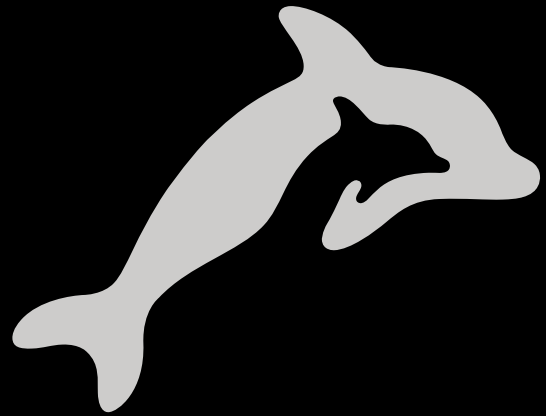


SONOFON



SONOFON ANNUAL REPORT 2002





SONOFON ANNUAL REPORT 2002



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WELCOME TO SONOFON 2003

SONOFON was ten years old this past year. Not a bad time to do so, as the ever increasing demands for earnings in the telecoms sector make such adult characteristics as focus and profitability absolutely mandatory. For a long time now at SONOFON, we have been working on creating a mature, sound business that deserves the trust our stakeholders place in us. We can report, as this year's results show, that we have made progress.

In 2002, we continued our focus on simplicity and profitability from previous years. We have reorganised to make internal working processes more flexible and efficient. This also means that there are now fewer staff in the organisation than at year-end 2001. We have also rationalized our product range to enable us to focus more on our customers. And in 2003, we aim to continue working on making improvements so as to ensure SONOFON's presence in the 3G telephony market since we are expecting to increase both revenue and earnings.

The future of the telecoms market is, if anything, even more uncertain than it has been to date, so the demands we face will not let up in 2003. We shall continue to work on offering useful, straightforward and attractive products, especially in such technologies as GSM and GPRS.

Our success with the unique MultiPlan concept for the business sector and Variant and Kvantum for private users is to be maintained and enhanced in 2003. The SMS market will be further expanded, as will High Speed Data, GPRS and MMS multimedia messaging. It is our success with these products that is setting the scene for tackling the next generation of mobile telephony services.

Already in 2002, the increasingly demanding market made it natural for us to do a great deal of preparatory work for three internal programs that will be finally implemented this year.

First, we have been working on raising awareness of the SONOFON brand. This is not just a matter of advertising and marketing. For us, branding is about our identity. It is about our history, our vision and our corporate culture, values and standards. It is about matching what our customers and the world about us expect of us and the reality we deal with every day internally at SONOFON.

Secondly, we have implemented a compliance program to ensure that all SONOFON's actions and activities always comply with our ethical objectives, protect our image and conform to current national and international legislation.

Thirdly, we have laid the foundations for a Corporate Social Responsibility (CSR) program which can be best described as a range of activities aimed at achieving SONOFON's vision of being a good, responsible corporate citizen.

SONOFON will also be working in 2003 to make our brand synonymous with a trend-setting, profitable business offering straightforward communications services.

Ulrik Bülow
CEO





ABOUT SONOFON

SONOFON has a vision of being a profitable provider of communications services, always at the forefront of the market, that understands how to offer useful, simple solutions in an increasingly complex and technologically advanced market.

SONOFON currently has revenues of more than DKK 4bn, a mobile subscriber base of 1,258,000 ^{*)} and just under 1,400 staff, all making it the second largest telco in Denmark. SONOFON is owned by Telenor, Norway (53.5%) and Bell-South, USA (46.5%).

SONOFON's head office is at Frederikskaj in Copenhagen. Technical development and operations are at SONOFON's facilities in Aalborg, Jutland.

- In 2002, SONOFON achieved net revenue of DKK 4,013m, up 13% on the previous year.
- EBITDA (earnings before interest, tax, depreciation and amortization on goodwill) was up 30% on 2001 at DKK 1,177m, equivalent to 29% of revenue.
- In 2002, SONOFON reported its best result ever, DKK 129m after tax.
- SONOFON invested a net total of DKK 797m in 2002, fundamentally in extending network capacity and the retail outlet network and setting up administrative systems among other things for optimizing service to customers.
- In the course of the year, the number of SONOFON shops increased to 81 nationwide.
- SONOFON reported a massive influx of subscribers in 2002. At the end of December 2002, the mobile subscriber base was up some 21% at 1,258,000 ^{*)} which was 220,000 more than the year before.

^{*)} Year-end with churn after 12 months for prepaid customers, including service providers.



