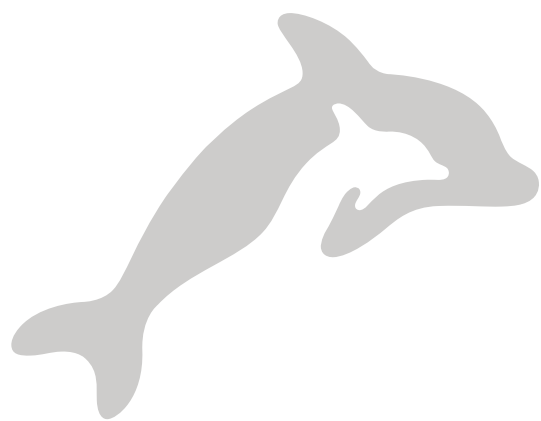


SONOFON



SONOFON ANNUAL REPORT 2001



SONOFON ANNUAL REPORT 2001

CONTENTS

WELCOME TO SONOFON 2002	4
ABOUT SONOFON	7
SONOFON - KEY FIGURES	9
A GOOD AND CHALLENGING YEAR	10
EVALUATION OF THE MARKET	17
MARKET POSITION	18
THE FUTURE	19
SONOFON IN THE COMMUNITY	20
OUR MOST IMPORTANT RESOURCE	22
MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS	24



Contact between people must be simple and straightforward. Experiences, feelings, happy news and interesting stories should be told at the right time and in the right place.

Every single word passes from sender to mast to mast to cables to connections to masts before reaching the recipient. Invisible and unnoticed, when the complicated technology is at its best.

SONOFON's ambition is to make increasingly complex and technologically advanced solutions useful, simple and user-friendly.



OWNERSHIP	26
COMPANY INFORMATION	27
STATEMENT OF THE BOARD	28
AUDITOR'S REPORT	29
ACCOUNTING POLICIES	30
STATEMENT OF INCOME	37
BALANCE SHEET AT DECEMBER 31 - ASSETS	38
BALANCE SHEET AT DECEMBER 31 - LIABILITIES AND SHAREHOLDERS' EQUITY	39
CASH FLOW STATEMENT	40
NOTES	41
DEFINITION OF TERMS	52

WELCOME TO SONOFON 2002

In the past year, earnings and profitability attracted serious attention in the IT and telecoms industry worldwide. After years of growth and customer acquisition at any price, an ability to also earn money became a critical factor. At SONOFON, improving profitability has always been important, and – as the results for the year show – we have made progress.

Major investments are an integral aspect of the telecoms sector. A successful move into the next generation of mobile telephony therefore depends very much on earnings. SONOFON aims to achieve attractive earnings and growth in 2002.

In 2001, SONOFON centered on simplicity and society. Our wish to help create more technological winners is already resulting in new information technologies and new products that are, above all, user-friendly, simple and firmly based on people's needs. These key concepts at SONOFON are driving the continued success of Variant for the residential market, and MultiPlan for the business market. They also link our wide-ranging activities, from our "Technology for People" competition and "Technological Winner" report to our award-winning commercials.

2002 will be even more challenging as we expand our focus on simplicity and usefulness to include mobile second-generation data technologies in particular. With GPRS and High Speed Data becoming more popular, we are determined to increase our share of the business market, for example by combining our unique MultiPlan and broadband FWA technology. Finally, we are basing preparations for third-generation mobile telephony on growth in the SMS market, which includes content-based SMS services.

Our goal for 2002 is to be a trend-setting and profitable provider of communications services. Our vision is to be the provider of choice for customers, the preferred business partner and a good employer. We will be working hard to achieve both these targets – while supplying simple products that everyone enjoys using.



Ulrik Bülow
Chief Executive Officer







Today, more than a billion people
worldwide have mobile phones
- 1,038,000 are SONOFON customers.

ABOUT SONOFON

SONOFON is Denmark's second-largest telco, with annual revenues of DKK 3.5 billion, more than one million customers and around 1,700 employees. Our vision is to be a profitable, market-leading supplier of communications services that gathers an increasingly complex and technologically advanced market together in useful and simple solutions.

Our vision is based on:

- Identity – we are trustworthy and reliable – and always on the customer's side. We are a company with Danish traditions that is seen as a competent and trustworthy partner because of our openness, integrity and professionalism.
- Competence – we make useful services easy. We develop and market solutions that are simple, relevant and easy to use.
- Ambition – to add value to the customer's life. We want to make life easier for our customers.

SONOFON's head office is on the waterfront in Copenhagen – just 10 minutes from both the City Hall Square and Kastrup Airport. Technological development and operations take place at our facilities in Aalborg, and we have departments and shops all over the country.

SONOFON is owned by Norway's Telenor (53.5 per cent) and the American BellSouth Corporation (46.5 per cent).



SONOFON - KEY FIGURES

		2001	2000	1999	1998
Revenues	DKKm	3,540	3,096	2,904	2,347
Earnings, EBITDA	DKKm	906	720	736	473
Earnings, EBITDA in %		26%	23%	25%	20%
Income for the year before tax	DKKm	103	31	140	(99)
Income for the year after tax	DKKm	21	(26)	57	(114)
Capital investments, net	DKKm	937	614	721	594
Shareholders' equity	DKKm	1,309	1,288	1,313	1,256
Average number of employees		1,778	1,567	1,487	1,153
Mobile customers at year-end *)	(1,000)	1,038	966	846	750
Growth in mobile customers, net	(1,000)	72	120	96	199

*) Calculated after 12 month' churn for prepaid subscriptions and inclusive service providers.

- In 2001, revenues rose 14% to DKK 3.5bn.
- Earnings before interest, taxes, depreciation and amortization (EBITDA) rose 26% on the previous year to DKK 906m – corresponding to 26% of revenues.
- In 2001, SONOFON invested DKK 937m, mostly in rolling out FWA broadband technology and expanding network capacity and administrative systems.
- SONOFON's customer base grew 7% to a total of 1,038m mobile customers despite reduced handset subsidies.

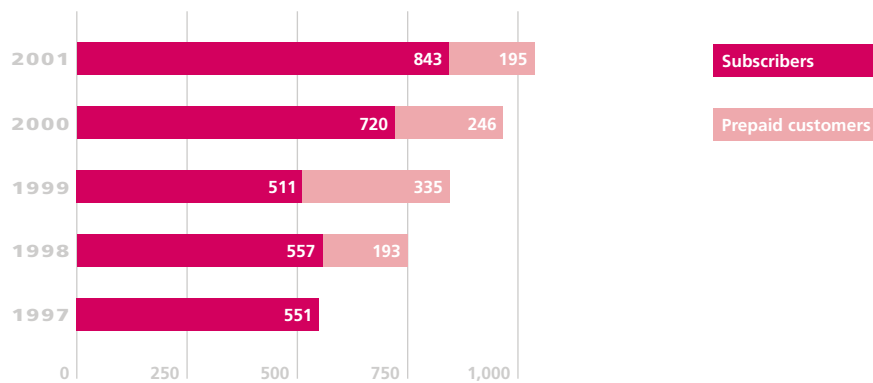
A GOOD AND CHALLENGING YEAR

2001 was a challenging and eventful year for SONOFON. New technologies, such as GPRS and FWA, were introduced; bidding for a UMTS license was assessed; our clear focus on costs was maintained; and the success achieved with our Variant subscriptions for the residential market and Multiplan for the business market continued.

