was generated from the ten largest customers. The Group's three largest customers accounted for between 35% and 44% of turnover in the same period. As many of these are "regular" customers, the Group is to some extent dependent on single customers. However,

there have been variations in the Group's dependence on these customers and in the last three years the position as the largest single customer has been held by different companies.

Dependence on sub-suppliers

Sub-suppliers in Denmark and abroad handle the majority of the Group's production. The Group depends on these sub-suppliers being able to produce and deliver the planned volume in the required quality. Essential movements in sales and contribution margin may occur if just some sub-suppliers do not deliver at the requested time and in the required quality.

RTX Telecom is continuously in open and close contact with the sub-suppliers in order to plan and monitor the deliveries, quality management systems and production. Moreover, through own developed production test equipment the Group has to a great extent ensured independence from suppliers and flexibility in the production.

Sale of own distributed products

In relation to the initiated activities with own distributed products, the Group has established its own marketing and independent distribution channels for these products. There is a risk that the own distributed products cannot be sold in the expected volume and at the expected sales price.

The development in the number of own distributed products will for instance depend on the identified business opportunities for niche products with a high knowledge content. The Group strives to reduce commercial risks by continuously adjusting the organisation to the character and the extend of the activities as well as maintaining well-developed planning tools for purchase, production, sale and cash flow.

Limited protection of proprietary rights

At present, RTX Telecom has applied for patents within a few key areas. In order to obtain a patent, the Group would have to reveal extensive details in its product specifications, and doing so would be contrary to the Group's policy of concealing the technology of the products for which it would seek protection.

There can be no assurance that RTX Telecom's efforts to protect its intellectual property rights will be sufficient or that the Group's competitors will not develop similar technologies independently of the Group. If the Group does not successfully protect its intellectual property rights, this could have an adverse effect on the Group's activities, results of operations and financial position.



» Currency exposure

During the past three financial years 71% to 87% of RTX Telecom's turnover derived from customers outside Denmark. This sale is primarily invoiced in currencies other than Danish kroner, whereas contract-based development, in-house development projects and a relatively small part of own production took place in Denmark. The main part of goods purchased from sub-suppliers is paid in foreign currencies.

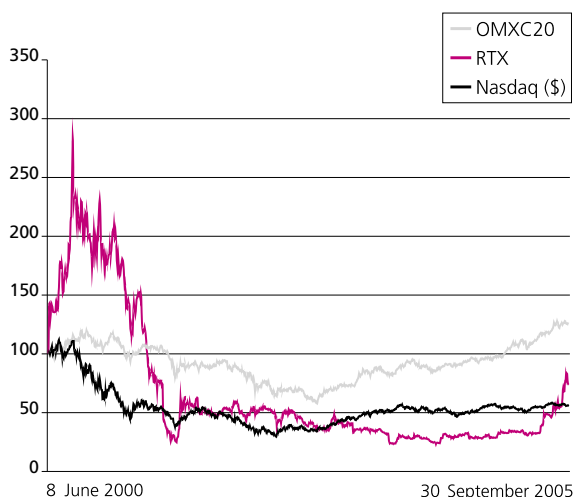
As a consequence of the large international activity, the Group's cash flows are influenced by exchange rate changes. If appropriate, RTX Telecom enters into transactions to hedge its commercial currency exposure in order to reduce the currency exposure. There can be no assurance that currency fluctuations will not have a material adverse effect on the Company's results of operations and financial development.

OWNERSHIP

At 30 September 2005, the share capital of RTX Telecom had a nominal value of DKK 47.0 million consisting of 9,409,601 shares of DKK 5 each. All shares carry the same rights. The shares are negotiable instruments with no limitation in negotiability and are issued to bearer.

Voting rights at the general meeting cannot be exercised until the shares have been registered in the register of shareholders or until the shareholders have notified or documented the share purchase.

RTX Telecom share vs index for OMXC20 and Nasdaq (8 June 2000 = Index 100)



Share turnover

Since June 2000, the Company's shares have been listed on the Copenhagen Stock Exchange (ISIN DK0010267129).

The average price was DKK 136 on 30 September 2005 which is an increase of 154% on the average price of 30 September 2004. In the financial year 2004/05, the highest average price was DKK 154 and the lowest DKK 50.

The market value of the Company's shares amounted to approx. DKK 1,275 million at 30 September 2005. In the financial year 2004/05, 10.2 million RTX Telecom shares were traded on the Copenhagen Stock Exchange equal to approx. 109% of the share capital. The average turnover per trade day was approx. 40,000 shares.

The following investment banks follow and have surveys of RTX Telecom: Alfred Berg Bank, Enskilda Securities, HSH Gudme, Jyske Bank and Spar Nord Bank/Dansk Aktie Analyse.

The Group has an open dialogue with investors and analysts in compliance with the Stock Exchange Code of Ethics. Regular meetings and telephone conferences are held with shareholders, investors and analysts in Denmark and abroad. The Executive Board participates in the meetings to the extent possible.

It is RTX Telecom's policy that the Executive Board does not participate in meetings with investors and analysts or talk with the daily press in a period of 3 weeks before the issue of the announcement of the interim and financial statements.

Shareholders

At 30 September 2005, there were approx. 5,100 registered shareholders holding registered shares equivalent to approx. 70% of the share capital.

The following shareholders hold shares which either carry 5% of the votes of the share capital or the nominal value of which accounts for at least 5% of the share capital:

Ownership

Jørgen Elbæk, Knepholtvej 22, 9430 Vadum	7.24%
Jens Hansen, Kronen 18, 9260 Gistrup	8.77%
Jens Toftgaard Petersen, Ravnvej 82, 9000 Aalborg	7.24%
Mogens Westeraa, Kattegatsvej 34, 9700 Brønderslev	5.56%

At 30 September 2005, members of the Group's Executive Board and Supervisory Board had the following personal shareholding, warrants and share options in RTX Telecom:

	Number of shares		Number of warrants		Number of share options	
	Year-end 2004/05	Year-end 2003/04	Year-end 2004/05	Year-end 2003/04	Year-end 2004/05	Year-end 2003/04
Executive Board	681,250	681,250	0	0	0	0
Supervisory Board	2,033,930	2,093,731	3,000	8,000	15,000	0
Total	2,715,180	2,774,981	3,000	8,000	15,000	0

According to RTX Telecom's internal rules on share dealing, insiders and connected persons of such insiders are permitted to buy and sell shares in a period of four weeks following the publication of interim financial statements or an annual report.

Warrants, share options and employee shares

The Supervisory Board has been authorised under a resolution adopted by the shareholders at the general meeting held on 17 April 2000 to issue warrants by one or more issues with a nominal value of up to DKK 2,000,000 without a right of pre-emption for the Company's existing shareholders by offering the warrants to the Company's employees, Supervisory Board or Executive Board. The authority was valid until 1 April 2005. At the end of the financial year, 30 September 2005, granted unexercised warrants were outstanding at nominal value of DKK 605,000 equal to 121,000 warrants at DKK 5.

The authorisation to the Supervisory Board regarding granting of shares to employees within a limit of nominal DKK 1,000,000 expired on 1 April 2005.

In the financial year 2004/05, no warrants or employee shares have been granted to employees within the Group.

On 25 May 2005, the Supervisory Board has decided to allocate share options to a limited number of executives and key employees within the Group for a nominal amount of DKK 712,500 equal to 142,500 share options at DKK 5. The exercise price for the share options is fixed as the average rate for a period of five trading days immediately before the time of allocation on 25 May 2005 plus 5 percent per started year subsequent to the time of allocation.

In order to cover completely or partly for the Group's liabilities related to the allocated share options, the Supervisory Board has, in the spring of 2005, decided to initiate a share buy-back programme in the level of 1.5% of the share capital. The buy-back is performed via a stockbroker or a bank in the period until the end of the calendar year 2005.

Related parties

The Company has no agreement concerning, and is not involved in, any material financial transactions with the Company's shareholders with the exception of contracts of employment, which have all been entered into on normal terms.

Besides the shareholders' interest, RTX Telecom's cooperation with National Semiconductor is strictly commercial and consists of two elements; the exchange of technological experience and know-how and commercial contracts for providing services on market terms.

RTX Telecom's trading with the subsidiaries and other companies in which the Group has investments takes place on a commercial basis and consists of exchange of technological experience and supply of services on market terms.

Corporate Governance

In a report dated 6 December 2001, the Nørby Committee presented a number of recommendations for good corporate governance in Denmark.

RTX Telecom's Supervisory Board has a positive attitude towards the recommendations of the Nørby Committee. Further, the Supervisory Board has noted that RTX Telecom's Articles of Association and management principles are largely identical with the key recommendations in the report.

RTX Telecom will aim at following the concept of most of the important recommendations on good corporate governance, and in the following the Supervisory Board takes the opportunity to account for some of the key elements.

The Nørby Committee recommends that the Supervisory Board consists of no more than six directors elected by the general meeting and that the majority of directors are elected by the general meeting and are independent of the Company. Furthermore, the chairman and the directors ought not to be elected or re-elected for a period of more than nine years. »



Vtech - a tradition of technology leadership and a loyal RTX customer

» This recommendation is followed in respect of the number of directors elected by the general meeting. In the RTX Telecom Supervisory Board, three of the six members elected by the general meeting are independent of the Group. In addition, three of the board members are founders of the Company. It is the historical background of RTX Telecom that is the reason for the present composition of the Supervisory Board as the founders of the Company continue to hold significant competences in respect of the business activities carried out by the Company and they also own approx. 30% of the Company's share capital.

The members of the Supervisory Board elected by the general meeting are elected for a period of one year whereas employee representatives are elected for a period of four years. There is no limit to the period of time during which a person can sit on the Supervisory Board. A member can be re-elected until and including the year in which the member turns 70.

Four board meetings were held in the financial year 2004/05.

RTX Telecom does not make use of board committees, nor does the Company carry out systematic evaluations of the Supervisory Board and Executive Board or of the cooperation between the two bodies.

The Nørby Committee recommends the company to use quarterly reporting. At present, the Supervisory Board of RTX

Telecom has chosen not to publish quarterly reports. The Supervisory Board is of the opinion that a period-to-period comparison of the quarterly results of the Group may fluctuate significantly and that this will not contribute to a better understanding of the Group's activities or provide an adequate picture of the assets and liabilities, financial position and results of the Group.