KEY FIGURES

Income statement

		2002	2001	2000	1999	1998
Revenues	DKKm	4,013	3,540	3,096	2,904	2,347
Earnings, EBITDA	DKKm	1,177	906	720	736	473
Operating income	DKKm	439	272	193	269	32
Financial items	DKKm	(172)	(169)	(162)	(129)	(131)
Income for the year before tax	DKKm	267	103	31	140	(99)
Income for the year	DKKm	129	21	(26)	57	(114)

Balance sheet

Balance	DKKm	6,040	5,852	5,494	5,296	5,068
Intangible fixed assets	DKKm	2,611	2,690	2,629	2,557	2,406
Tangible fixed assets	DKKm	2,469	2,326	2,086	2,073	1,972
Shareholders' equity	DKKm	1,384	1,309	1,288	1,313	1,256

Key ratios

Earnings, EBITDA	%	29%	26%	23%	25%	20%
Investment in fixed assets, net	DKKm	797	937	614	721	594
Average number of employees		1,518	1,778	1,567	1,487	1,153
Employees, year-end		1,385	1,750	1,630	1,545	1,288
Mobile subscribers, year-end *)	(1,000)	1,258	1,038	966	846	750
Increase in mobile subscribers, net	(1,000)	220	72	120	96	199
EBITDA per mobile subscriber, average	DKK	1,025	905	826	921	727
Revenue per employee, average	DKKt	2,644	1,991	1,976	1,953	2,036
EBITDA per employee, average	DKKt	775	510	459	495	410

*) Year-end with churn after 12 months for prepaid customers, including service providers.

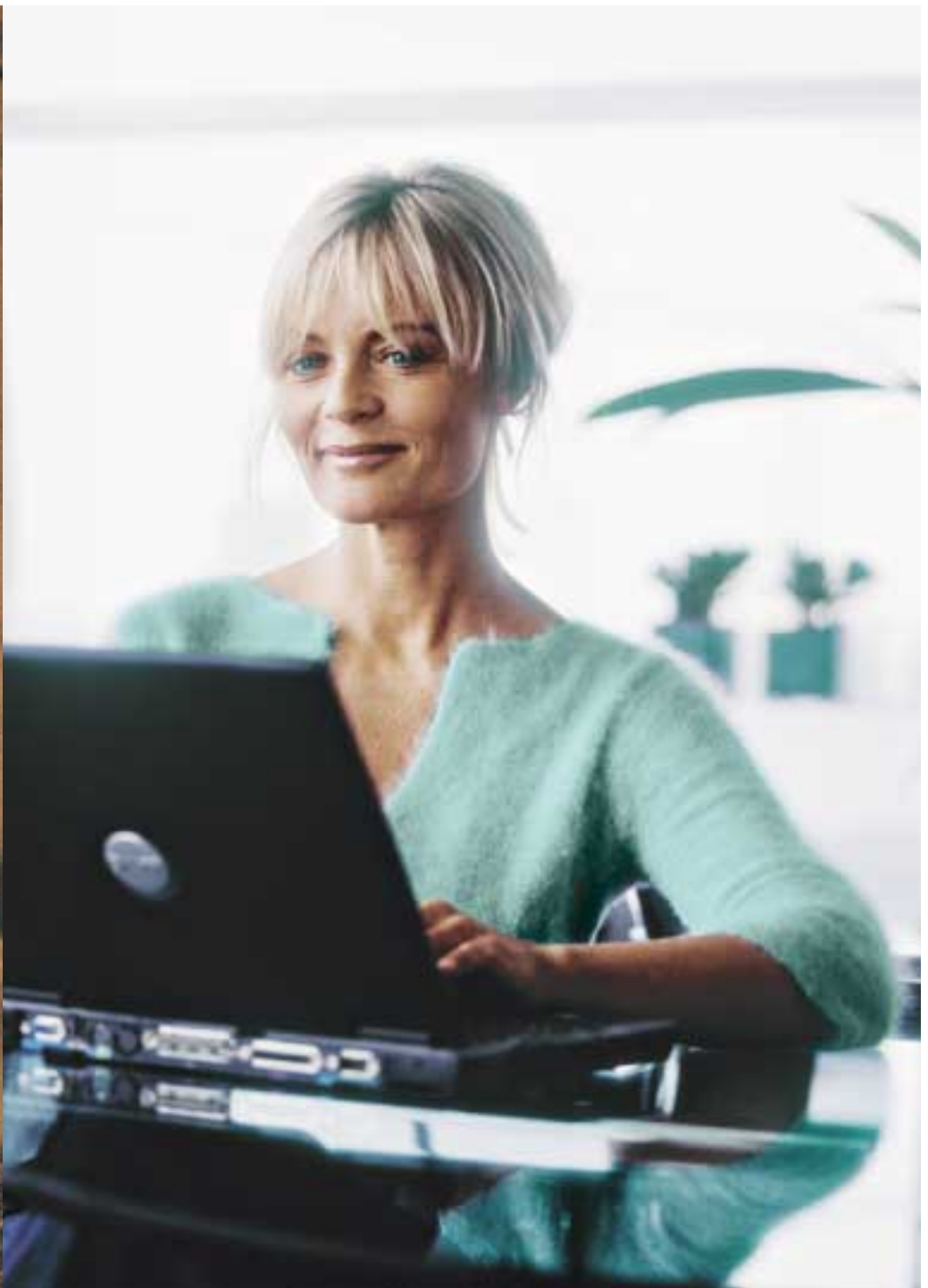
SONOFON's more than 900 antenna and mast sites are always maintained and kept cutting edge so subscribers are always sure of full national coverage.