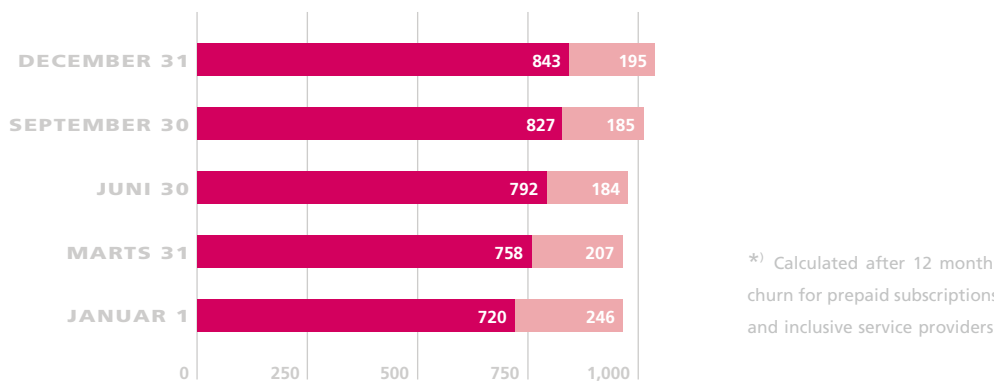
VARIANT

In 2001, customers continued choosing Variant. At year-end, this popular subscription had attracted more than 430,000 users. SONOFON Variant, three subscriptions in one, switches automatically to the most cost-efficient rate, depending on the customer's consumption, to always give customers the cheapest total price. Variant solves the problem of fluctuating consumption, when customers find that many subscriptions are more economical one month but too expensive the next. Variant is one result of SONOFON's vision concerning simplicity and fairness. The subscription is easy for users to understand and easy for our sales representatives to explain – in other words, it is “technology for ordinary people”.

MOBILE CUSTOMERS (1,000) *)



MOBILE CUSTOMERS, 2001 (1,000) *)



*) Calculated after 12 month' churn for prepaid subscriptions and inclusive service providers.

MULTIPLAN

MultiPlan, for the business market, is also easy to understand and use. Even though, technologically, it is very advanced, it already has 180,000 users. Multiplan integrates fixed and mobile telephony so that employees can always be reached. In other words, passing a call round to various colleagues and departments in an effort to find the right employee is a thing of the past.

Our campaign for the business sector is based on the theme: "SONOFON Multiplan finds the right person in the company"

During the year, major customers such as the Danish Palaces and Properties Agency, including all the state's institutions, North Jutland County and the DSV Group chose Multiplan.

SMS

In 2001, the Danes really began using SMS. SONOFON's customers sent 241 million SMS messages in 2000. In 2001, the figure rose to 449 million – an 86 per cent increase. Content-based services were also introduced, e.g. ring tones, logos, news, and pictures. These services will increase in popularity in 2002, when the market for content-based SMS services in particular is expected to take off.

GPRS

At the very start of 2001, SONOFON became the first telco in Denmark to offer GPRS, which improves the possibility of mobile connection on, for example, a company's intranet. The uptake of mobile phones with GPRS was slower than hoped, but this was partly because until the last few months of the year, only one type of GPRS terminal was available on the market.

Today, we have roaming agreements in place that cover the whole of Scandinavia and improve the use of GPRS for business people etc. on the move. It has taken time for GPRS to get going, but we have positive expectations for this market in 2002.

FWA

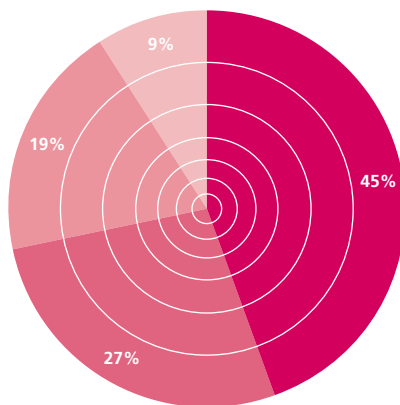
FWA, Fixed Wireless Access, is SONOFON's broadband investment. The technology links the fixed network to wireless connections, and replaces traditional underground telephone lines and copper cables. With broadband internet connection speeds of up to 10 MB/s, FWA is Denmark's fastest broadband solution.

The project is one of the largest since SONOFON entered the Danish market and involves building up an entirely new network in Denmark. FWA usually forms part of an all-in package for companies needing fast and flexible network access. We implemented FWA for the first business customers during the autumn of 2001. Broadband products for large business customers are our highest priority, although residential customers can also benefit from SONOFON broadband through FWA. The need for fast network access and transmission of large quantities of data is bound to increase, and SONOFON has positive expectations concerning FWA in 2002 and the years ahead.

UMTS

In the autumn, the Danish government auctioned four UMTS licenses for what is also called third-generation mobile telephony (3G). Although SONOFON did not bid and is therefore without a license in this area, we believe we hold a competitive and flexible position. We expect to be able to buy capacity from UMTS operators on terms that will enable us to offer attractive, competitive products and services. We appreciate the importance of developing simple, user-friendly solutions that customers need and can understand.

BREAKDOWN OF MOBILE CUSTOMERS AT YEAR-END 2001 (1,000)



Private
Business
Prepaid
Service providers

	2001
Private	462
Business	284
Prepaid	195
Service providers	97
Total	1,038

SONOFON has 802 sites giving total coverage of Denmark.





FOCUS ON PROFITABILITY

In 2001, we increased our focus on creating a profitable business. We moved our focus from growth to consolidation and as a result, 121 employees were made redundant in the autumn of 2001, with effect from the end of the year.

The reorganization was carried out to ensure that SONOFON can deliver the results needed to take the sound business it is today and its competitive products into the next generation of mobile telephony.

POLLE FROM SNAVE

The highly successful commercials about Polle from Snave have quickly become part of Danish advertising film history. Rarely have Danes taken a commercial to their hearts in this way. Polle has become part of Denmark's national heritage, and the commercials were chosen as the most popular on TV2 no fewer than seven times in 2001.

The story of Polle and the lads from Snave is yet another expression of SONOFON's vision of making our products easy to use. They continue the theme that began with the dolphin, symbolizing friendliness and intelligent communication, and continued with the SONOFON girls, who treat customers with respect.

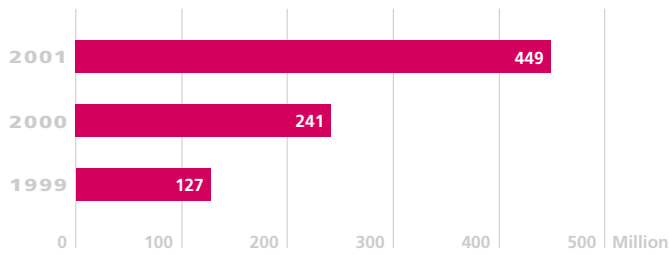
Both showed a SONOFON that is not technology-oriented. Polle from Snave does the same and stands for simplicity, informality and humour.

DISTRIBUTION

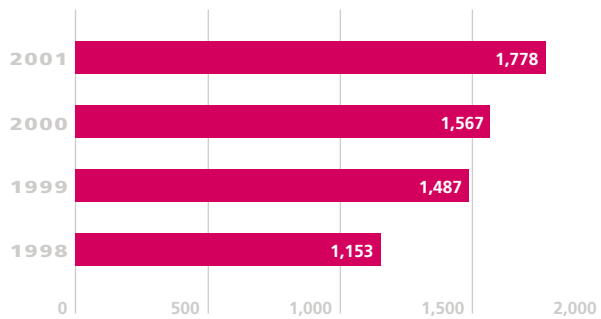
During 2001, SONOFON greatly expanded and strengthened its distribution network of shops. No fewer than 26 new shops were added to our growing chain, which comprised 70 shops nationwide at the end of the year.

In a technologically advanced market with sometimes complex technologies, we wish to meet our customers face to face and offer them the best possible service and advice on products. SONOFON's own shops offer a broad range of products in addition to almost 3,000 sales outlets with less extensive product ranges.