Proposals for the general meeting

Own shares

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

Articles of association

Appointment of auditors

The Supervisory Board submits a proposal that section 16.1 of the articles of association is altered whereby the Company's annual report in future is audited by one or two state authorised public accountants who are appointed by the general meeting for the period until the next annual general meeting. This proposal is made as a result of the adopted changes in the provisions on audit of Danish listed companies. ■

ANNOUNCEMENTS AND FINANCIAL CALENDAR

ANNOUNCEMENTS TO THE COPENHAGEN STOCK EXCHANGE IN 2005 (up to and including 7 December 2005)

7 January 2005	No. 01	Annual General Meeting of RTX Telecom to be held on 24 January 2005
20 January 2005	No. 02	RTX Telecom concludes ODM vendor agreements with Atlas Telecom Network Romania for the development, production and supply of wireless DECT products
20 January 2005	No. 03	New employee representative on the Supervisory Board of RTX Telecom
24 January 2005	No. 04	Annual General Meeting of RTX Telecom
10 March 2005	No. 05	RTX Telecom has concluded an important development contract on the development of a wireless telephone system
26 April 2005	No. 06	Press and analyst conference to be held on Wednesday 25 May 2005 at 3 p.m.
23 May 2005	No. 07	RTX Telecom has received additional orders from Atlas Telecom Network Romania
25 May 2005	No. 08	Interim annual report for the first six months of 2004/05
21 June 2005	No. 09	RTX Telecom is negotiating with Giant Wireless Technology Ltd. on distribution of the Group's Skype compatible USB DUALphone for some countries in Asia
1 July 2005	No. 10	RTX Telecom participates in a capital increase for Thomsen Bioscience A/S
16 August 2005	No. 11	Negotiations with Giant Wireless Technology Ltd. successfully concluded and agreement signed.
22 August 2005	No. 12	RTX Telecom concludes ODM supply agreement with Atlas Telecom Network Romania
25 October 2005	No. 13	RTX Telecom financial calendar 2005/06
3 November 2005	No. 14	RTX Telecom has entered into an ODM supply agreement on 12 slot DECT repeater
7 November 2005	No. 15	RTX Healthcare has entered into a development and supply agreement with the American company Alere Medical
7 December 2005	No. 16	Summary of annual report 2004/05
7 December 2005	No. 17	Annual report 2004/05

FINANCIAL CALENDAR

Expected dates for publication of financial information until 31 January 2007:

Beginning of January 2006	Publication of the printed annual report for 2004/05
25 January 2006	Ordinary Annual General Meeting
23 May 2006	Interim annual report for the first six months of 2005/06
December 2006	Annual report for 2005/06
January 2007	Ordinary Annual General Meeting

WEBSITE

At the website **www.rtx.dk** you will find update information, announcements to the Copenhagen Stock Exchange and financial reports of the Group.



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FINANCIAL STATEMENTS

Accounting policies

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DUALPHONE
COUNTRIES WORLDWIDE



ACCOUNTING POLICIES

The annual report for the Group and the Parent is presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class D, Danish accounting standards and the requirements otherwise imposed by the Copenhagen Stock Exchange relating to the presentation of financial statements of listed companies.

The accounting policies applied for this annual report are consistent with those applied last year.

Figures in brackets indicate a negative amount or an amount which must be deducted or a negative sign.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the profit and loss account when earned, whereas costs are recognised by the amounts attributable to this financial year. Value adjustments of financial assets and liabilities are recorded in the profit and loss account as financial income or financial expenses.

Consolidation

The consolidated financial statements incorporate RTX Telecom A/S (the Parent) and enterprises in which the Parent directly or indirectly holds more than 50% of the votes or in any other way has a controlling interest (subsidiaries). RTX Telecom A/S together with its subsidiaries is referred to as the Group.

Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises

significant but not controlling influence are regarded as associates.

The consolidated financial statements are prepared on the basis of the financial statements of RTX Telecom A/S and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

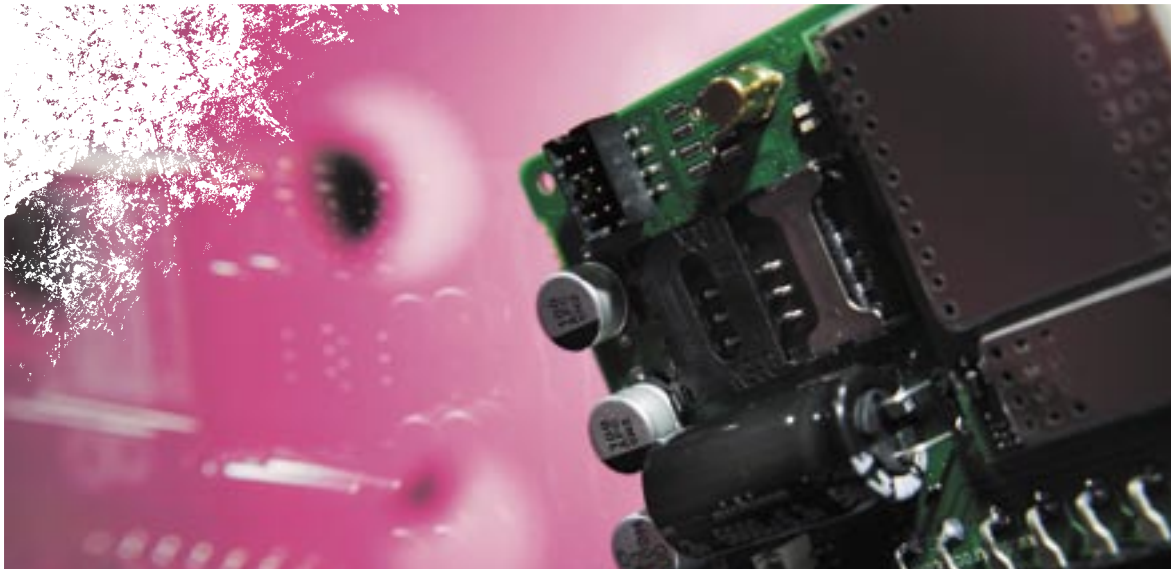
Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the consolidated profit and loss account up to the time of their divestment or winding-up. Comparative figures are not restated for newly acquired or disposed enterprises.

The purchase method is applied in the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. On acquisition of enterprises, provisions are made for costs relating to decided and published restructurings in the acquired enterprise. Allowance is made for the tax effect of the restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the profit and loss account based on an individual assessment of their useful life, however, no more than 20 years. Negative differences in amount (negative goodwill), corresponding to an estimated adverse development in the relevant enterprises, are recognised in the balance sheet as deferred income, and they are recognised in the profit and loss account as such adverse development is realised.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in



Wireless Engineering Experts. 181 engineers and technicians with an average of more than 10 years of telecom experience

effect at the payment date or the rate at the balance sheet date are recognised in the profit and loss account as financial income or financial expenses. Fixed assets purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the profit and loss account are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of profit and loss account from average rates to the exchange rates at the balance sheet date are recognised directly on equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries which are considered part of the total investment in the subsidiary in question are classified directly as equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets

and liabilities are translated at the exchange rate of the time of acquisition or the time of any subsequent revaluation or write-down. The items of the profit and loss account are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

PROFIT AND LOSS ACCOUNT

Recognition of income

Sale of products is recognised as income when delivery is made, and risk has passed to the buyer.

Contract development projects in progress are recognised at market value of the performed work. The market value is measured based on the stage of completion on the balance sheet date and the total estimated income from the individual projects in progress which is most often laid down in a contract project. When total contract costs are likely to exceed the total income from a contract, the estimated loss is recognised in the profit and loss account.

If the market value cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Prepayments are set off against the selling price of orders in progress. Payments on account received in addition to the





Extensive expertise encompassing the entire range of wireless technologies

» executed part of contracts are stated separately for each contract and recognised under short-term liabilities as pre-payments received from customers.

Costs relating to sales work and conclusion of contracts are recognised in the profit and loss account as incurred.

Income from royalty is often conditional on future events. Royalty is recognised as income when such future events occur.

Other external expenses

Other external expenses comprise expenses for premises, sale, administration, bad debts, etc.

Other external expenses also include costs of development projects which do not meet the criteria for recognition in the balance sheet.

Staff costs

Staff costs comprise salaries and wages, social security costs, pension contributions, etc for the Company's staff.

Net financials

These items comprise interest income and expenses, the interest portion of finance lease payments, realised and unrealised capital gains and losses on securities, payables and transactions in foreign currencies, amortisation of financial assets and liabilities as well as tax surcharge and repayment under the Danish Tax Prepayment Scheme etc. Financial income and expenses are recognised at the amounts relating to the financial year.

Income taxes

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the profit and loss account by the portion attributable to the profit/loss for the year and recognised directly on equity by the portion attributable to entries directly on equity. Any portion of the tax taken the profit and loss account, which relates to extraordinary profit/loss for the year, is allocated to this entry whereas the remaining portion is taken to the year's profit/loss from ordinary activities.

The current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Deferred tax is recognised and measured applying the liability method on all temporary differences between the carrying amount and tax-based value of assets and liabilities. The tax-based value of the assets is calculated based on the planned use of each asset.

Deferred tax is measured on the basis of tax regulations which will be in effect, using the laws at the balance sheet date, when the deferred tax is estimated to be triggered as current tax. Changes in deferred tax resulting from changed tax rates are recognised in the profit and loss account.

Deferred tax assets, including the tax base of tax loss carry-forwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

The Parent is jointly taxed with selected subsidiaries. The current Danish income tax is allocated among the jointly taxed Danish companies proportionally to their taxable income (full allocation with a refund concerning tax losses). The jointly taxed enterprises are jointly and severally liable with the other jointly taxed enterprises for the total income tax.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other short-term liabilities other than provision.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging of the fair value of a recognised asset or a recognised liability are recorded in the profit and loss account together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in equity. When the hedged transactions are realised, the changes are recognised in the relevant items.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the profit and loss account as financial income or financial expenses.

BALANCE SHEET

Intangible assets

Goodwill

Goodwill is measured at cost less accumulated amortisation and impairment losses. Goodwill is amortised straight-line over its estimated useful life, which is fixed on the basis of experience gained by the Management for each business area. The amortisation period is usually up to 10 years, but in special cases it may be up to 20 years.