*Danish families
have lots to do.*





*SONOFON helps them match
all the demands of work,
leisure and their social lives.*



Get close to nature at Copenhagen Zoo where SONOFON's telecoms solutions give you all the facts

A YEAR OF FOCUS

The focus in recent years at SONOFON on consolidation and profitability was continued in 2002. Focusing sharply on costs resulted in reorganization, outsourcing the IT operations and administration departments, disposing of premises and rationalization of SONOFON's product range. All intended to ensure that the sound business that SONOFON is today will also be able tomorrow to deliver the results required to drive our business into the next generation of mobile telephony in a socially responsible way.

Below is a brief review of various important services, technologies and business areas that affected SONOFON in 2002:

MultiPlan, Variant, Kvantum and Prepaid

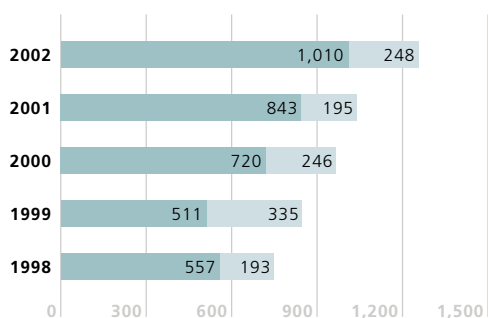
SONOFON's solution for the business sector, MultiPlan, continued to make progress in 2002. An increasing number of business users currently use MultiPlan which amalgamates wireline and mobile telephony in a single service so that employees can always be reached. MultiPlan is simple to understand and use, even though technically speaking the product is highly complex. Several large companies chose to enjoy the benefits of MultiPlan in 2002. In the autumn, communication with business customers was strengthened by the "Cross Field" campaign focusing on customers' hidden costs.

In the private sector, our 500,000th customer opted for a Variant subscription in December 2002, making this the most successful product ever at SONOFON. Characterized by its simplicity, Variant is three subscriptions in one and automatically switches to the most economical depending on the customer's usage, meaning customers get the lowest overall

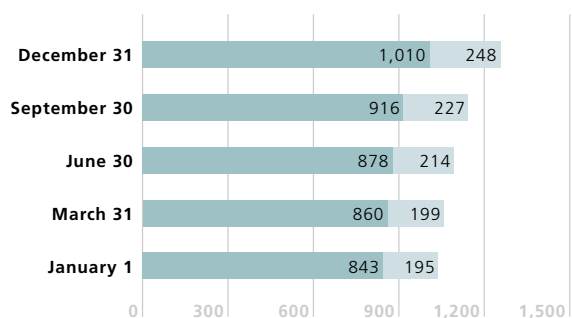


about the animals and their world
direct to your mobile.

Mobile customers (1,000)*)



Mobile customers, 2002 (1,000)*)



charges. We believe that the success of Variant is due to the product being easy for customers to understand. Variant will be further developed in the course of 2003.

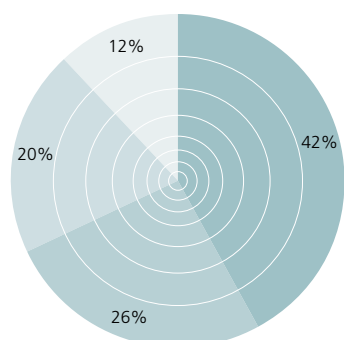
For the extra talkative, SONOFON launched the Kvantum product in 2002. This is specially designed for customers who use their mobiles more than average.