SMS MESSAGES (NUMBER)



AVERAGE NUMBER OF EMPLOYEES





EVALUATION OF THE MARKET

Today, the Danes really are on the move. This was reflected in late 2001 by an historic turning point when the number of mobile subscriptions overtook the number of fixed telephony subscriptions. At year-end there were just over 3.9 million mobile subscribers, corresponding to 73.7 per cent of the population, compared with 62.9 per cent at the end of 2000.

The number of active users of mobile telephony is therefore still growing. SONOFON expects the number to keep growing in 2002. However, the biggest growth will be seen in the individual user's total consumption, i.e. speech and data. We expect the market for data services to grow considerably, including the use of GPRS and High Speed Data.

We also expect continued growth in the SMS market, supported by a market rise in SMS traffic in the past year. Altogether, almost 1.4 billion SMS messages were sent in Denmark in 2001 – 86 per cent up on 2000. We believe this growth will continue in 2002 as new and advanced SMS services with both pictures and sound develop.

In 2001, number portability was introduced, giving Denmark's mobile customers the opportunity to take their mobile number with them when changing telecoms operator. By year-end, almost 100,000 customers had taken advantage of this offer, corresponding to 2.5 per cent of all mobile subscribers. SONOFON also expects many customers to do the same in 2002. However, we do not expect customer churn to have any appreciable effect on the individual operator's position in the market. To date, SONOFON has gained more customers than it has lost in connection with number portability.

The Danish telecoms market will remain highly competitive in 2002 as the battle for market shares continues. But in 2002, all operators will be increasing their already intensive focus on costs and earnings to ensure the capital needed to invest in the technologies of the future.

MARKET POSITION

The results for 2001 show that SONOFON is well equipped for a challenging 2002.

According to National Telecom Agency statistics, SONOFON held a 24 per cent share of the mobile market at the end of 2001, compared with 25 per cent at year-end 2000. This small decline is counterbalanced by the larger market volume of mobile customers and increased voice traffic. Measured in outgoing domestic mobile traffic, SONOFON therefore had a market share of 32 per cent at the end of 2001 – the same as at year-end 2000.

SONOFON now holds 24 per cent of the market, but stands for 32 per cent of all mobile traffic. This shows that our customers are more mobile, active users than the average Danish mobile customer. The same applies in the SMS market, where we have a market share of 33 per cent of all SMS messages sent – compared with a customer market share of 24 per cent.

With several major contracts in 2001, we have greatly strengthened our position in the business market. With about 31 percent of the business market at the end of the year, we are well equipped to continue positioning ourselves as a supplier of all-in solutions to Danish businesses – i.e. solutions that include and integrate all mobile and fixed-line telephony, together with internet and intranet connections.

Even wireless communication is based on cables – our network contains thousands of kilometers of them.

THE FUTURE

Obtaining capital for investment in the telecoms sector is now much more difficult. And as major investments will remain an important feature of this sector, profitability in core businesses will determine how successfully a company can move into the next generation of mobile telephony. In response, we are planning growth in 2002 and are targeting attractive earnings. In 2002, we will continue rationalizing our work processes to improve efficiency throughout the entire organization.

Technologies are one thing. Putting them to best advantage is quite another matter. Transforming Denmark into a mobile society is a huge task, and if we are to create a strong position for ourselves in the IT business, then the state, telecoms industry, IT industry and everyone else involved must be better at coordinating their efforts. Increased mobility would bring great benefits for society. It would accelerate the exchange of information, increase innovation and competitiveness, improve education and reduce the importance of social background – just some of the exciting advantages of the vision for a mobile society.



We are pursuing this ambition on home ground to improve efficiency in the existing GSM network. GPRS and EDGE offer many opportunities – and must be explored and tested. The new picture media, EMS and MMS, may set a new agenda for mobile telecommunications. Whatever that agenda covers, it is clear that while including major behavioral and technological challenges, it provides an optimistic setting for SONOFON's development in the years ahead.

SONOFON IN THE COMMUNITY

THE TECHNOLOGICAL WINNER

In May 2001, SONOFON published a report, "The Technological Winner", to help stimulate the debate about Denmark as an IT trail-blazer. This comprehensive report was based on contributions from and interviews with more than 80 Danish and international authorities, including politicians, business leaders, philosophers and media experts.

It contains concrete proposals for action that must be taken if Denmark really wants to wear the global IT Yellow Jersey and urges cooperation from politicians and managers of private and public companies.

The goal must be to ensure more technological winners and avoid any widening of the gaps between the technological A, B and C teams.

The report outlines the following main points:


- Real political action is needed. In Denmark, we have reached the point of discussing visions for an IT future. The countries that are ahead of us – Sweden and Finland – took political action years ago.
- The Danes do not suffer from technophobia and, regardless of expert opinion, are keen to gain access to even more technologies.
- The focus must also be on the A team. Only then will there be more room in the labor market for the B and C teams.
- The managers of private companies are acting as a brake on networking by clinging to old, hierarchical patterns.
- Primary and lower secondary schools must be radically changed.
- Hundreds of thousands of employees must be provided with supplementary training, with the focus on "social skills", i.e. how employees function in the network organization, work in project groups, take more direct responsibility and share knowledge with colleagues.

TECHNOLOGY FOR PEOPLE

In January 2001, before "The Technological Winner" was published, SONOFON held an international competition entitled "Technology for People". We wished to highlight the need for new information technologies based on people's needs that would be easy for everyone to use and would give people more freedom and flexibility.

We put people first when developing technologies, which gives us a historic opportunity to avoid drawing technological blanks, with all the human and social costs that implies.





Engineers, designers, sociologists and philosophers from 20 countries took part in the competition, but the international panel of judges chose three Danish entries as the winners.

MEANINGFUL SPONSORSHIPS

2001 was also the year in which a new sponsorship strategy was translated into action. SONOFON will now concentrate on a few larger, longer-term sponsorships.

New technologies and public usefulness must play a far more central role in sponsorship projects in future. By illustrating how traditional mobile telephony is moving toward mobile internet and other mobile data services and changing our everyday lives, we will demonstrate the ground-breaking opportunities already available today.

For example, our cooperation with the Zoological Gardens in Copenhagen means visitors can obtain information about animals and events, participate in polls, etc. via SMS and WAP on their own or borrowed mobile phones.

At the Experimentarium activity and cultural center near Copenhagen, visitors receive SMS messages on their mobile phones from an SMS service while exploring the center. The messages include suggested activities and thought-provoking facts from the world of science.

In other words, a SONOFON sponsorship is a kind of "working" exhibition window for new technology, new products and new services. Both SONOFON and the sponsored company must benefit from the sponsorship, while the target group must experience a "technological boost" through the sponsored activities.

OUR MOST IMPORTANT RESOURCE

With a track record spanning just 10 years, SONOFON is a young company that is constantly generating new ideas. Telecommunications is one of the most dynamic fields in the world today, and it requires employees who are motivated, committed and ready for change. Our employees appreciate our dynamic working climate and our informal corporate tone – combined with our clearly defined goals.