The carrying amount of goodwill is assessed currently and written down to recoverable amount if the carrying amount exceeds the estimated future net income from the enterprise or activity to which the goodwill is related. The recoverable amount is measured at the higher of net present value and net selling price.

Development projects, patents and licences

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible fixed assets. Other development costs are recognised as costs in the profit and loss account as incurred.

Development costs comprise costs that are directly and indirectly attributable to the development projects.

On completion of the development project, the development costs are amortised straight-line over its estimated useful life. The amortisation period is usually 3-5 years, but it may be up to 20 years if the longer amortisation period is considered to better reflect the Group's benefit from the developed product, etc. For development projects, protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights, however, maximum 20 years.

The Group's services are primarily sold on markets with frequent changes or upgrading of technologies. Consequently, the Group's commercial sales conditions may change at short notice, and in particular cases, the market may be lost due to a specific technological development. Therefore, it is expected that only in special cases will incurred costs relating to the Group's own development projects meet the requirements for capitalisation.

Acquired intellectual property rights in the form of patents and licences are measured at cost less accumulated amortisation. Patents are amortised over the remaining duration, and licences are amortised over the term of the agreement, but no more than 20 years.

Development projects, including projects in progress, patents and licences, are written down to the lower of recoverable amount and carrying amount.

Profits and losses from sale of development projects, patents and licences are measured as the difference between selling price less selling costs and carrying amount at the time of sale. Profits or losses are recognised in the profit and loss account together with amortisation and impairment losses if they are adjustments to previous amortisation or under other operating income if the selling price exceeds original cost.



» Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated. Financing interest relating to large investments is included in the cost price.

Depreciation is provided on a straight-line basis over the estimated useful lives of the assets.

Land	-
Buildings	50 years
Fixtures and fittings, tools and equipment, including computer equipment	3 - 4 years
Cars	7 years

Assets costing less than DKK 11,000 per unit are recognised as costs in the profit and loss account at the time of acquisition. The investments in fixtures and fittings, tools and equipment made in connection with occupation of new premises are capitalised irrespective of cost.

Tangible fixed assets are written down to the lower of recoverable amount and carrying amount.

Profits and losses from the sale of tangible fixed assets are calculated as the difference between selling price less selling costs and the carrying amount at the time of sale. Profits or losses are recognised in the profit and loss account together with depreciation and impairment losses or under other operating income if the selling price exceeds original cost.

Leases and lease contracts

Lease of assets from which the Group actually obtains advantages and risks involved with the ownership of the asset is capitalised as assets held under finance lease under "Tangible fixed assets" and depreciated over the estimated useful life in accordance with the above depreciation periods.

The interest portion of lease payments is recognised over the term of the contracts as financial costs in the profit and loss account.

Lease costs relating to operating leases and rental costs are recognised currently in the profit and loss account over the lease term/rental period.

Fixed asset investments

Investments in group enterprises

Investments in subsidiaries and associates are recognised and measured under the equity method. This means that in the balance sheet investments are measured at the pro rata share of the enterprises' equity value plus or minus unamortised positive and negative goodwill on consolidation.

The Parent's share of the enterprises' profits or losses after elimination of unrealised intra-group profits and losses and minus or plus amortisation of positive, or negative, goodwill on consolidation is recognised in the profit and loss account.

Subsidiaries and associates with negative equity are measured at zero value, and any receivables from these enterprises are written down by the Parent's share of such negative equity if it is deemed irrecoverable. If the negative equity exceeds the amount receivable, the remaining amount is recognised under provisions if the Company has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Net revaluation of investments in subsidiaries and associates is taken to reserve for net revaluation under the equity method if the carrying amount exceeds cost.

The purchase method is applied in the acquisition of subsidiaries; see above description under "Consolidation".

Other investments (fixed assets)

Listed shares and bonds (fixed assets) are measured at fair value at the balance sheet date (quoted price). Other fixed asset investments are measured at an approximate fair value or at cost if an approximate fair value cannot be calculated.

Realised and unrealised capital gains and losses are recognised in the profit and loss account under financial income or financial expenses. Share dividend is recognised under financial income in the year in which dividend is declared.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost of raw materials, consumables and goods for resale consists of purchase price plus landing costs. Cost of manufactured finished goods and work in progress consists of costs for raw materials, consumables and direct labour costs as well as indirect production costs.



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The net realisable value of inventories is calculated at the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost usually equalling nominal value less provisions for bad debts. Write-down is based on an individual assessment of all receivables.

Contract development projects in progress

Contract development projects in progress are measured at market value of the performed work. The market value is measured based on the stage of completion on the balance sheet date and the total estimated income from the individual development projects in progress. Usually, the stage of completion is determined as the ratio between actual and total budgeted consumption of resources. For some projects where the consumption of resources cannot be applied as a basis, the ratio between completed and total subactivities of the individual projects has been applied.

If the market value of a development project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each development project in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the market value less prepayments received, is positive or negative.

Costs relating to sales work and conclusion of contracts as well as financing costs are recognised in the profit and loss account as incurred.

For further information, see the description under "Recognition of income".

Prepayments, accrued expenses, accruals and deferred income

Prepayments and accrued expenses comprise incurred costs relating to subsequent financial years, including adjustments to fair value of derivative financial instruments with positive fair value.

Accruals and deferred income comprise received payments relating to subsequent financial years and adjustments to fair value of derivative financial instruments with negative fair value.

Prepayments and deferred income are measured at amortised cost which usually corresponds to the nominal value.





RTX makes high quality consumer products within wireless technology

» Current asset investments

Securities classified as current assets are measured at fair value at the balance sheet date (quoted price).

Realised and unrealised capital gains and losses (net) are recognised under financial income and financial expenses.

Equity

Dividends are recognised as a liability at the time of adoption at the general meeting. The expected payments of dividends for the financial year are disclosed as a separate item under equity.

Acquisition and selling prices of treasury shares as well as dividends on treasury shares are classified directly as equity under "Retained earnings".

Other provisions

Provisions are recognised when the Group or the Parent has a commitment as a result of events in the financial year or earlier years and the repayment is likely to result in financial consumption of resources.

Mortgage debt

At the time of borrowing, mortgage debt is measured at cost which corresponds to the proceeds received less transaction

costs incurred. Subsequently, mortgage debt is measured at amortised cost.

Incentive programmes and other share-based schemes

Many of the Group's employees have subscribed for employee shares at favourable prices. Further, a number of executives have been granted warrants and share options.

Costs relating to the employee share scheme and other share-based incentive schemes are taken directly to equity.

Proceeds from the issue of shares in RTX Telecom A/S in connection with the subscription for employee shares and exercised warrants are recognised directly on equity. Also the tax implications of the share-based incentive schemes are recognised directly on equity.

The most important conditions of the granted warrants and share options are disclosed in a note on incentive programmes and other share-based schemes.

CASH FLOW STATEMENT

The cash flow statement of the Group is presented using the indirect method and shows cash flows from operating, investing and financing activities as well as the Group's cash

and cash equivalents at the beginning and the end of the financial year.

Cash flows from acquisition and divestment of enterprises are shown separately under cash flows from investing activities. Cash flows from acquired enterprises are recognised in the cash flow statement from the time of their acquisition, and cash flows from divested enterprises are recognised up to the time of sale.

Cash flows from operating activities are calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises and activities as well as acquisition and sale of intangible assets, tangible fixed assets as well as fixed asset investments.

Cash flows from financing activities comprise changes in the size or composition of share capital and related costs as well as payment of dividend, purchase and sale of treasury shares and raising of loans and instalments on interest-bearing debt.

Cash and cash equivalents include cash and current asset investments less short-term bank debt.

SEGMENT INFORMATION

The RTX Telecom Group develops, manufactures and markets wireless services and products and the Group only has one business segment - wireless communication. Within the segment wireless communication, the Group is currently working with three general technologies and own products etc.

Net turnover broken down by technologies and own products etc. as well as geographical areas is disclosed in note 1. ■



RTX TECH



FINANCIAL STATEMENTS

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STATEMENT



PROFIT AND LOSS ACCOUNT

(DKK '000)	Note	Group		Parent	
		2004/05	2003/04	2004/05	2003/04
Net turnover	1	317,226	222,036	177,228	166,350
Cost of sales, etc		(137,835)	(77,827)	(46,700)	(19,099)
Other external expenses		(49,174)	(54,274)	(44,741)	(54,426)
Staff costs	2	(123,952)	(100,711)	(95,041)	(87,498)
Depreciation/amortisation/write-down	3	(11,374)	(19,919)	(6,333)	(7,670)
Profit/loss before financial income and expenses (EBIT)		(5,109)	(30,695)	(15,587)	(2,343)
Profit/loss before tax in subsidiaries	11	0	0	10,202	(28,012)
Financial income	5	7,711	10,835	8,454	10,794
Financial expenses	6	(3,682)	(4,998)	(4,149)	(5,297)
Profit/loss before tax		(1,080)	(24,858)	(1,080)	(24,858)
Tax on profit/loss for the year	7	343	7,518	343	7,518
Adjustment of tax due to change in the corporate income tax rate, etc	8	(1,163)	0	(1,163)	0
Net profit/loss for the year		(1,900)	(17,340)	(1,900)	(17,340)
Proposed distribution of profit/loss					
Shareholder dividends				0	0
Retained earnings				(1,900)	(17,340)
				(1,900)	(17,340)