Prepaid developed satisfactorily in 2002 with SONOFON managing to maintain its budgets and bottom line without subsidizing handsets. Customers' use of SMS messaging rose sharply without it affecting voice services. At year-end 2002, we had 27% more Prepaid customers than at the beginning of the year. In 2003, our ambitions are for Prepaid to operate as a more virtual service and for more customers to make use of the convenience of being able to top up either directly on their mobiles or via the Internet.

Subscribers
Prepaid customers

*) Year-end with churn after 12 months for prepaid customers, including service providers.

Breakdown of mobile customers at year-end 2002



Private
Business
Prepaid
Service Providers

(1,000) *)	2002	2001
Private	533	462
Business	322	284
Prepaid	248	195
Service Providers	155	97
Total	1,258	1,038

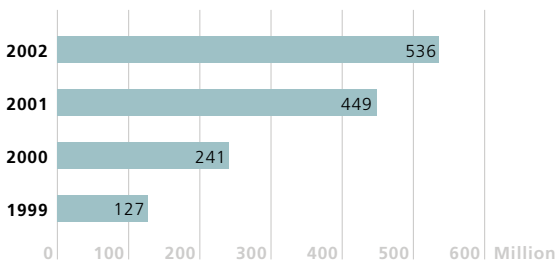


SMS and MMS

The growth in SMS messaging traffic continued in 2002. SONOFON's customers sent 536 million SMS messages in 2002, up 19% of the 449 million SMS messages sent in 2001. 2002 saw the beginning of so-called content-rated text messages (ringing tones, logos, news, etc). The market for SMS will continue to grow in 2003.

SONOFON launched its MMS Multimedia Messaging Service shortly before Christmas 2002. MMS makes it possible to send messages combining text, sound and pictures from one MMS mobile to another, and from a mobile to an ordinary e-mail address. SONOFON is not forecasting significant growth in the MMS market until 2004.

SMS messages (number)



GPRS and SONOFON Broadband

Yet again, the GPRS market did not grow significantly in 2002. The launch of the GPRS-driven MMS service in December 2002 does however give some reason for optimism for the GPRS market in 2003.

SONOFON Broadband (via wireless technologies such as FWA, Fixed Wireless Access) reached the first business customers already in 2001. This market grew acceptably in 2002, with SONOFON giving greatest priority to broadband products aimed at business customers.



*With 81 outlets
nationwide,*





*SONOFON is always close by,
ready to provide services to customers.*



*SONOFON provides teleservices to
Prime Minister Anders Fogh Rasmussen*



and all the state institutions, such as ministries and national agencies.



MARKET REVIEW

As for 2002, 2003 will be characterized as a market under pressure. The demands facing individual carriers for solvency and profitability will not become smaller in 2003. On the contrary, 3's anticipated entry onto the Danish market will just serve to sharpen competition further. At the same time, airtime call rates are expected to continue to fall.