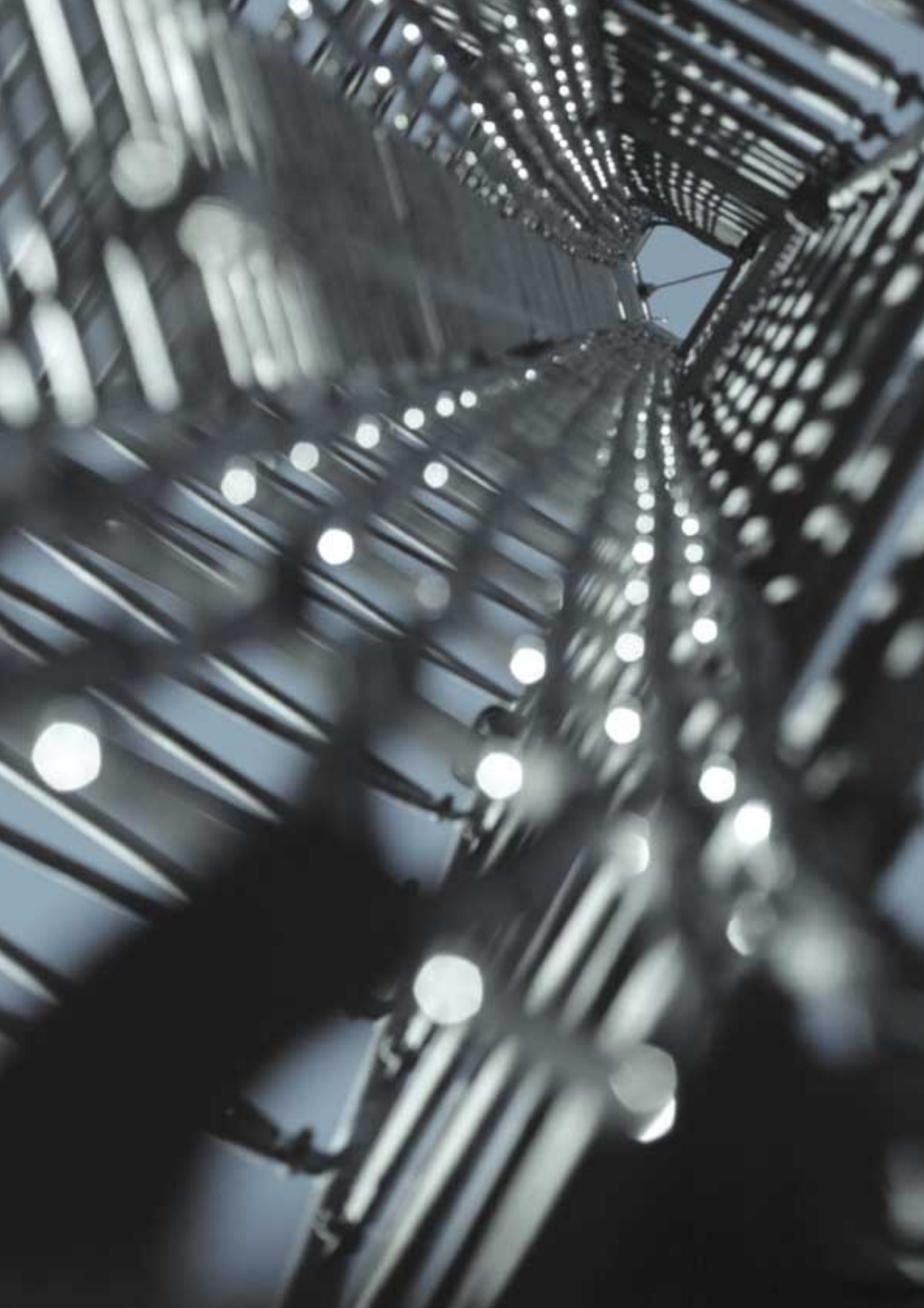
Our focus on human resources is the basis for satisfaction and progress for individual employees and the company as a whole. For SONOFON, it is vital that employees always develop and use their competencies to best advantage.

One tool in this process, SONOFON's own competence system, measures employees' competencies in relation to their tasks, the company's overall vision and its defined business strategies.

Employees are encouraged to accept co-responsibility for their day-to-day work. This requires support from managers, who must lead employees by promoting commitment and a sense of responsibility.

Managers are therefore measured twice a year in a job satisfaction survey among employees, which establishes whether the leadership style that employees are actually experiencing in practice is the style that they would like.

Sites usually operate 35-50 meters above ground.



MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS

FINANCIAL RESULTS FOR THE YEAR

SONOFON's results for 2001 met the expectations described in last year's Financial Statements. The SONOFON Holding Group's revenues rose from DKK 3,096m in 2000 to DKK 3,540m in 2001. Operating income amounted to DKK 272m, against DKK 193m in 2000. Revenues rose 14%, which is satisfactory in a highly competitive market.

Earnings before interest, taxes, depreciation and amortization of goodwill (EBITDA) amounted to DKK 906m, a margin of 26%, compared with DKK 720m in 2000, a margin of 23%. This satisfactory progress is a result of the Group's focus on costs.



In 2001, SONOFON invested DKK 937m, compared with DKK 614m in 2000, mainly in the roll-out of SONOFON's new FWA broadband. We also invested in additional coverage and capacity for mobile network services to meet customers' growing demands. Finally, we invested in administrative systems. Net results for the year constituted income of DKK 21m after tax, compared with a loss of DKK 26m after tax in 2000.

DISTRIBUTION OF INCOME

The Board proposes that the net income of DKK 21m be carried forward to retained earnings.

LEGAL PROCEEDINGS

SONOFON is a party to certain pending lawsuits. The Management is of the opinion that the outcome of these cases have no significant adverse effect on the financial position of the Group.

EVENTS SINCE THE END OF THE FISCAL YEAR

From the balancesheet date to today, no events have occurred that change the analysis of the Financial Statements.

Optimum connections are worth their weight
in gold for both SONOFON and our customers
– gold alloys on connectors, for example,
ensure cleanliness and quality.

FUTURE EXPECTATIONS

Despite falling prices and a somewhat saturated mobile market, SONOFON expects increased revenues for 2002, in line with 2001. As a result of our increased focus on costs, we expect an increase in earnings before interest, taxes, depreciation and amortization of goodwill (EBITDA). Net income is expected to be positive.

SHAREHOLDERS

SONOFON HOLDING A/S is owned by the Norwegian company Dansk Mobil Holding AS, which is Telenor ASA (53.5%) and Denmark Alliance Inc., which is part of the American BellSouth Corporation (46.5%).

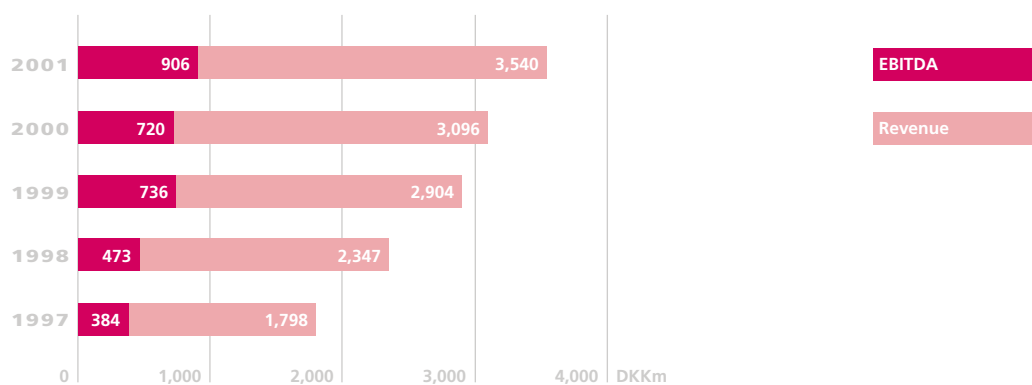
SHAREHOLDERS' EQUITY

At year-end 2001, shareholders' equity in SONOFON Holding A/S amounted to DKK 1,309m.