BALANCE SHEET AT 30 SEPTEMBER

Assets (DKK '000)	Note	Group		Parent	
		2005	2004	2005	2004
Completed development projects		3,846	6,410	0	0
Licences		3,098	0	3,098	0
Goodwill		4,643	0	0	0
Intangible assets	9	11,587	6,410	3,098	0
Land and buildings		88,790	90,550	88,790	90,550
Fixtures and fittings, tools and equipment		9,656	11,486	6,326	7,971
Tangible fixed assets	10	98,446	102,036	95,116	98,521
Investments in subsidiaries		0	0	36,865	30,390
Other investments		18,186	14,172	18,186	14,172
Subordinated convertible loan		845	0	845	0
Deposits		923	822	757	753
Fixed asset investments	11	19,954	14,994	56,653	45,315
FIXED ASSETS		129,987	123,440	154,867	143,836
Raw materials and consumables		8,547	4,438	1,100	899
Work in progress		533	0	0	0
Manufactured goods and goods for resale		13,962	819	0	0
Inventories		23,042	5,257	1,100	899
Deferred tax (tax asset)	15	16,820	17,301	9,329	9,929
Trade receivables		98,455	51,321	66,244	31,901
Contract development projects in progress	12	209	1,697	0	1,757
Receivables from subsidiaries		0	0	18,692	2,699
Income taxes	18	583	0	583	0
Other receivables		10,814	15,045	10,502	15,225
Prepayments and accrued expenses		2,857	1,840	2,275	1,708
Receivables		129,738	87,204	107,625	63,219
Current asset investments	13	146,157	191,252	146,157	191,252
Cash at bank and in hand		15,373	39,952	13,211	37,614
CURRENT ASSETS		314,310	323,665	268,093	292,984
ASSETS		444,297	447,105	422,960	436,820

BALANCE SHEET AT 30 SEPTEMBER

Equity and liabilities (DKK '000)	Note	Group		Parent	
		2005	2004	2005	2004
Share capital	14	47,048	47,048	47,048	47,048
Share premium account		298,703	298,703	298,703	298,703
Retained earnings		19,872	29,117	19,872	29,117
Equity		365,623	374,868	365,623	374,868
Other provisions	16	1,155	5,996	0	5,416
Provisions		1,155	5,996	0	5,416
Mortgage debt		26,509	28,176	26,509	28,176
Other long-term payables		2,000	0	0	0
Long-term liabilities other than provisions	17	28,509	28,176	26,509	28,176
Current portion of long-term liabilities	17	1,941	1,789	1,941	1,789
Bank debt		2,374	0	2,374	0
Prepayments received from customers		340	0	0	0
Trade payables		11,729	13,255	2,669	4,847
Contract development projects in progress	12	0	0	816	0
Payables to subsidiaries		0	0	620	2,611
Income taxes	18	0	2,533	0	2,533
Other payables		32,518	20,488	22,300	16,580
Accruals		108	0	108	0
Short-term liabilities other than provisions		49,010	38,065	30,828	28,360
LIABILITIES OTHER THAN PROVISIONS		77,519	66,241	57,337	56,536
EQUITY AND LIABILITIES		444,297	447,105	422,960	436,820
Treasury shares	19				
Collateral	20				
Contractual obligations	21				
Contingent liabilities	22				
Related parties	23				
Incentive programmes, etc	24				
Financial instruments	25				

EQUITY STATEMENT

(DKK '000)	Group		Parent	
	2004/05	2003/04	2004/05	2003/04
Share capital at 1 October	47,048	47,048	47,048	47,048
Share capital at 30 September	47,048	47,048	47,048	47,048
Share premium account at 1 October	298,703	298,721	298,703	298,721
Costs relating to share issue	0	(26)	0	(26)
Tax value of costs incurred	0	8	0	8
Share premium account at 30 September	298,703	298,703	298,703	298,703
Retained earnings at 1 October	29,117	46,663	29,117	46,663
Net profit/loss for the year	(1,900)	(17,340)	(1,900)	(17,340)
Acquisition of treasury shares	(7,394)	0	(7,394)	0
Exchange rate adjustment of foreign subsidiary	49	(53)	49	(53)
Net adjustment of hedging instruments	0	(218)	0	(218)
Tax value of net adjustment of hedging instruments	0	65	0	65
Retained earnings at 30 September	19,872	29,117	19,872	29,117
TOTAL EQUITY	365,623	374,868	365,623	374,868

The share capital of DKK 47,048,005 consists of 9,409,601 shares at DKK 5.

The Group holds 125,000 treasury shares as at 30 September 2005 (0 as at 30 September 2004).

There are no shares with special rights.

The conditions of granted warrants and share options are disclosed in the note on incentive programmes, etc.

CASH FLOW STATEMENT

(DKK '000)	Note	Group		Parent	
		2004/05	2003/04	2004/05	2003/04
Profit/loss before financial income and expenses		(5,109)	(30,695)	(15,587)	(2,343)
Depreciation, amortisation and write-down		11,374	19,919	6,333	7,670
Other items with no effects on cash flow		(4,384)	5,668	(5,011)	5,141
Working capital changes	26	(49,265)	(30,065)	(38,260)	(16,700)
Cash flows from operating activities before net financials		(47,384)	(35,173)	(52,525)	(6,232)
Financial income		7,711	10,835	8,454	10,794
Financial expenses		(3,682)	(4,998)	(4,149)	(5,297)
Income taxes paid		(3,862)	(1,201)	(3,854)	(1,201)
Cash flows from operations		(47,217)	(30,537)	(52,074)	(1,936)
Intangible assets, net		(8,901)	(7,692)	(3,098)	0
Tangible fixed assets, net		(4,060)	(5,771)	(2,928)	(1,944)
Fixed asset investments		(4,961)	(98)	(4,863)	(42,347)
Cash flows from investments		(17,922)	(13,561)	(10,889)	(44,291)
Acquisition of treasury shares		(7,394)	0	(7,394)	0
Costs relating to share issue, net		0	(26)	0	(26)
Net adjustment of hedging instruments		0	(218)	0	(218)
Raising of long-term liabilities		15,335	0	13,335	0
Instalment on and repayment of long-term liabilities		(14,850)	(15,791)	(14,850)	(15,791)
Cash flows from financing activities		(6,909)	(16,035)	(8,909)	(16,035)
Increase/decrease in cash and cash equivalents		(72,048)	(60,133)	(71,872)	(62,262)
Cash and cash equivalents at 1 October		231,204	291,337	228,866	291,128
Cash and cash equivalents at 30 September	27	159,156	231,204	156,994	228,866

NOTES

(DKK '000)	Group		Parent	
	2004/05	2003/04	2004/05	2003/04
1. NET TURNOVER				
By technologies etc.				
Cordless including WLAN	250,174	169,395	139,785	119,509
Cellular	21,303	15,012	8,767	20,207
Bluetooth	44,570	37,226	22,650	23,590
Other income	1,179	403	6,026	3,044
Total	317,226	222,036	177,228	166,350
By geographical areas				
Denmark	93,442	37,211	64,945	57,832
Other European countries	131,487	86,478	42,706	75,887
Asia and Australia	30,536	83,724	13,503	19,868
North America	61,761	14,623	56,074	12,763
Total	317,226	222,036	177,228	166,350
Net turnover is broken down by geographical areas according to the customers' geographical location.				
(DKK '000)	2004/05	Share	2003/04	Share
Net turnover of the Group by types of income				
Development projects	75,572	24%	94,189	43%
Royalty	20,958	7%	23,084	10%
Own products, etc	220,696	69%	104,763	47%
Total net turnover of the Group	317,226	100%	222,036	100%
(DKK '000)	2004/05	2003/04	2004/05	2003/04
Composition of net turnover				
Sale of goods and services	264,541	191,166	129,243	135,720
Sales value of this year's production of contract development projects in progress uncompleted at year-end	52,685	30,870	47,985	30,630
Total	317,226	222,036	177,228	166,350
2. STAFF COSTS				
Salaries	122,758	104,776	94,099	86,601
Other social security costs	1,194	1,071	942	897
	123,952	105,847	95,041	87,498
Of this transferred salaries to completed contract development projects (capitalised)	0	(5,136)	0	0
Total	123,952	100,711	95,041	87,498
Of this remuneration for the Parent's:				
Supervisory Board	821	737	821	737
Executive Board	1,644	1,567	1,644	1,567
Total	2,465	2,304	2,465	2,304

NOTES

(DKK '000)	Group		Parent	
	2004/05	2003/04	2004/05	2003/04
2. STAFF COSTS (continued)				
Share options granted to the Parent's:				
Supervisory Board, number	15,000	0	15,000	0
Executive Board, number	0	0	0	0
Total	15,000	0	15,000	0
The Group's incentive programmes, etc are further specified in note 24.				
Number of employees at year-end	244	248	189	195
Average number of employees	249	225	192	187
3. DEPRECIATION/AMORTISATION/WRITE-DOWN				
Development projects	2,564	1,282	0	0
Licences	0	100	0	100
Goodwill	1,160	10,383	0	0
Buildings	1,830	1,831	1,830	1,831
Fixtures and fittings, tools and equipment	5,820	6,323	4,503	5,739
Total	11,374	19,919	6,333	7,670
Of this write-down amounts to	0	8,683	0	0
4. FEES TO AUDITORS APPOINTED BY THE GENERAL MEETING				
Fees for audit services:				
Deloitte	497	470	395	390
Mortensen & Beierholm	72	74	72	74
Total	569	544	467	464
Fees for non-audit services:				
Deloitte	846	1,056	758	800
Mortensen & Beierholm	0	0	0	0
Total	846	1,056	758	800
5. FINANCIAL INCOME				
Interest	7,260	9,771	7,191	9,715
Interest from subsidiaries	0	0	812	15
Realised gain on interest swap	0	1,064	0	1,064
Price adjustment on securities	451	0	451	0
Total	7,711	10,835	8,454	10,794
6. FINANCIAL EXPENSES				
Interest	1,625	2,002	1,533	1,999
Interest to subsidiaries	0	0	6	400
Loss on foreign currency (net)	112	490	665	392
Price adjustment on securities	1,945	2,506	1,945	2,506
Total	3,682	4,998	4,149	5,297