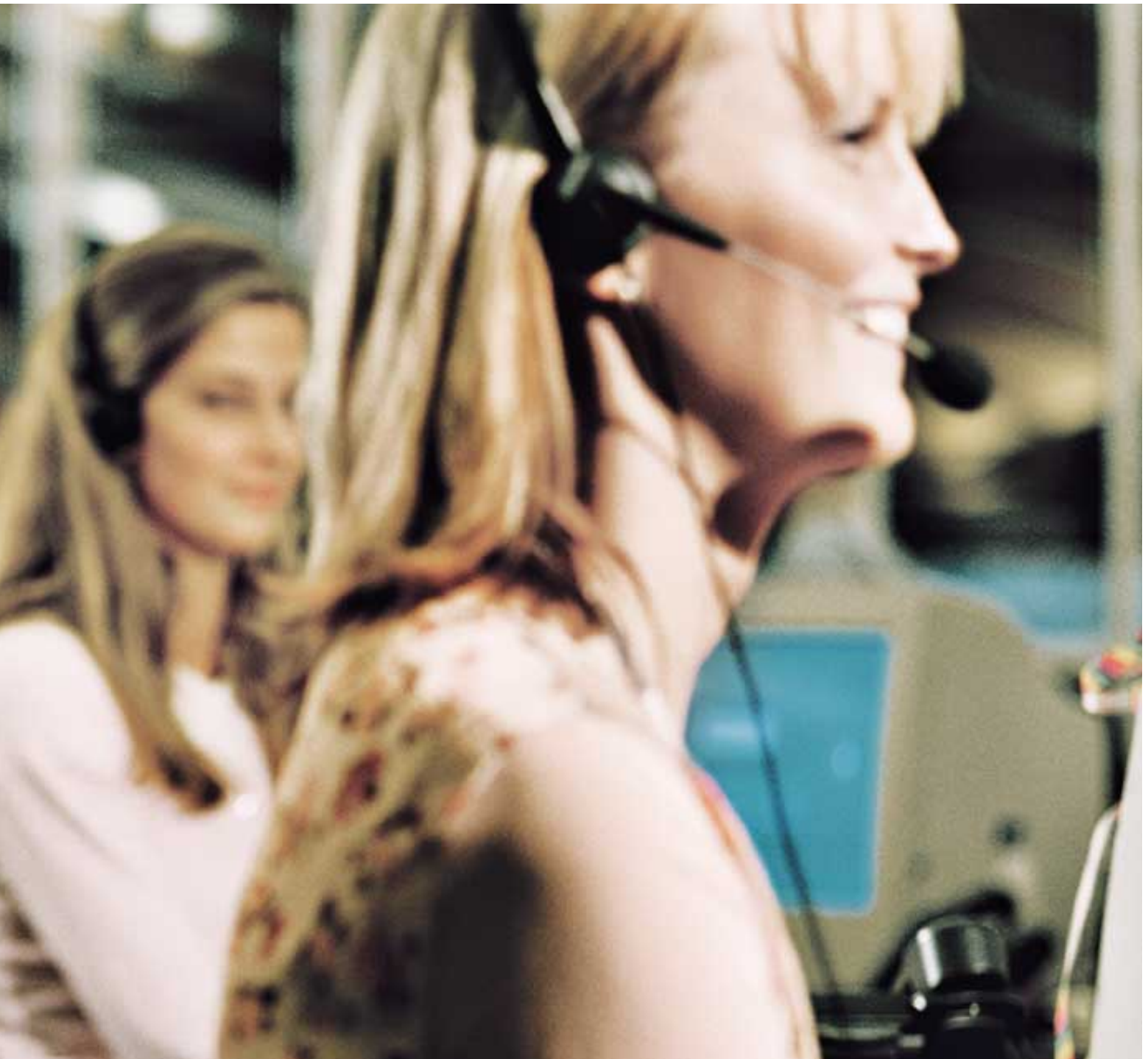
The number of active mobile phone users will only rise very slightly. The market is by and large now saturated but individual users' overall use of mobile voice and data services, including GPRS and High Speed Data, is expected to rise. Currently, only 18% of all telephony in Denmark is mobile compared to more than 25% in Finland.

2003 will probably also be characterized by the approach of UMTS even though SONOFON has very few expectations of a real 3G market in 2003. Without a UMTS license, SONOFON's options are open. We are continuing to focus on the fact that there is still considerable unexploited potential in selling 2.5 and 3G services using existing technologies. There are still some outstanding questions about service partnerships associated with 3G services on a new UMTS network, but SONOFON expects constructive relations with coming UMTS operators should it become necessary.

*"SONOFON – good evening!"
For many years now, the*



SONOFON girls have welcomed subscribers with a smile – and will be continuing to do so.





MARKET POSITION

SONOFON customers continue to be more mobile and active than the average Danish mobile customer. SONOFON has 25% of the customers but carries 29% of the total traffic. Practically the same applies to the text messaging market in which SONOFON customers accounted for 27% of the total number of messages sent, compared to a customer market share of 25%.

SONOFON's position in the market is driven by five fundamental value-adding factors:

Coverage

SONOFON improved and extended coverage during 2002. 108 new mast sites in all were set up during the year, with the main emphasis on improving indoor coverage in towns, industrial and recreational areas and along motorways. Coverage at Nørreport, the busiest station in the country, was finally available in 2002. The same applied to coverage on the new Copenhagen Metro where all lines will be covered by mid-June 2003.

In the summer of 2002, SONOFON's four existing masts on Bornholm were joined by nine completely new masts, making it possible to make mobile calls via SONOFON practically everywhere on this popular holiday island. Over the next couple of years, further improvements are expected for the few areas where coverage on the island is still not entirely satisfactory.

Competitiveness

SONOFON sells competitive and attractive products. Otherwise we would not have such a leading market position. For SONOFON, it is important to offer customers the most advantageous product so that they do not get unnecessarily

*Several haulage companies
use integrated telecoms*



high bills. Products such as Variant and MultiPlan are good examples of this.

Customer Service/Distribution

Thanks to the "SONOFON girls", SONOFON is known for the best customer service in the business. We know that our customers feel it is important to be able to contact us and that personal dialog is also important for many of them. At the same time, the Internet has made it possible for many services to be available online.