	2001	2000	1999	1998	1997
EBITDA %	26%	23%	25%	20%	21%

REVENUES AND EBITDA



OWNERSHIP



53.5%



46.5%



SONOFON Holding A/S



Dansk MobilTelefon I/S



SONOFON A/S



SONOFON Services A/S



SONOFON Partner A/S

COMPANY INFORMATION

SONOFON Holding A/S
Frederikskaj, DK-1780 Copenhagen V
Company Reg. No. 14724346
Domiciled in: Copenhagen

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Fax +45 7212 7575
www.sonofon.dk

BOARD OF MANAGEMENT



Ulrik Bülow
CEO



Jon Hoffmann
Executive Vice
President,
Technology



Allan Koch
Executive Vice
President,
Corporate Relations



Tage Reinert
Executive Vice
President,
Finance



Rune Sørensen
Executive Vice
President,
Sales and Marketing

BOARD OF DIRECTORS



Jørgen Lindegaard
Chairman



Keith Cowan
BellSouth



Ingvild Myhre
Telenor



Morten Karlsen Sørby
Telenor



Philip R. Wallace
BellSouth

AUDITORS

Deloitte & Touche Statsautoriseret Revisionsaktieselskab
Arthur Andersen Statsautoriserede revisorer

STATEMENT OF THE BOARD

The Annual Report, the MD&A and the Financial Statements for 2001 below are hereby submitted for adoption to the Annual General Meeting.

Copenhagen, April 3, 2002

BOARD OF MANAGEMENT



Ulrik Bülow, CEO



Jon Hoffmann



Allan Koch



Tage Reinert



Rune Sørensen

BOARD OF DIRECTORS



Jørgen Lindegaard, Chairman



Keith Cowan



Ingvild Myhre



Morten Karlsen Sørby



Philip R. Wallace

AUDITOR'S REPORT

We have audited the Consolidated Financial Statements and the Financial Statements presented by the Board of Directors and the Management for the year 2001 of SONOFON Holding A/S.

BASIS OF OPINION

We have planned and conducted our audit in accordance with generally accepted auditing standards as applied in Denmark to obtain reasonable assurance that the Financial Statements are free from material misstatements. Based on an evaluation of materiality and risk, we have tested the basis and documentation for the amounts and disclosures in the Financial Statements. Our audit includes an assessment of the accounting policies applied and the accounting estimates made by the Board of Directors and the Management. In addition, we have evaluated the overall adequacy of the presentation in the Financial Statements.

Our audit has not resulted in any qualification.

OPINION

In our opinion, the Consolidated Financial Statements and the Financial Statements have been presented in accordance with the accounting provisions of Danish legislation and give a true and fair view of the company's and the Group's assets and liabilities, financial position and profit/loss for the year.

Copenhagen, April 3, 2002

DELOITTE & TOUCHE

Statsautoriseret Revisionsaktieselskab



Anni Klæbel

State Authorized Public Accountant


Erik Holst Jørgensen
State Authorized Public Accountant

ARTHUR ANDERSEN

Statsautoriserede revisorer



Kirsten Aaskov Mikkelsen

State Authorized Public Accountant



Morten S. Renge

State Authorized Public Accountant

ACCOUNTING POLICIES

GENERAL

Consolidated and Parent Company Financial Statements are presented in accordance with the provisions of the Danish Company Accounts Act and the current Danish Accounting Standards.

The accounting policies are unchanged from last year except for the following: In 2001, the Group launched some major long-term development projects, and in this connection began to capitalize interest expenses as part of costs for installation projects in the development stage. The change results in a positive impact on income/loss before tax, Group net income/loss and Shareowners' equity, respectively, of DKK 5m. The Group had no similar development projects in 2000, and therefore the change of policy does not affect the comparative figures.

CONSOLIDATION

The Consolidated Financial Statements relate to the Parent Company, SONOFON Holding A/S and the companies (subsidiaries) in which the Parent Company directly or indirectly exercises a controlling interest. Other companies in which the Group exercises a significant interest are regarded as associated. Affiliated companies are shown in the outline in note 13. The Consolidated Financial Statements include the financial statements of the Parent Company and the individual subsidiaries, all of which are presented in accordance with the Group's accounting policies. Intercompany income and expenses, balances, dividends and unrealised intercompany gains are eliminated.

On consolidation, the carrying value of shares held by the Parent Company in subsidiaries is set off against their equity. The purchase method is applied when acquiring new enterprises, according to which the identifiable assets and liabilities acquired are measured at their fair value on the date of acquisition.

Where the acquisition price exceeds the fair value of the net assets acquired, the differential is capitalized as goodwill. Goodwill is amortized systematically in the Statement of Income in accordance with an individual assessment of the asset's expected economic life, although not exceeding 20 years. In the year of acquisition, amortisation is made on a pro rata basis. Acquired or divested Group enterprises are included in the Consolidated Financial Statements for the period they have been owned by the Group. Comparative figures are not adjusted to reflect the acquisition or divestment of Group enterprises.

TRANSLATION OF FOREIGN CURRENCIES

Foreign currency transactions are translated into local currencies at transaction-date exchange rates. Exchange differences arising from the date of transaction to the date of payment are recognized in the Statement of Income as net financials.

Receivables and payables in foreign currencies and hedging contracts are measured at the year-end exchange rates or, for hedging contracts, at the forward rates. Exchange gains or losses are recog-

SONOFON has 32 %
of the total mobile
traffic in Denmark.

nized in the Statement of Income as net financials. In the Consolidated Financial Statements, the statements of income of foreign subsidiaries are translated into Danish kroner at average rates of exchange for the year and assets and liabilities are translated at year-end exchange rates.

Exchange differences arising from adjusting foreign entities' equity at the beginning of the year and from adjusting foreign entities' statements of income from transaction-day to year-end rates are recognized as an adjustment to equity.

DEVELOPMENT COSTS

For development projects that are clearly defined and identifiable, where the level of technical exploitation, sufficient resources and a potential future market or business opportunity for the Company can be demonstrated, and where the intention is to manufacture, market or exploit the results of the project, costs are capitalized from the date at which the above-mentioned conditions have been met, and when the discounted value of future earnings is expected to exceed the development costs incurred.

The cost price of such development projects includes direct payroll costs, materials and other direct and indirect costs that are attributable to the development project.

Other development costs are expensed as production costs in the year they are incurred. Research costs are expensed in the year they are incurred.

STATEMENT OF INCOME

NET REVENUES

Income from the sale of goods and services is recognized in the Statement of Income, provided they have been delivered before year-end. Net revenues are stated after deduction of discounts and bonuses to customers.

PRODUCTION COSTS

Production costs consist of the cost price of the goods and services sold during the year. Cost price includes depreciation of plant and amortization of intangible assets.

DISTRIBUTION COSTS

Distribution costs relate to the costs associated with the sale and distribution of products and services, including salaries, commissions, advertising and marketing expenses and depreciation.

ADMINISTRATIVE EXPENSES

Administrative expenses relate to the costs of administrative personnel and management, office expenses, depreciation, amortization etc. Management fees from subsidiaries are set off in the Parent Company's Financial Statements.

SALE OF FIXED ASSETS

Gains/losses on the sale of fixed assets are stated as the difference between the sales price and the carrying value at the date of disposal (historical cost price less accumulated depreciation). Gains/losses are stated under depreciation.

OTHER OPERATING INCOME/EXPENSES

Other operating income/expenses include other income/charges.

RESULTS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

The Statement of Income of the Parent Company includes a proportional share of the pre-tax income/losses reported by individual subsidiaries and associated companies.

NET FINANCIALS

Financial income and expenses include interest income and expenses relating to the fiscal year. Net financials also include the costs of funding capital leases and impairment of investments and other assets and realized and unrealized exchange adjustments for foreign exchange items.

TAXATION

The Parent Company and a number of Danish subsidiaries are jointly taxed in Denmark. The Parent Company makes provision for and pays the total Danish tax charge for these companies' taxable income and the Parent Company also makes provision for deferred tax for the Danish companies. Jointly taxed companies participate in the tax prepayment scheme.