NOTES

(DKK '000)	Group		Parent	
	2004/05	2003/04	2004/05	2003/04
7. TAX ON PROFIT/LOSS FOR THE YEAR				
Current tax on profit/loss for the year	536	712	(2,502)	2,063
Change in deferred tax	(473)	(8,230)	(659)	(1,245)
Adjustment concerning income from abroad	(406)	0	(406)	0
Share of tax in subsidiaries	0	0	3,224	(8,516)
Reverse taxes concerning write-down of capital gain	0	0	0	180
Total	(343)	(7,518)	(343)	(7,518)
<i>Tax on profit/loss for the year can be specified as follows:</i>				
Income tax rate in Denmark	(28)	(30)	(28)	(30)
Disallowable expenses less non-taxable income and other adjustments	(4)	0	(4)	0
Effective tax rate	(32)	(30)	(32)	(30)
<i>Tax on changes in equity</i>				
Current tax	0	(8)	0	(8)
Deferred tax	0	(65)	0	(65)
Total	0	(73)	0	(73)
Taxes paid/received during the year	(3,862)	(1,201)	(3,854)	(1,201)
8. ADJUSTMENT OF TAX DUE TO CHANGE IN THE CORPORATE INCOME TAX RATE, ETC				
<i>Adjustment concerning previous years</i>				
Current tax	209	0	(648)	0
Deferred tax	(209)	0	648	0
<i>Reduction of the corporate income tax rate</i>				
Change of deferred tax due to change in the corporate income tax rate from 30% to 28%	1,163	0	611	0
Change of deferred tax in subsidiaries due to change in the corporate income tax rate from 30% to 28%	0	0	552	0
	1,163	0	1,163	0
9. INTANGIBLE ASSETS				
Completed development projects				
Cost at 1 October	7,692	0	0	0
Additions for the year	0	7,692	0	0
Cost at 30 September	7,692	7,692	0	0
Amortisation at 1 October	(1,282)	0	0	0
Amortisation for the year	(2,564)	(1,282)	0	0
Amortisation at 30 September	(3,846)	(1,282)	0	0
Carrying amount at 30 September	3,846	6,410	0	0

NOTES

(DKK '000)	Group		Parent	
	2004/05	2003/04	2004/05	2003/04
9. INTANGIBLE ASSETS (continued)				
Licences				
Cost at 1 October	500	500	500	500
Additions for the year	3,098	0	3,098	0
Cost at 30 September	3,598	500	3,598	500
Amortisation at 1 October	(500)	(400)	(500)	(400)
Amortisation for the year	0	(100)	0	(100)
Amortisation at 30 September	(500)	(500)	(500)	(500)
Carrying amount at 30 September	3,098	0	3,098	0
Goodwill				
Cost at 1 October	14,354	14,354	0	0
Additions for the year	5,803	0	0	0
Cost at 30 September	20,157	14,354	0	0
Amortisation and write-down at 1 October	(14,354)	(3,971)	0	0
Amortisation for the year	(1,160)	(1,700)	0	0
Write-down for the year	0	(8,683)	0	0
Amortisation and write-down at 30 September	(15,514)	(14,354)	0	0
Carrying amount at 30 September	4,643	0	0	0
Total carrying amount at 30 September	11,587	6,410	3,098	0
10. TANGIBLE FIXED ASSETS				
Land and buildings				
Cost at 1 October	97,253	97,253	97,253	97,253
Additions for the year	70	0	70	0
Cost at 30 September	97,323	97,253	97,323	97,253
Depreciation at 1 October	(6,703)	(4,872)	(6,703)	(4,872)
Depreciation for the year	(1,830)	(1,831)	(1,830)	(1,831)
Depreciation at 30 September	(8,533)	(6,703)	(8,533)	(6,703)
Carrying amount at 30 September	88,790	90,550	88,790	90,550
As at 1 October 2004 the total value according to the public property assessment amounts to DKK 58.0 million.				
Fixtures and fittings, tools and equipment				
Cost at 1 October	45,889	40,977	40,775	40,098
Additions for the year	3,990	6,011	2,858	2,889
Disposals for the year	0	(1,099)	0	(2,212)
Cost at 30 September	49,879	45,889	43,633	40,775
Depreciation at 1 October	(34,403)	(28,939)	(32,804)	(28,332)
Depreciation for the year	(5,820)	(6,323)	(4,503)	(5,739)
Depreciation concerning disposals for the year	0	859	0	1,267
Depreciation at 30 September	(40,223)	(34,403)	(37,307)	(32,804)
Carrying amount at 30 September	9,656	11,486	6,326	7,971
Total carrying amount at 30 September	98,446	102,036	95,116	98,521
Including				
Recognised leased assets	0	0	0	0
Recognised interest expenses	0	0	0	0

NOTES

(DKK '000)	Parent	
	2004/05	2003/04
11. FIXED ASSET INVESTMENTS		
Investments in subsidiaries		
Cost at 1 October	57,443	15,125
Additions for the year	0	44,838
Adjustment of added value at addition	0	(2,520)
Cost at 30 September	57,443	57,443
Value adjustments at 1 October	(27,053)	(7,324)
Share of profit/loss for the year	6,559	(20,516)
Reverted effect of added value of profit/loss and internal profit, net	(133)	840
Exchange rate adjustment	49	(53)
Dividends	0	0
Value adjustments at 30 September	(20,578)	(27,053)
Carrying amount at 30 September	36,865	30,390

At 30 September 2005, investments in subsidiaries comprise the entire share capital in the following enterprises:

Name	Reg. office	Nominal share capital		Equity	Profit/loss before tax	Net profit/loss for the year
		Currency '000		DKK '000	DKK '000	DKK '000
RTX Products A/S	Noerresundby	DKK	5,000	32,196	11,179	7,602
RTX Healthcare A/S	Noerresundby	DKK	6,000	4,062	(98)	(297)
RTX America, Inc.	USA	USD	500	2,420	(746)	(746)
				38,678	10,335	6,559
Adjustment of added value and internal profit				(1,813)	(133)	(133)
				36,865	10,202	6,426

Subsidiaries' addresses

RTX Products A/S, Stroemmen 6, 9400 Noerresundby, Denmark
 RTX Healthcare A/S, Stroemmen 6, 9400 Noerresundby, Denmark
 RTX America, Inc., San Jose, California, USA

(DKK '000)	Group		Parent	
	2004/05	2003/04	2004/05	2003/04
Other investments				
Cost at 1 October	14,172	14,172	14,172	14,172
Additions for the year	4,014	0	4,014	0
Cost at 30 September	18,186	14,172	18,186	14,172
Value adjustments at 1 October	0	0	0	0
Additions for the year	0	0	0	0
Disposals for the year	0	0	0	0
Value adjustments at 30 September	0	0	0	0
Carrying amount at 30 September	18,186	14,172	18,186	14,172

Other investments comprise holding of shares in LitePoint Corporation, USA and Thomsen Bioscience A/S, Noerresundby, Denmark.

NOTES

(DKK '000)	Group		Parent	
	2004/05	2003/04	2004/05	2003/04
11. FIXED ASSET INVESTMENTS (continued)				
Subordinated convertible loan				
Cost at 1 October	0	0	0	0
Additions for the year	2,591	0	2,591	0
Disposals for the year	(1,746)	0	(1,746)	0
Cost at 30 September	845	0	845	0
Carrying amount at 30 September	845	0	845	0
Subordinated convertible loan has been granted to Thomsen Bioscience A/S.				
Deposits				
Cost at 1 October	822	724	753	724
Additions for the year	116	98	19	29
Disposals for the year	(15)	0	(15)	0
Cost at 30 September	923	822	757	753
Carrying amount at 30 September	923	822	757	753
Deposits are not depreciated.				
Total carrying amount at 30 September	19,954	14,994	56,653	45,315
12. CONTRACT DEVELOPMENT PROJECTS IN PROGRESS				
Market value of development projects in progress	71,920	65,500	67,220	64,510
Invoiced on account	(71,711)	(63,803)	(68,036)	(62,753)
Contract development projects in progress, net	209	1,697	(816)	1,757
which is recognised in the balance sheet as follows:				
Contract development projects in progress	209	1,697	(816)	1,757
Prepayments received from customers	0	0	0	0
Contract development projects in progress, net	209	1,697	(816)	1,757
Contract development projects in progress and volume of orders at the balance sheet date				
Total volume of orders, etc	96,369	97,552	90,111	96,502
Of this market value of performed work is recognised as income	(71,920)	(65,500)	(67,220)	(64,510)
Market value of non-performed work at the balance sheet date	24,449	32,052	22,891	31,992
Market value of non-performed work at the balance sheet date in % of total volume of orders, etc	25	33	25	33

NOTES

(DKK '000)	Group		Parent	
	2004/05	2003/04	2004/05	2003/04
13. CURRENT ASSET INVESTMENTS				
Cost at 1 October	192,957	257,978	192,957	257,978
Additions for the year	119,535	70,723	119,535	70,723
Disposals for the year	(165,081)	(135,744)	(165,081)	(135,744)
Cost at 30 September	147,411	192,957	147,411	192,957
Value adjustments at 1 October	(1,705)	277	(1,705)	277
Value adjustments for the year, net	451	(1,982)	451	(1,982)
Value adjustments at 30 September	(1,254)	(1,705)	(1,254)	(1,705)
Carrying amount at 30 September	146,157	191,252	146,157	191,252
Current asset investments consist of bonds with an average maturity of	1,9 year	1,4 year	1,9 year	1,4 year
average effective rate of interest of	3.0 %	2.7 %	3.0 %	2.7 %

14. SHARE CAPITAL

The share capital consists of 9,409,601 shares at DKK 5.