SONOFON wishes to be accessible irrespective of how our customers wish to contact us, and knowing about our customers will also help us ensure that they get the best possible products.

During 2002, SONOFON considerably strengthened its distribution network by opening 11 more shops, bringing its chain at year-end to a total of 81, of which 16 were either associated or franchise outlets. SONOFON's own shops are an essential part of our endeavors to be close to our customers. In addition to our own shops, there are now more than 3,300 other sales outlets with a limited range of products.

Technology and development of concepts

For SONOFON, one of the critical competitive parameters is ongoing development of new products and concepts for the market based on technologies that have shown they are durable.

SONOFON launched its MMS multimedia messaging service shortly before Christmas 2002. This makes it possible to

send messages with combinations of text, sound and pictures from one MMS mobile to another or from a mobile to an ordinary e-mail address. SONOFON is only forecasting serious growth in the MMS market in 2004.

Branding

Especially at times of consolidation, management and staff need a compass to guide the company along the right path. So it has been quite natural for us to use 2002 to concentrate even more on the SONOFON brand, our identity, history, values and standards. A greater insight into who we are makes us better able to face new challenges.

SONOFON has three values which have already helped to differentiate the company in the marketplace and will continue to do so. We started by being challenging. We opted for being present. We are learning to think simplicity. These characteristics are so essential for us that, in future too, we shall be concentrating even more on these values. By living and communicating on the basis of the values, we will ensure that SONOFON remains a strong brand, with the expectations of those around us matching how we operate as a company and as employees.

SONOFON is strongly placed in the business and private sectors. The SONOFON brand has gained a good foothold in both segments, due to a great extent to effective marketing based on reliability and good communication with a humorous slant. SONOFON attaches great weight to the way promotions are run, being closely associated with the values and standards that prevail throughout the company. One frequently used phrase in SONOFON is "All in order". SONOFON's promotions are generally highly placed in the external ratings and customer surveys.

solutions from SONOFON to keep track of all their trucks, including the DSV Group with 9,000 employees.