The tax charge on taxable income for the year is charged to the Statement of Income together with the adjustment of the deferred tax provision for the year.

Tax payable is stated under short-term debt and deferred tax is stated under provisions. Taxes receivable and negative deferred tax (deferred tax assets) are stated under accounts receivable.

Provision for deferred tax is recognized according to the liability method for all temporary differences between the accounting and the tax values of assets and liabilities.

The tax value of tax-loss carryforwards is included in the deferred tax provision if it is probable that such losses can be utilized within a few years.

Tax charges arising from the sale of shares in subsidiaries or associated companies are not included in the deferred tax provision if the shares are not expected to be sold within a shorter period of time. No deferred tax liability is stated for goodwill unless it is amortizable/deductible for tax purposes.

Deferred tax is calculated on the basis of current tax rules and at the rate expected to apply when temporary differences are equalized. Changes in deferred tax provisions due to amended tax rates are recognized in the Statement of Income.

The Consolidated Statement of Income includes a proportional share of the pre-tax income/losses reported by individual associated companies. The proportionate share of the tax charge in subsidiaries and associated companies is stated under Income taxes.

About 450 million SMS messages were sent through our network in 2001.





BALANCE SHEET

INTANGIBLE FIXED ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Intangible fixed assets and property, plant and equipment are carried at cost less accumulated amortization/depreciation and impairment losses. Cost includes purchase price and costs of materials, components, subcontractor services, direct payroll and indirect production costs. Interest expenses are included in the cost price in the construction period.

Straight-line depreciation of the individual fixed asset is made over the useful life of the asset. In calculating depreciation on property, an estimated scrap value is included. Assets are amortized/depreciated over the following expected lives:

Goodwill	up to 20 years
Software	5 - 10 years
Buildings and equipment	10 - 50 years
Leasehold improvements	5 - 20 years
Plant and equipment	3 - 15 years
Tools and fixtures	2 - 7 years

Assets with an acquisition price less than DKK 25 thousand per unit are expensed in the Statement of Income in the year of acquisition.

Until they become operational, projects are stated in the Balance Sheet under intangible fixed assets or property, plant and equipment as "Software under development" or "Plant under construction". After becoming operational, such projects are transferred to property, plant and equipment or intangible fixed assets, depending on their nature. Land is not depreciated.

The cost price of capital lease assets is calculated as the fair value or the net present value of future lease payments at the date of purchase if this is lower. Capital lease assets are stated in the Balance Sheet and are depreciated as the Group's other property, plant and equipment.

INVESTMENTS AND OTHER ASSETS

Investments in subsidiaries are stated in the Parent Company Balance Sheet in accordance with the equity method as the proportionate share of the equity value of the subsidiaries with addition of

unrealized consolidated goodwill. The share of income in subsidiaries is stated in the Statements of Income less unrealized intercompany profits and amortization of consolidated goodwill.

Investments in associated companies are stated in the Parent Company Balance Sheet and in the Consolidated Balance Sheet according to the equity method as the proportionate share of the associated companies' equity value less a proportionate share of unrealized intercompany profits.

Subsidiaries and associated companies with negative equity for accounting purposes are stated at 0, whereas receivables from these companies are written down by the Parent Company's/Group's share of the negative equity. If such negative equity value exceeds receivables, the remaining balance is stated under provisions.

INVENTORIES

Inventories are carried at the lower of cost using the FIFO formula and net realizable value. Write-downs are made on obsolete goods including goods with slow marketability.

RECEIVABLES

Receivables are carried at the value of the amounts expected to be received after allowances for uncollectibles.

DEBT

Debt is carried at the nominal value of the outstanding balance at the balance sheet date.

The net present value of the liabilities of capital lease assets is stated under debt in the Balance Sheet. Interest from lease payments is charged to the Statement of Income.

OTHER RENTAL AND LEASING MATTERS

Where contracts for renting and leasing buildings and equipment are operating leases, rental and lease charges are recognized in the Statement of Income for the period to which they relate.

The remaining rental and lease obligations under such contracts are disclosed under contingent liabilities.

CASH FLOW STATEMENT

The Consolidated Cash Flow Statement is prepared in accordance with the indirect method on the basis of the Group's operating income. The Cash Flow Statement shows the Group's cash flow for the year divided into cash flow from operating activities, investing activities and financing activities and how these cash flows have affected cash and cash equivalents.

Cash flow from operating activities relates to cash flow from the year's operations, adjusted for non-cash items and changes in working capital. Working capital covers current assets, excluding items stated as cash and cash equivalents.

Furthermore, short-term debt less repayment of long-term debt and bank debt is included.

Cash flow from investing activities includes the sale and purchase of fixed assets, including investments in companies.

Cash flow from financing activities includes payments to and from shareholders and raising and repayment of long-term and short-term debt not included in working capital.



Mobile telephony is no longer just ring tones and speakers. It is for the eye as well as the ear now.



STATEMENT OF INCOME

PARENT COMPANY				GROUP	
2000 DKKm	2001 DKKm	<i>Note</i>		2001 DKKm	2000 DKKm
4	2	<i>1</i>	Net revenue	3,540	3,096
(2)	(1)	<i>2, 3</i>	Production costs	(1,740)	(1,433)
2	1		Gross profit/loss	1,800	1,663
0	0	<i>2, 3</i>	Distribution costs	(909)	(939)
9	(3)	<i>2, 3, 4</i>	Administrative expenses	(642)	(560)
15	0		Other operating income	22	30
87	201	<i>5</i>	Results of subsidiaries and associated companies	1	(1)
113	199		Operating income/loss	272	193
43	64	<i>6</i>	Financial income	13	8
(125)	(160)	<i>7</i>	Financial expenses	(182)	(170)
31	103		Income/loss before tax	103	31
(57)	(82)	<i>8</i>	Income taxes	(82)	(57)
(26)	21		Group net income/loss	21	(26)

Distribution of income/loss for the year appears from Management's Discussion and Analysis of the Financial Statements

BALANCE SHEET AT DECEMBER 31 - ASSETS

PARENT COMPANY				GROUP	
2000 DKKm	2001 DKKm	Note		2001 DKKm	2000 DKKm
0	0		Goodwill	1,786	1,884
2	2		Leasehold improvements	23	15
0	0		Software	812	635
0	0		Software under development	92	110
2	2	9, 10	Total intangible fixed assets	2,713	2,644
158	157		Leaseholds	197	198
0	0		Land and buildings	277	246
4	6		Plant and equipment	1,394	1,329
3	3		Tools and fixtures	194	149
1	0		Plant under construction	241	149
166	166	11, 12	Total property, plant and equipment	2,303	2,071
2,941	3,601		Investments in subsidiaries	0	0
1	1		Investments in associated companies	1	1
2,942	3,602	13	Total investments and other assets	1	1
3,110	3,770		Total fixed assets	5,017	4,716
0	0		Inventories	93	81
1	3		Trade accounts receivable	612	526
1,089	1,002		Accounts receivable from affiliated companies	2	5
0	0	15	Deferred tax assets	11	17
0	0		Tax receivables	20	8
22	6		Other receivables	68	96
6	2		Prepaid expenses	23	22
1,118	1,013		Total accounts receivable	736	674
0	0	19	Cash	6	23
1,118	1,013		Total current assets	835	778
4,228	4,783		Total assets	5,852	5,494