Development in share capital over the past five years:

(DKK '000)	2004/05	2003/04	2002/03	2001/02	2000/01
Share capital at 1 October	47,048	47,048	45,677	45,482	45,428
Employee share issues	0	0	216	195	54
Capital increase after exercise of granted warrants	0	0	1,155	0	0
Share capital at 30 September	47,048	47,048	47,048	45,677	45,482
Number of shares at DKK 5 at 30 September amounts to	9,409,601	9,409,601	9,409,601	9,135,383	9,096,488
Hereof treasury shares are included with, number	125,000	0	0	0	0
Treasury shares' portion of totalshare capital accounts for	1.3%	0.0%	0.0%	0.0%	0.0%

(DKK '000)	Group		Parent	
	2004/05	2003/04	2004/05	2003/04
15. DEFERRED TAX (TAX ASSET)				
Provisions at 1 October	(17,301)	(9,005)	(9,929)	(8,963)
Deferred tax on profit/loss for the year	(473)	(8,296)	(659)	(1,310)
Change of deferred tax as a result of change in the corporate income tax rate from 30% to 28%	1,163	0	611	0
Transferred to subsidiary concerning hive off activities	0	0	0	344
Adjustment concerning previous years	(209)	0	648	0
Provisions at 30 September	(16,820)	(17,301)	(9,329)	(9,929)

NOTES

(DKK '000)	Group		Parent	
	2004/05	2003/04	2004/05	2003/04
15. DEFERRED TAX (TAX ASSET) (continued)				
Deferred tax is incumbent on the following items:				
Intangible assets	(8,219)	(8,670)	(1,267)	(1,802)
Tangible fixed assets	(4,252)	(2,323)	(3,614)	(1,993)
Current assets, etc	(2,743)	(3,801)	(2,681)	(3,627)
Provisions	(130)	0	0	0
Liabilities	251	0	0	0
Tax loss for carry-forward	(1,727)	(2,507)	(1,767)	(2,507)
Total	(16,820)	(17,301)	(9,329)	(9,929)
The tax rate used in the calculation of deferred tax is 28%. For further details, see description of "Accounting Policies".				
16. OTHER PROVISIONS				
Provisions at 1 October	5,996	275	5,416	275
Transferred to subsidiary concerning hive off activities	0	0	0	(275)
Provisions for the year	943	5,721	0	5,416
Consumption for the year	(5,784)	0	(5,416)	0
Provisions at 30 September	1,155	5,996	0	5,416
Anticipated maturity:				
Less than 1 year	926	5,836	0	5,416
Between 1 and 5 years	229	160	0	0
	1,155	5,996	0	5,416
17. LONG-TERM LIABILITIES				
Amortised cost of long-term liabilities amounts to	30,450	29,965	28,450	29,965
The loans are raised in DKK and EUR.				
Long-term liabilities comprise mortgage debt, etc with maturity from 2012 to 2025.				
The liabilities fall due as follows:				
Less than 1 year	1,941	1,789	1,941	1,789
Between 1 and 5 years	10,331	7,975	8,331	7,975
After 5 years	18,178	20,201	18,178	20,201
Total	30,450	29,965	28,450	29,965
Interest revaluation time				
Revalued under 3 months	0	0	0	0
Revalued between 3 and 6 months	8,589	8,985	8,589	8,985
Revalued between 6 and 12 months	0	0	0	0
Revalued after more than 12 months or at a fixed rate	21,861	20,980	19,861	20,980
Total	30,450	29,965	28,450	29,965
Effective rate of interest in local currency				
Under 4%	23,789	8,985	21,789	8,985
Between 4% and 6%	6,661	20,980	6,661	20,980
More than 6%	0	0	0	0
Total	30,450	29,965	28,450	29,965

Adjustment of above loans to market value at 30 September 2005 will result in costs of DKK 0.5 million.

Of long-term liabilities, DKK 0.0 million relates to assets held under finance lease.

NOTES

(DKK '000)	Group		Parent	
	2004/05	2003/04	2004/05	2003/04
18. INCOME TAXES				
Income taxes at 1 October	2,533	3,029	2,533	3,029
Tax on profit/loss for the year	536	712	529	712
Tax value of entries on equity	0	(8)	0	(8)
Prior year tax adjustments, net	209	0	209	0
Taxes paid concerning prior years, net	(3,578)	(329)	(3,571)	(329)
Taxes paid concerning present year	(283)	(871)	(283)	(871)
Income taxes at 30 September	(583)	2,533	(583)	2,533

Amounts at 30 September in brackets are receivables.

	Number		Nominal value in DKK		% of share capital	
	2004/05	2003/04	2004/05	2003/04	2004/05	2003/04
19. TREASURY SHARES						
Treasury shares						
at 1 October	0	0	0	0	-	-
Purchase	125,000	0	625,000	0	1.3%	-
Sale	0	0	0	0	-	-
Treasury shares at 30 September	125,000	0	625,000	0	1.3%	-

The market price of treasury shares at 30 September 2005 totals DKK 16.9 million.

The Company is authorised to acquire treasury shares of a total face value of 10% of the Company's share capital up to 25 January 2006. The year's acquisition of treasury shares is performed with a view to a partial hedging of liabilities related to the share options granted by the Company to a limited number of executives.

20. COLLATERAL

The mortgage debt in the Parent is secured by mortgage on property, fixtures and fittings with a carrying amount of DKK 95.1 million at 30 September 2005.

The Group's bank has provided a bank guarantee of DKK 11.9 million concerning a concluded lawsuit. The Group has provided a bank deposit of DKK 11.9 million as security for the provided guarantee.

21. CONTRACTUAL OBLIGATIONS

The Group's rent obligations in leasehold amount to DKK 9.3 million in the period of interminability which in full relates to the Parent.

Rent and lease payments relating to operational lease contracts, including rent obligations, fall due as follows:

(DKK '000)	Group		Parent	
	2004/05	2003/04	2004/05	2003/04
Less than 1 year	1,755	1,755	1,755	1,755
Between 1 and 5 years	6,493	6,315	6,493	6,315
After 5 years	1,749	3,195	1,749	3,195

Costs of rent/leasing amounted to DKK 2.5 million in 2004/05 and DKK 2.0 million in 2003/04.

NOTES

22. CONTINGENT LIABILITIES

Group

The Group's bank has provided bank guarantees and letters of credit at a total amount of DKK 7.9 million of which DKK 0 million relates to the Parent.

In addition to this, the Group has not incurred any guarantee commitments and has not undertaken any guarantees and supply obligations other than obligations and guarantees relating to the services and products developed and sold by the Group.

The Group has not assumed any pension commitments.

Claims for relatively small amounts in terms of value have been addressed to the Group. It is the Management's opinion that there are no justifications for the claims and therefore it is considered unnecessary to make a provision for these claims in the annual report.

Parent

The Parent has made guarantees at an amount of DKK 38.1 million towards some of the subsidiaries' cooperative partners.

Towards a bank, the Parent guarantees for a subsidiary's outstanding balance with the bank.

The Parent is jointly and severally liable with the other jointly taxed enterprises for the total income tax.

23. RELATED PARTIES

No related parties have a controlling interest in the RTX Telecom Group.

Related parties with significant interest in the RTX Telecom Group include the subsidiaries, the Supervisory Board, the Executive Board and executives of the Group enterprises.

RTX Telecom A/S carries on considerable business with the subsidiaries. In 2004/05 business etc was carried out at an amount of DKK 91.1 million between RTX Telecom A/S and its subsidiaries. All transactions were made on market conditions.

In addition to this, the Company has not had any transactions with the Supervisory Board, the Executive Board or other related parties in the financial year, apart from intra-group transactions which have been eliminated in the consolidated financial statements as well as ordinary management remuneration.

The Supervisory Board and the Executive Board hold the following shares in RTX Telecom A/S:

Number of shares at DKK 5		30.09.2005	30.09.2004
Supervisory Board:			
Poul Lind		0	0
Per Møller		2,000	2,000
Peter Christensen	(joined in 2004/05)	330	-
Jørgen Dalby-Jakobsen	(resigned in 2004/05)	-	1,681
Dennis Elgaard		1,725	1,725
Jens Hansen		825,625	825,625
John R. Phelps		0	0
Jens Toftgaard Petersen		681,250	681,250
Mogens Westeraa		523,000	581,450
Total		2,033,930	2,093,731
Executive Board:			
Jørgen Elbæk		681,250	681,250
Total shareholding of the Supervisory Board and the Executive Board:			
Number of shares at DKK 5		2,715,180	2,774,981
Market value in DKK '000		367,934	147,906

The calculated market value is based on the share prices listed at the end of the financial year.

NOTES

23. RELATED PARTIES (continued)

The Supervisory Board and the Executive Board have the following outstanding unexercised warrants and share options:

Number at DKK 5	Warrants		Share options	
	30.09.2005	30.09.2004	30.09.2005	30.09.2004
Supervisory Board:				
Poul Lind	0	0	0	0
Per Møller	0	0	0	0
Peter Christensen (joined in 2004/05)	0	-	7,500	-
Jørgen Dalby-Jakobsen (resigned in 2004/05)	-	3,000	-	0
Dennis Elgaard	3,000	5,000	7,500	0
Jens Hansen	0	0	0	0
John R. Phelps	0	0	0	0
Jens Toftgaard Petersen	0	0	0	0
Mogens Westeraa	0	0	0	0
Total	3,000	8,000	15,000	0
Executive Board:				
Jørgen Elbæk	0	0	0	0
Outstanding, unexercised warrants and share options at DKK 5 granted to the Supervisory Board and the Executive Board, total	3,000	8,000	15,000	0

24. INCENTIVE PROGRAMMES AND OTHER SHARE-BASED SCHEMES**Warrants**

RTX Telecom A/S has granted 121,000 warrants at DKK 5 to a limited number of executives. The unexercised granted warrants can be specified as follows:

Time of issue	Number of warrants at DKK 5	Exercise price per share at DKK 5	Exercise period
December 2000	1,000	334.8900	20 January - 4 February in 2006
May 2001	3,000	222.7700	20 January - 4 February in 2006
January 2002	84,000	97.6000	20 January - 4 February in 2006 -2007
December 2002	15,000	82.8900	20 January - 4 February in 2006 -2008
December 2003	6,000	43.6400	20 January - 4 February in 2006 -2009
September 2004	12,000	57.4800	20 January - 4 February in 2006 -2009
	121,000		

The granted warrants account for approx. 1.3% of the Company's share capital.

Movements of the year and the unexercised warrants at 30 September 2005 can be specified as follows:

	Total	Supervisory Board	Executive Board	Executives	Other staff
Unexercised warrants at 1 October 2004	170,000	8,000	0	35,000	127,000
Supervisory Board members who have resigned	0	(3,000)			3,000
Expired warrants	(46,000)	(2,000)		(8,000)	(36,000)
Employees who have resigned	(3,000)				(3,000)
Unexercised warrants at 30 September 2005	121,000	3,000	0	27,000	91,000

NOTES

24. INCENTIVE PROGRAMMES AND OTHER SHARE-BASED SCHEMES (continued)

Share options

RTX Telecom A/S has granted 142,500 share options at DKK 5 to a limited number of executives. The unexercised granted share options can be specified as follows:

Time of issue	Number of share options at DKK 5	Exercise price per share at DKK 5	Exercise period
May 2005	142,500	70.80 – 79.65	25 May 2008 - 24 May 2012
	142,500		

The granted share options account for approx. 1.5% of the Company's share capital.

RTX Telecom plans to use its holding of treasury shares to fulfil the Group's liabilities related to the granted unexercised share options.