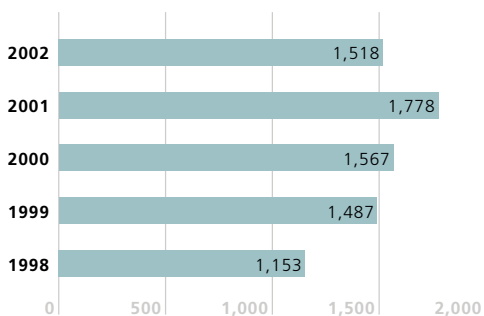
*SONOFON is working
with students at*

EMPLOYEES

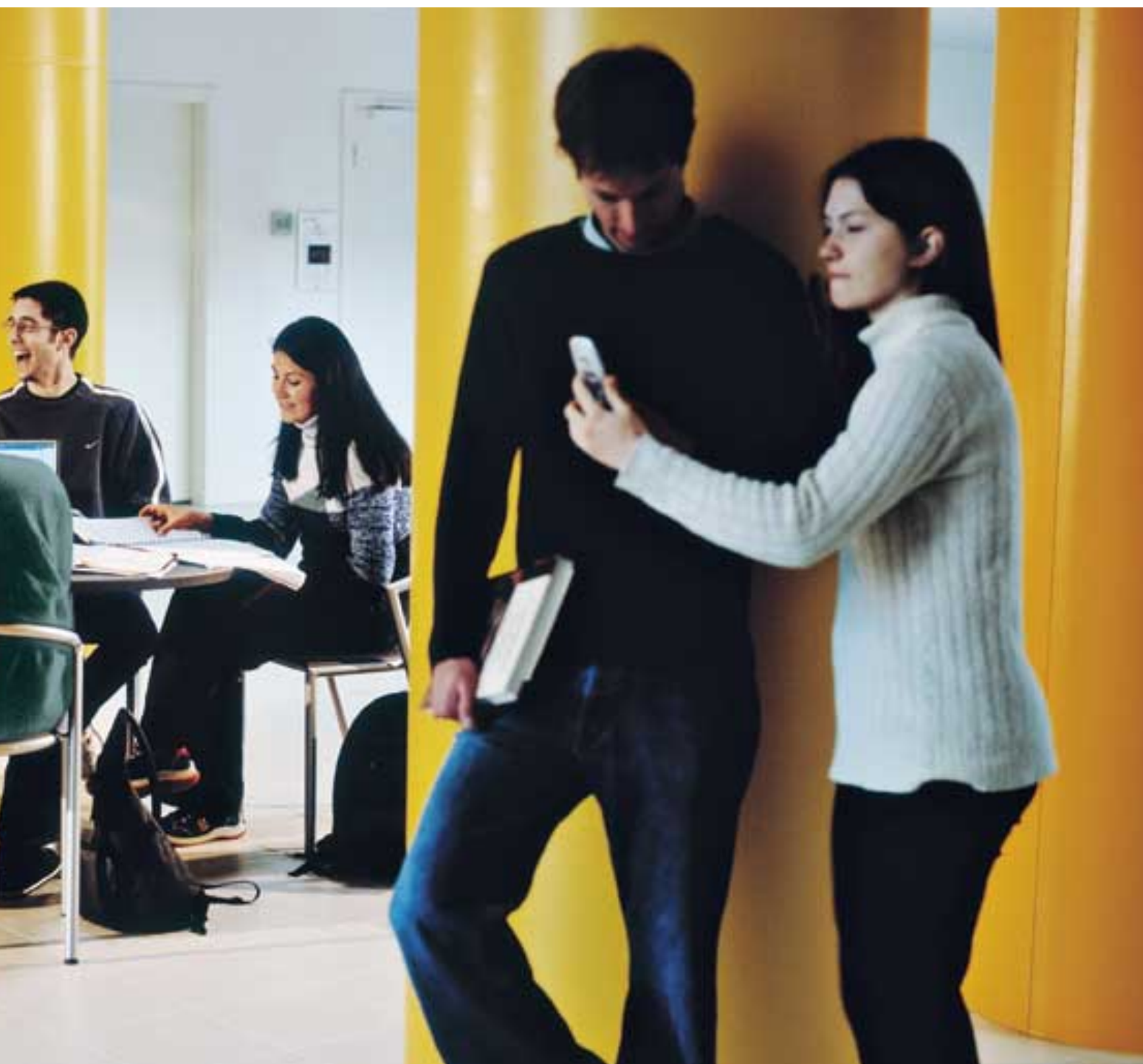
For SONOFON, it is absolutely essential that all employees can make the best use of their competencies and can constantly develop. To achieve this, it is important that SONOFON value experts among the employees as much as good managers. This is why SONOFON has opted for a twin-track career system making it possible for experts with extensive technical knowledge to have a career in SONOFON without taking on managerial responsibilities.

SONOFON employees are generally encouraged to accept ownership of their daily routines. This requires employees to be trained and challenged but it also requires managers to promote a sense of involvement and responsibility among their staff. Accordingly, managers are assessed by employees on the so-called "management ladder" twice a year. This demonstrates whether the style of management that employees actually want corresponds in practice to the style they get. The results for the Autumn 2002 management evaluation were the best ever.

Average number of employees



Aalborg University on a whole range of challenging projects.



SONOFON AND THE COMMUNITY

In 2001, SONOFON issued a report, "The Technological Winner" and promoted an international competition titled "Technology For People". This process of raising awareness of SONOFON's values, both internally and externally, continued in 2002 with extensive preparatory work for the branding, compliance and CSR programs being implemented in 2003.

The compliance and CSR programs are based on SONOFON's values with the long-term objective of SONOFON being characterized by a high level of credibility as a telecoms operator. A company that actively takes responsibility for the community, which respects and focuses on customers, employees and other stakeholders. A company that provides safe products, a safe working environment and which always shows respect for the individual.

Compliance

The main objective of the compliance program is to create a solid foundation for all business procedures, projects and processes and ensure that SONOFON always complies with current legislation. This is the first pre-condition for acting as an open, honest company. All employees will be able simply and directly to see whether laws and regulations, etc, may have an impact on how an assignment should be tackled. In certain situations, SONOFON also has internal rules which rather reflect corporate ethics than otherwise being directly dictated by the legislation.

SONOFON's compliance program will be up-dated in line with developments in national and international legislation as well as SONOFON's own ethical approach.

SONOFON's management has appointed a Compliance Officer who reports directly to the CEO. SONOFON's Compliance Policy Board consists of the CEO, the Executive Vice Presidents and the Compliance Officer.

Corporate Social Responsibility - CSR

SONOFON's ambition is to contribute to sustainable development of the community. In practice this means that it is not sufficient for us just to comply with Danish legislation. We intend to take action and turn the concept of Corporate Social Responsibility (CSR) into specific objectives, action plans and activities at SONOFON.