BALANCE SHEET AT DECEMBER 31 - LIABILITIES AND SHAREHOLDERS' EQUITY

PARENT COMPANY				GROUP	
2000 DKKm	2001 DKKm	<i>Note</i>		2001 DKKm	2000 DKKm
100	100		Share capital	100	100
0	0		Capital in excess of par value	0	0
1,188	1,209		Retained earnings	1,209	1,188
1,288	1,309	14	Total shareholders' equity	1,309	1,288
23	62	15	Provisions for deferred tax	67	23
23	62		Total provisions	67	23
1,183	1,243	17	Debt to affiliated companies	1,243	1,183
160	159		Lease obligation	198	199
0	0		Mortgages	2	3
347	1,000		Debt to banks	1,274	947
1,690	2,402	16	Total long-term debt	2,717	2,332
15	0		Installments on long-term debt	0	15
493	109		Debt to banks	1,045	1,062
20	23		Trade accounts payable	474	558
662	848		Debt to affiliated companies	1	0
0	0		Tax payable	17	0
37	30		Other debt	167	166
0	0		Deferred income	55	50
1,227	1,010		Total short-term debt	1,759	1,851
2,917	3,412		Total debt	4,476	4,183
4,228	4,783		Total liabilities and shareholders' equity	5,852	5,494
		17	Related parties		
		18	Financial instruments		
		19	Mortgages		
		20	Contingent liabilities		

CASH FLOW STATEMENT

	GROUP	
	2001 DKKm	2000 DKKm
Operating income/loss	272	193
Depreciation and amortization	635	528
Changes in working capital	(148)	146
Cash flow from operating activities before net financials and tax	759	867
Net interest and foreign exchange gains	(169)	(162)
Income taxes paid	(23)	(32)
Cash flow from operating activities	567	673
Acquisition of property, plant and equipment and intangible fixed assets	(946)	(619)
Disposal of property, plant and equipment	9	5
Purchase of investments	0	0
Cash flow from investing activities	(937)	(614)
Cash flow from operating and investing activities	(370)	59
Change in short-term debt to banks	(32)	(83)
Change in long-term debt	385	42
Cash flow from financing activities	353	(41)
Changes of cash and cash equivalents	(17)	18
Cash and cash equivalents at beginning of year	23	5
Cash and cash equivalents at year-end	6	23

NOTES

PARENT COMPANY			GROUP	
2000 DKKm	2001 DKKm		2001 DKKm	2000 DKKm
1 NET REVENUE				
0	0	Traffic and subscription revenue	3,131	2,724
0	0	Sale of handsets	407	368
4	2	Other revenue	2	4
4	2	All revenues have been generated in Denmark	3,540	3,096
2 EMPLOYMENT COSTS				
93	113	Wages and salaries	591	512
9	6	Pensions and other social security costs	31	25
102	119		622	537
		Hereof remuneration to the Parent Company's:		
		Board of Management	13	29
		Board of Directors	1	1
172	290	Average number of employees	1,778	1,567
3 DEPRECIATION AND AMORTIZATION				
		Depreciation on fixed assets and profit/loss from sale represent:		
2	3	Depreciation	612	528
0	0	Profit/loss from sale	23	0
2	3		635	528
		and is charged as follows:		
1	1	Production costs	348	264
0	0	Distribution costs	17	15
1	2	Administrative expenses	270	249
2	3		635	528

PARENT COMPANY

GROUP

2000
DKKm2001
DKKm2001
DKKm2000
DKKm

4

FEES TO AUDITORS

0	0
0	1
1	0
0	0
0	0

Fees to auditors elected by the General Meeting:

Audit Deloitte & Touche

Audit Arthur Andersen

Services other than audit Deloitte & Touche

Services other than audit Arthur Andersen

Services other than audit KPMG C. Jespersen

1	1
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5

INCOME/LOSS BEFORE TAX IN SUBSIDIARIES
AND AFFILIATED COMPANIES

206	320
(119)	(119)

Income/loss before tax

Adjustments and amortization of goodwill

1	0
0	(1)

87	201
----	-----

1	(1)
---	-----

6

FINANCIAL INCOME

0	0
43	60
0	4

Interest from banks

Interest from affiliated companies

Other financial income

1	0
0	0
12	8

43	64
----	----

13	8
----	---

PARENT COMPANY

GROUP

2000
DKKm2001
DKKm2001
DKKm2000
DKKm

7

FINANCIAL EXPENSES

25	36	Interest on bank debt	92	81
74	97	Interest to affiliated companies	60	57
26	27	Other financial expenses	30	32
125	160		182	170

8

INCOME TAXES

0	0	Current Danish tax	(17)	0
0	0	Current tax payable abroad	(11)	(36)
(44)	(39)	Change in deferred tax	(50)	(53)
32	(5)	Adjustments for previous years	(4)	32
(45)	(38)	Share of tax in affiliated companies	-	-
(57)	(82)		(82)	(57)
184%	80%	Effective tax rate	80%	184%
0	0	Tax paid during the year	24	44

	Goodwill	Leasehold improvement	Software	Software under development	Total
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PARENT COMPANY

	DKKm	DKKm
9 INTANGIBLE FIXED ASSETS		
Acquisition cost at beginning of year	2	2
Additions	0	0
Acquisition cost at year-end	2	2
Depreciation at beginning of year	0	0
Depreciation	0	0
Depreciation at year-end	0	0
Carrying value at year-end 2001	2	2
Carrying value at year-end 2000	2	2

GROUP

	DKKm	DKKm	DKKm	DKKm	DKKm
10 INTANGIBLE FIXED ASSETS					
Acquisition cost at beginning of year	2,376	21	950	110	3,457
Additions	23	12	249	90	374
Disposals	0	(1)	(38)	0	(39)
Transferred	1	0	109	(108)	2
Acquisition cost at year-end	2,400	32	1,270	92	3,794
Amortization and depreciation at beginning of year	(492)	(6)	(315)	0	(813)
Amortization and depreciation	(122)	(3)	(174)	0	(299)
Depreciation related to disposals for the year	0	0	31	0	31
Amortization and depreciation at year-end	(614)	(9)	(458)	0	(1,081)
Carrying value at year-end 2001	1,786	23	812	92	2,713
Carrying value at year-end 2000	1,884	15	635	110	2,644

Leaseholds
Plant and equipment
Tools and fixtures
Plant under construction
Total

PARENT COMPANY

DKKm DKKm DKKm DKKm DKKm

11

PROPERTY, PLANT AND EQUIPMENT

Acquisition cost at beginning of year	160	5	4	1	170
Additions	0	2	2	0	4
Disposals	0	0	(1)	0	(1)
Transferred	0	1	0	(1)	0
Acquisition cost at year-end	160	8	5	0	173
Depreciation at beginning of year	(2)	(1)	(1)	0	(4)
Depreciation	(1)	(1)	(1)	0	(3)
Transferred	0	0	0	0	0
Depreciation at year-end	(3)	(2)	(2)	0	(7)
Carrying value at year-end 2001	157	6	3	0	166
Carrying value at year-end 2000	158	4	3	1	166

12

PROPERTY, PLANT AND EQUIPMENT

	Leaseholds	Land and buildings	Plant and equipment	Tools and fixtures	Plant under construction	Total
	DKKm	DKKm	DKKm	DKKm	DKKm	DKKm
Acquisition cost at beginning of year	201	256	2,367	348	149	3,321
Additions	0	30	269	90	183	572
Disposals	0	0	(67)	(101)	0	(168)
Transferred	0	1	58	30	(91)	(2)
Acquisition cost at year-end	201	287	2,627	367	241	3,723
Depreciation at beginning of year	(3)	(10)	(1,038)	(199)	0	(1,250)
Depreciation	(1)	0	(241)	(71)	0	(313)
Depreciation related to disposals for the year	0	0	46	97	0	143
Transferred	0	0	0	0	0	0
Depreciation at year-end	(4)	(10)	(1,233)	(173)	0	(1,420)
Carrying value at year-end 2001	197	277	1,394	194	241	2,303
Of which capitalized interest	0	0	5	0	0	5
Carrying value at year-end 2000	198	246	1,329	149	149	2,071

According to the latest public assessment, land and buildings and leaseholds are assessed at DKK 279m

Carrying value of mortgaged assets totaled DKK 7m

Investments in subsidiaries
Investments in associated companies
Total

PARENT COMPANY

13

INVESTMENTS AND OTHER ASSETS

	DKKm	DKKm	DKKm
Acquisition cost at beginning of year	3,329	2	3,331
Additions	500	0	500
Disposals	0	0	0
Acquisition cost at year-end	3,829	2	3,831
Adjustment at beginning of year	(388)	(1)	(389)
Share of net income/loss	279	0	279
Adjustments	(119)	0	(119)
Adjustments at year-end	(228)	(1)	(229)
Carrying value at year-end 2001	3,601	1	3,602
Carrying value at year-end 2000	2,941	1	2,942
The equity value of investments in subsidiaries and affiliated companies at December 31, 2001 consists of:			
Subsidiaries and affiliated companies with a positive equity value			1,841
Non-amortized share of goodwill			1,760
			3,601

TO BE CONTINUED ...