Movements of the year and unexercised share options at 30 September 2005 can be specified as follows:

	Total	Supervisory Board	Executive Board	Executives	Other staff
Unexercised share options at 1 October 2004	0	0	0	0	0
Granted in May 2005	142,500	15,000	0	90,000	37,500
Unexercised share options at 30 September 2005	142,500	15,000	0	90,000	37,500

The market value of all unexercised warrants and share options at 30 September 2005 is calculated at DKK 19.4 million on the basis of the Black-Scholes model of valuation of warrants and share options. The calculation is based on a volatility of 51.8%. Interest rates up to the expiry of the warrant and the share option are based on CIBOR and the Danish swap interest rates at 30 September 2005.

25. FINANCIAL INSTRUMENTS

At 30 September 2005, the Group has not entered any forward contracts.

(DKK '000)	Group		Parent	
	2004/05	2003/04	2004/05	2003/04
26. WORKING CAPITAL CHANGES				
Change in inventories	(17,785)	(22)	(201)	4,336
Change in receivables	(42,432)	(11,675)	(40,534)	6,554
Change in trade payables, etc	10,952	(18,368)	2,475	(27,590)
Total	(49,265)	(30,065)	(38,260)	(16,700)
27. CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER				
Cash at bank and in hand	15,373	39,952	13,211	37,614
Current asset investments	146,157	191,252	146,157	191,252
Bank debt	(2,374)	0	(2,374)	0
Total	159,156	231,204	156,994	228,866
of which unrealised gains (losses) on current asset investments amount to	(1,254)	(1,705)	(1,254)	(1,705)

STATEMENT BY THE MANAGEMENT ON THE ANNUAL REPORT

The Supervisory Board and the Executive Board have today considered and approved the annual report of RTX Telecom A/S for 2004/05.

The annual report has been presented in accordance with the Danish Financial Statements Act, Danish Accounting Standards and other accounting provisions applying to companies listed by the Copenhagen Stock Exchange.

We consider the applied accounting policies appropriate for the annual report to provide a true and fair view of the Group's and the Parent's assets, equity and liabilities, financial position, results and cash flows.

We recommend the annual report for adoption at the Annual General Meeting.

Noerresundby, 7 December 2005

Executive Board

Jørgen Elbæk
Managing Director

Supervisory Board

Poul Lind
Chairman of the Board

Per Møller
Deputy Chairman

Peter Christensen
Employee Representative

Dennis Elgaard
Employee Representative

Jens Hansen

Jens Toftgaard Petersen

John R. Phelps

Mogens Westeraa

AUDITORS' REPORT

To the shareholders of RTX Telecom A/S

We have audited the annual report of RTX Telecom A/S for the financial year 2004/05. The annual report has been presented in accordance with the Danish Financial Statements Act and Danish Accounting Standards.

The annual report is the responsibility of the Company's Management. Our responsibility is to express an opinion on the annual report based on our audit.

Basis of opinion

We conducted our audit in accordance with Danish Auditing Standards. Those Standards require that we plan and perform the audit to obtain reasonable assurance that the annual report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the annual report. An audit also includes assessing the accounting policies used and significant estimates made by Management, as well as evaluating the overall annual report presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the annual report gives a true and fair view of the Group's and the Parent's financial position at 30 September 2005 and of the results of their operations as well as the consolidated cash flows for the financial year 2004/05 in accordance with the Danish Financial Statements Act and Danish Accounting Standards.

Aalborg, 7 December 2005

DELOITTE

Statsautoriseret Revisionsaktieselskab

Henrik Koch
State Authorised
Public Accountant

Hans Østergaard
State Authorised
Public Accountant

MORTENSEN & BEIERHOLM

Statsautoriseret Revisionsaktieselskab

Ole Johansen
State Authorised
Public Accountant

P. Østergaard Mortensen
State Authorised
Public Accountant

H.C.
ANDERSEN

Signature Collection
The Pen & The Inkstand

J. S. Andersen

original signature of H.C. Andersen is a registered



GLOSSARY

TECHNICAL TERM	EXPLANATION
1G, 2G, 2.5G, 3G, 4G	The very first mobile telephony systems (1G, i.e. first generation) were analog, and only used for voice transmission. One example of a 1G mobile telephony system is NMT, which was mainly used in the Nordic countries. The second generation (2G) standards are digital, and although principally used for voice transmissions, it can also be used for sending and receiving data. Examples of 2G standards are GSM and CDMA. GPRS, which transmits data twelve times faster than GSM and can be used for "always on" links to the Internet, for example, is a 2.5G technology. 3G provides the user with a broadband connection for transferring sound, images and video. It is 200 times faster than GSM. Examples of 3G technologies include W-CDMA, TD-SCDMA and UMTS. There is already discussion of a fourth generation (4G), which will be approximately 4,000 times faster than GSM.
AV	AV is a general description of products used for sound and images. AV is an abbreviation for Audio-Visual.
Baseband	Baseband is a general term for part of the physical components of a wireless communication product. Typically, this would include the control circuitry (microprocessor), the power supply, amplifiers, etc.
bit/s (bps)	Just as the speed of a car is measured in kilometres or miles per hour, so the speed of data transfer is measured as bits per second, abbreviated to bit/s or bps. 1 kbit/s = 1,024 bit/s; 1 Mbit/s = 1,048,976 bit/s. The data transmission speed of a GSM mobile telephone is 9,600 kbit/s, that of a fixed-line telephone/modem 56 kbit/s, GPRS up to 114 kbit/s, and UMTS up to 2 Mbit/s.
Bluetooth™	This is a global technology standard that can easily create a wireless connection at distances of between 10 and 100 metres, and thus replace cables. Bluetooth is mainly used for mobile telephones, so the user can, for example, speak through a mobile telephone via a wireless Bluetooth headset. Bluetooth can be used for a number of other applications, such as exchanging business cards between two mobile telephones or as a wireless modem. Maximum data transfer speed 720 kbit/s, or approximately ten times as fast as an ordinary 56k modem and telephone connection.
CDMA, IS-95, CDMA 2000 1x, CDMA 450	CDMA is the North American answer to the GSM mobile telephone standard. It is a standard also used in a number of other countries, especially in Asia. After GSM, CDMA is the most commonly used mobile telephone standard in the world. CDMA stands for Code Division Multiple Access and refers to the various technologies used in second and third generation (2G and 3G) mobile telephones. One of the advantages provided by CDMA is a relatively good and cheap use of network capacity. IS-95 is a CDMA standard. CDMA 2000 1x is a development of the CDMA IS-95 standard, with a voice and data capacity twice that of IS-95. CDMA 450 is a standard which is becoming widespread in Asia and Eastern Europe.
The cellular market	The cellular market is a term used to cover all mobile telephony technologies and consists mainly of mobile telephone customers and subscribers, manufacturers and operators.
DCT 2.4 GHz / WDCT	DCT 2.4 GHz (Digital Cordless Telecommunication) or WDCT (World Digital Cordless Telecommunication) is a licence-free technology that makes it possible to speak wirelessly via an ordinary telephone connection. Unlike DECT, DCT 2.4 GHz complies with the requirements of the North American market.
DECT	DECT is a technology that makes it possible to talk wirelessly via an ordinary telephone connection at a range of up to 300 metres. This was originally an European standard, but it has subsequently also been adopted in a number of non-European countries.
DPRS	DPRS stands for DECT Packet Radio Service. It is a wireless technology that can transmit and receive data based on DECT technology. DPRS allows the user to send and receive e-mails on a laptop PC wirelessly. The range is 50–300 metres, and the speed up to 552 kbit/s, giving sufficient bandwidth for most ADSL connections.
EDGE	EDGE (Enhanced Data Global Evolution) is an extension of GSM. EDGE gives the mobile telephone user access to increased bandwidth and multimedia services, such as video clips. From the point of view of the operator, the advantage of EDGE is that this technology allows the existing GSM infrastructure to be expanded to EDGE, achieving data transfer speeds almost as high as those of UMTS without the need to buy a UMTS licence or build a completely new infrastructure.
GPRS	General Packet Radio Services (GPRS) is a mobile telephony technology for sending and receiving data. It runs over a GSM infrastructure, meaning that existing GSM operators can upgrade their infrastructure to carry GPRS data transmissions. GPRS enables surfing the Internet from a laptop PC via a GPRS mobile telephone. It is 12 times as fast as GSM. GPRS is one of the 2.5 generation (2.5G) technologies.
GPS	GPS (Global Positioning System) is a system for determining the location of a car or a person with an accuracy of between 10 and 100 metres. This location can be displayed on a map in a car, or on the display of a mobile telephone. GPS is owned by the American Ministry of Defense and operates via 21 satellites that orbit the Earth.
GSM	GSM (Global System for Mobile communication) is the most commonly used mobile telephone system throughout the world. It is primarily used for voice communication, and is defined as a second generation technology (2G). GSM can, however, also transfer data and enable Internet use from a laptop via a GSM mobile telephone. Short text messages can also be sent and received with a mobile telephone, using SMS (Short Message Service), and now it is also possible to send images and video clips via MMS (Multimedia Messaging Service).
GSM/GPRS	GSM (Global System for Mobile communication) combined with GPRS (General Packet Radio Services) is known all over the world as 2½ generation (2.5 G) GSM network. GSM/GPRS is the next step towards the 3G network. The GSM/GPRS network is suitable for supporting multimedia facilities because of the high data transmission time.
IC	IC is an abbreviation for an Integrated Circuit, also known as a chip or chipset. The functionality of an IC is the heart of an electronics product, and the nature of the functionality depends on the particular product. An IC can, for example, function either as a storage or a control device.