Domiciled in

Ownership share

Share capital

DKK m

13

INVESTMENTS AND OTHER ASSETS ... CONTINUED

Investments in subsidiaries:

Aktieselskabet af 3. november 1971	Copenhagen	100%	14,0
Anpartsselskabet af 16. november 2000	Copenhagen	100%	3,0
BLS Denmark Associates	Georgia	100%	-
BLS Denmark Inc.	Georgia	100%	-
BSI Denmark Inc.	Georgia	100%	-
Dansk MobilTelefon I/S	Aalborg	100%	-
Det Danske Mobiltelefonkompagni PCN A/S	Copenhagen	100%	4,6
Interessentskabet af 26. november 2000	Copenhagen	100%	-
Midtjydsk Radiotelefon A/S	Copenhagen	100%	1,0
SONOFON A/S	Aalborg	100%	100,0
SONOFON 3G A/S	Copenhagen	100%	0,5
SONOFON Partner A/S	Copenhagen	100%	10,0
SONOFON Services A/S	Copenhagen	100%	10,5
Investments in associated companies:			
Lokal Trans aps	Copenhagen	20%	0,4
OCH A/S	Copenhagen	25%	1,0

The above-mentioned partnerships (I/S) do not publish their financial statements in accordance with the Danish Company Accounts Act section 2f, as they are included in the Consolidated Financial Statements of SONOFON Holding A/S

PARENT COMPANY

GROUP

2000
DKKm2001
DKKm2001
DKKm2000
DKKm

14

SHAREHOLDERS' EQUITY

The movements in shareholders' equity can be specified as follows:

1,313	1,288	Shareholders' equity at beginning of year	1,288	1,313
(26)	21	Income/loss for the year	21	(26)

1,288	1,309	Shareholders' equity at year-end	1,309	1,288
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Share capital

100	100	Share capital at beginning of year	100	100
-----	------------	------------------------------------	------------	-----

100	100	Share capital at year-end	100	100
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The share capital consists of 100,000 shares at a price of DKK 1,000. The shares are not divided into classes

Capital in excess of par value

1,135	0	Capital in excess of par value at beginning of year	0	1,135
(1,135)	0	Transferred to retained earnings	0	(1,135)

0	0	Capital in excess of par value at year-end	0	0
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Retained earnings

78	1,188	Retained earnings at beginning of year	1,188	78
(26)	21	Income/loss for the year	21	(26)
1,135	0	Transferred from capital in excess of par value	0	1,135

1,188	1,209	Retained earnings at year-end	1,209	1,188
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PARENT COMPANY

GROUP

2000
DKKm2001
DKKm2001
DKKm2000
DKKm

15

PROVISIONS FOR DEFERRED TAX

4	23	Provisions at beginning of year	6	(22)
44	39	Change during the year	46	53
(25)	5	Adjustments for previous years	4	(25)
23	67	Provisions at year-end is distributed as follows:	56	6
0	0	Deferred tax assets	(11)	(17)
23	67	Deferred tax provided	67	23
23	67		56	6
		Deferred tax related to:		
170	227	Intangible fixed assets	220	164
(19)	(99)	Property, plant and equipment	(85)	(14)
(2)	(2)	Current assets	(20)	(18)
(60)	(59)	Debt	(59)	(60)
(66)	0	Tax-loss carryforwards	0	(66)
23	67		56	6

16

LONG-TERM DEBT

156	153	Due within 5 years or later:	185	189
-----	------------	-------------------------------------	------------	-----

Long-term loan agreements of the Group and the Parent Company are floating-rate loans in Danish kroner that mature in 2005

Long-term lease commitments of the Group and the Parent Company expire more than five years after the end of the fiscal year

The weighted average effective interest rate is 6.3%

PARENT COMPANY

GROUP

2000
DKKm2001
DKKm2001
DKKm2000
DKKm

17 RELATED PARTIES

Related parties comprise the Company's two owners, Telenor and BellSouth, together with a number of Group companies, cf. note 13

All the transactions between related parties are made on an arm's length basis

A long-term loan of DKK 1,243m has been advanced by the owner groups to SONOFON Holding A/S

18 FINANCIAL INSTRUMENTS

0 0

Forward exchange contracts:

Nominal value 123 0

0 0

Deferred gain, expected realized after the balance sheet date

3 0

The Group uses only forward contracts to hedge exposures on foreign currency, and at year-end 2001, only currency exposure in USD had been hedged

19 MORTGAGES

0 0

Mortgages are secured in buildings

- carrying value at year-end 2 3

0 0

Bank balance deposited as security for leaseholds

0 0

0 0

2 3

20 CONTINGENT LIABILITIES

3 4

Liabilities in connection with leases

375 323

220 100

The Parent Company has issued a Letter of Support for the credit facilities of the subsidiaries at a total of:

0 0

DEFINITION OF TERMS

BROADBAND - A transmission capacity with enough bandwidth to transmit sound, data, and video at the same time.

CHURN - Loss of customers relative to the total subscriber base measured in percent or numbers.

CHURN RATE - A percentage of subscribers that have changed telecom operator.

EBITDA - Earnings before interest, tax, depreciation, and amortization.

EDGE - Enhanced Data Rates for GSM Evolution. Is a further development of the GSM network that will give an initial data bandwidth of up to 384 kbit/s.

EMS - Enhanced Messaging Service. Preceded MMS and can transfer relatively simple graphics and sound.

FWA - Fixed Wireless Access. A fixed but wireless broadband connection, e.g. for connecting a stationary PC to the internet, with bandwidth of as much as 34 Mbit/s.

GSM - Global System for Mobile communications – digital mobile telephone system based on a global standard. GSM900 operates at 900 MHz and GSM1800 at 1800 MHz.

HIGH SPEED DATA - Wireless data transmission via the GSM network at a speed of up to 57.6 kbit/s.

INTERNET - A worldwide computer network that gives access to a wealth of information available on the worldwide web, which has servers all over the world.

MMS - Multimedia Messaging Service. Can transfer text, sound, and video to and from mobile phones.

SERVICE PROVIDER - A provider of mobile services with no own network.

SMS - Short Message Service. A means of sending short alphanumeric messages to or receiving them from mobile phones.

PREPAID CUSTOMERS - Customer who pay for mobile telephony in advance. Prepaid customers are calculated with churned 12 months after expiration date.

UMTS - Universal Mobile Telecommunications System. A third generation mobile network with transmission speeds that equal the existing fixed-line network.

WAP - Wireless Application Protocol. A standard that links a GSM network to the Internet.

2G - Second-generation mobile network. This is a general term for a category of mobile networks including digital technology such as GSM.

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