TECHNICAL TERM	EXPLANATION
IDC	International Data Corporation is a reputable supplier of market analyses to and about the IT and telecom sectors.
Interferens	Interference is the term used when two or more signals disturb each other and thus affect communication between two or more devices.
Internet telephony	Internet telephony is in short telephony via the Internet and not via the conventional telephone connections. As opposed to conventional telephony where each connection occupies the entire connection more users can share the same connection, just as lots of cars can use the same motorway. For instance this means that several households in an apartment block can use the same broadband connection and that each individual household can cancel their ordinary telephone subscription and use Internet telephony in stead. Moreover, it is possible to be on the phone free of charge or very cheap via the Internet.
IP	Internet Protocol (IP) is a method or protocol for sending data over the Internet or even from one telephone to another (Voice over IP). The difference is that whereas in conventional telephony infrastructure, each connection occupies an entire channel, several IP data packets can share the same connection, just as lots of cars can use the same motorway at the same time. IP is also used as an abbreviation for ownership of intellectually generated properties, "Intellectual Property". Cf. "Silicon IP" and "VoIP".
IS-95	IS-95 is a CDMA standard.
ISDN	Integrated Service Digital Network is a standard established by ITU (International Telecommunication Union). It enables digital traffic over existing copper wires. This means that a household can have two telephone numbers for the same connection, and that it is possible to surf the Internet twice as fast as with an ordinary telephone link-up and a 56k modem.
IT	Information Technology (IT) is a term covering the many diverse electronic means and methods for creating, storing, exchanging and using information in various formats, whether images, documents, telephone conversations, video, etc.
ITSP	ITSP is an abbreviation for Internet Telephony Service Provider which is the English term for a provider of telephony via the Internet.
LAN	A Local Area Network (LAN) consists of a group of PCs and other devices sharing the same Internet connection, printers and/or servers in a home or an organisation.
M2M	M2M means Machine-to-Machine communication. According to the largest mobile operators, the number of other wireless products will soon be twice the number of mobile phones. This is a result of the growing use of tele services. RTX Telecom has unique technical know-how in the development of wireless products (M2M) and integration of these for information servers on the Internet (M2S).
NMT	NMT (Nordic Mobile Telephone System) was the first mobile analog telephone system and contributed to launching of 1G mobile systems at the end of the 1970s and at the beginning of the 1980s. NMT still exists and is under development in several countries all over the world.
ODM	Original Design Manufacturer (ODM) is a business model involving the development of a product according to the customer's product requirement specification. In the typical ODM model, the ODM supplier designs, develops and manufactures the complete product. For instance, based on detailed product requirement specifications from a customer, RTX Telecom has designed a Wireless Telephone Line Extender (TLE), including the development and handling of the manufacturing of the product.
OEM	An Original Equipment Manufacturer (OEM) is a manufacturing company developing and manufacturing standardized products or modules, which are then incorporated into end products using the reseller's brand name. There is a low degree of customisation of the OEM product compared to an ODM offering. The customer only performs a few alterations to the final product, this is usually only a brand name and packaging.
PABX	Once upon a time, telephone calls had to be connected manually by the switchboard operator. Such a system was known as a PBX, or Private Branch Exchange. These days, such connections are established automatically, and so the term Private Automatic Branch Exchange (PABX), i.e. an automated switchboard, is used.
Radio Frequency	Radio frequencies are electronic waves used for wireless transmission. These can be used for communication between a mobile telephone and an antenna mast.
Repeater	A repeater receives digital signals electronically and sends them on to another device. This means that a DECT repeater can extend the telephones' coverage.
RF	Radio Frequency (RF) means the radio part that establishes the wireless links in a communication product.
Silicon IP	Silicon Intellectual Properties (Silicon IP) is an expression used for the design or intellectual know-how used to make a chip (or IC) function in a given way.
SIP	SIP is a programme allowing telephone conversations via the Internet. Calls to other SIP users are free of charge as well as calls to regular telephone numbers and mobiles all over the world are at a low rate.
Skype™	Skype™ is a programme allowing telephone conversations via the Internet. Calls to other Skype™ users are free of charge as well as calls to regular telephone numbers and mobiles all over the world are at a low rate.

TECHNICAL TERM	EXPLANATION
Softphone	Softphone is a programme allowing telephone conversations via the Internet. Calls to other Softphone users are free of charge as well as calls to regular telephone numbers all over the world are at a low rate.
Software	Software is a general term for computer programmes which make computers and other electronical devices work.
TD-SCDMA	TD-SCDMA stands for Time Division – Synchronous Code Division Multiple Access. TD-SCDMA is a third generation mobile telephony standard developed by CATT (China Academy of Telecommunications Technology) in collaboration with Datang and Siemens. TD-SCDMA enables surfing the Internet at a speed of up to 2 Mbit/s, or 35 times faster than an ordinary 56k modem and telephone line link. It also allows supremely efficient use of the infrastructure.
TLE	TLE is the abbreviation of Telephone Line Extender which is a wireless telephone line extender. A TLE can facilitate the use of "Pay-Per-View" functions and proceed the use of other interactive services available for users of digital satellite receivers and set-top boxes.
Turnkey design	Turnkey design refers to a finished product ready to produce. As the word implies, the customer only needs to "turn a key" to start the product.
UMTS	Universal Mobile Telecommunications System (UMTS) is a third generation standard with a data capacity of up to 2 Mbit/s, 35 times faster than an ordinary 56k modem and a standard telephone line. It is based on the world's most frequently used mobile telephony standard, GSM. In various countries, several mobile operators have paid a great deal of money for UMTS licences. These operators hope that UMTS will enable them to launch a range of new interactive multimedia-based services, such as video conferencing, video on demand, and online route directions.
US-DECT	US-DECT is the 1.9 GHz DECT band which is the American counterpart to the European DECT system.
USB	Universal Serial Bus (USB) is a communications link between a PC and other devices such as modems, scanners and printers. The advantage of USB is that it makes the devices virtually self-configuring as USB is integrated into Windows 98 and later versions.
VoIP	VoIP or "Voice over Internet Protocol" is a method or protocol employed to transfer speech via the Internet.
W-CDMA	Wideband Code Division Multiple Access is an optimisation of CDMA technology that also builds on technologies familiar from the GSM mobile telephony standard.
W-LAN	A Wireless Local Area Network (W-LAN) allows several mobile users to access and link to the same network within an organisation or at home, and thereby share the same printer, Internet connection and other facilities. The different W-LAN standards are mainly specified by the Institute of Electrical and Electronics Engineers (IEEE). See also "IEEE 802.11".
W-PAN	Wireless Personal Area Network (W-PAN) is a network surrounding a person, and is used for wireless connection of products to each other. An example is a mobile telephone linked wirelessly to a headset. A personal network typically has a range of up to ten metres. Bluetooth is an example of a W-PAN technology.
Xbox 360™	Xbox 360™ is a game console from Microsoft. The wireless controller gives the Xbox 360™ user the possibility of a wireless gaming experience at the same speed and reliability as with a fixed game connection. At the same time, the user will have full mobility around the house without being bound by cables.
W-WAN	Wireless Wide Area Network (W-WAN) is a wireless network that covers a large area. Typically, W-WAN is used to describe a mobile telephony network where the user is on one end and the antenna mast on the other.
WAP	Wireless Application Protocol (WAP) is a set of standardised communications rules used to allow mobile appliances such as mobile telephones to access special Web sites and e-mails. WAP also enables Internet access and a range of different services from a mobile telephone.
WIFI	WIFI is an abbreviation of Wireless-Fidelity and contains a number of different wireless data standards (802.11) which can be used to connect more devices, typically computers or WIFI telephones, into one network also called a Wireless Local Area Network. Thereby it is possible to use the same ADSL connection or printer between more computers and users. Or it is possible to place a call via the Internet with a WIFI telephone. 802.11 is an open standard developed by the Institute of Electrical and Electronic Engineers (IEEE) and currently consists of four different standards: 802.11, 802.11a, 802.11b and 802.11g. 802.11a operates on the licence-free 5 GHz frequency band, while the others use the 2.4 GHz band. 802.11b is currently the most widespread standard, and can transfer data wirelessly at a speed of 5.5 Mbit/s, with a range of 50-100 metres. 802.11a is four times faster than 802.11b, providing a speed of 27 Mbit/s and a range of 20-100 metres. 802.11g is the latest standard and is just as fast as 802.11a, but operates on the 2.4 GHz frequency band.
WLL	WLL (Wireless Local Loop) is the term for the connection between a household and the ordinary telephone network of the phone company. When using WLL a wireless link is used instead of the traditional copper wiring.
Zigbee™	Zigbee™ is a wireless standard which is cheap and has low power consumption. With Zigbee™ it is possible to construct a network which can revolutionise the use of radio chips. Zigbee™ can for instance be used for building automation, including electrical and heat controls. Zigbee™ is based on the wireless IEEE 802.15.4 standard and is more simple and cheap to operate than WiFi and Bluetooth. Zigbee™ was designed so that it is able to submit a limited volume of data at a speed of maximum 250k bps.

DEFINITIONS OF FINANCIAL HIGHLIGHTS AND KEY RATIOS

DEFINITIONS

The key ratios have been calculated in accordance with "Recommendations & Ratios 2005" issued by the Danish Association of Financial Analysts, unless otherwise indicated.

Profit before financial income and expenses	Operating profit/loss (EBIT)
Profit/loss from ordinary activities after tax	Profit/loss for the year adjusted for extraordinary items after tax and minority interests
Growth in net turnover¹	$(\text{Net turnover in year } n - \text{net turnover in year } n-1) * 100 / \text{Net turnover in year } n-1$
Profit margin	$\text{Profit/loss before financial income and expenses} * 100 / \text{Net turnover}$
Return on invested capital (ROIC including goodwill)	$\text{Profit/loss before financial income and expenses and amortisation (EBITA)} * 100 / \text{Average invested capital including goodwill}$
Return on equity	$\text{Profit/loss from ordinary activities after tax and minority interests} * 100 / \text{Average equity}$
Equity ratio	$\text{Equity ratio at year-end} * 100 / \text{Total equity and liabilities at year-end}$
Earnings per share (EPS)	$\text{Profit/loss from ordinary activities after tax and minority interests} * 100 / \text{Average number of shares each at a nominal value of DKK 5}$
Cash flow per share¹	$\text{Cash flow from operating activities} / \text{Average number of shares each at a nominal value of DKK 5}$
Equity value per share	$\text{Equity at year-end excluding minority interests} / \text{Number of shares each at a nominal value of DKK 5}$
Dividends per share	$\text{Total dividends paid} / \text{Average number of shares each at a nominal value of DKK 5}$
Payout ratio	$\text{Total dividends paid} * 100 / \text{Profit/loss from ordinary activities and minority interests}$

1) Not defined by the Danish Association of Financial Analysts.

This annual report 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 - though are not limited to include - a number of factors such as general business and financial conditions, dependence on co-operators and exchange rate and interest rate fluctuations etc. Risk and uncertainty factors are further described in this annual report.

The annual report for 2004/05 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 the English version, the Danish version shall prevail.

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USB Cordless DUALphone