In ensuring a high level of social responsibility and the possibility of quantifying our input, we are making our starting point in fundamental human rights. These form a well-known and well-described set of values that are applied worldwide. This starting point also enables us to make precise measurements and to compare ourselves with other national and international companies.

On the basis of generally acknowledged human rights, we have selected four areas which are essential for our business and the way we are perceived. This is where we shall be making an extra effort in contributing proactively to sustainable development.

Respect for private life

As an employer and telco, much of our daily work is handling large volumes of sensitive data. Both internally and externally, we shall debate and handle security matters and the consequences these have for our work by processing and protecting sensitive data.

One of SONOFON's major customers, the police, enjoy all the benefits of MultiPlan,



Freedom of expression

The technology on which our business is based has very largely contributed to changes in communication patterns and opportunities in society. Our products constantly provide new options for enhanced personal freedom for individuals to send and receive information, which also makes for a transparent democratic community.

Health

Health lies at the very heart of SONOFON's business. We have a social responsibility to work throughout the Group for the health of our employees, customers and the community we live in. They all need to feel confident that SONOFON follows up on R&D in areas linked to the company and that we communicate results openly and honestly.

We shall work to provide healthy products and a sound working environment, and always with respect for the individual so that our business and products do not represent health or safety risks.

Benefit from technological developments

As a provider of telecommunications solutions, SONOFON has special responsibilities when it comes to changes to society arising from our operating a cutting edge business. Our employees and those around us must feel they can trust SONOFON to take responsibility for making as many people as possible technological winners by way of useful, straight-forward solutions. Further, as a telco, we shall be open and committed, one that takes the initiative and actively participates in debate on technological developments.



*which integrates wireline
and mobile telephony services.*



FINANCIAL REPORT 2002

Profits for 2002

SONOFON's results for 2002 meet the expectations expressed in last year's annual review. The SONOFON Holding Group achieved net revenues of DKK 4,013m in 2002, up 13% on the previous year, which is satisfactory in a highly competitive market.

Taking the individual segments as a whole, the telecoms segments accounted for DKK 3,540m in revenues, up more than 10% on last year. The distribution segment reported revenues of DKK 539m, up 34% on 2001. The telecoms segment accounts for approximately 12% of revenues in the distribution segment.

EBITDA (earnings before interest, tax, depreciation and amortization) were DKK 1,177m, equivalent to 29% of revenues. In 2001, EBITDA was DKK 906m or 26% of revenues.

The improvement in EBITDA was satisfactory and also a result of recent years' increasing focus on costs throughout the Group. This process has seen SONOFON reviewing a wide range of internal working processes, outsourcing the IT operations and administration departments and rationalising our product range so as to make the organisation more focused, flexible and efficient.

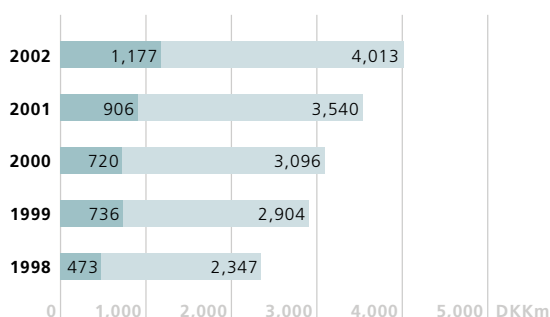
Operating income for 2002 were DKK 439m compared to DKK 272m the year before. Net income for the year totalled DKK 129m, up from DKK 21m in 2001.

At year-end 2002, there were 1,385 employees, down considerably of 2001 when the average figure was 1,778.

At year-end 2002, staff numbers were at the same level as in Q1 1999 when both revenue and customer base were considerably smaller.

Again in 2002, SONOFON invested significant amounts in better geographical coverage and enhanced capacity for mobile services on the network to enable us to continue to live up to our customers' expectations. 2002 accordingly saw net investments total DKK 797m compared to DKK 937m in 2001. Apart from covering the new investments made in 2002, positive cash flows from operations enabled interest-bearing debt to be reduced by DKK 198m.

Revenues and EBITDA



	2002	2001	2000	1999	1998
EBITDA %	29%	26%	23%	25%	20%



Equity at year-end 2002 was DKK 1,384m compared to DKK 1,309m at year-end 2001. In 2002, shareholders' equity was increased by the profit reported for the year and reduced by adjustments to valuations of financial instruments for hedging future financial expenses.

Pending legal action

SONOFON is party to certain lawsuits but management feel that the outcome of these cases will not have any significant impact on the financial position of the Group.

Corporate structure

In 2002, SONOFON made a start on simplifying the Group's corporate structure. This saw SONOFON Holding A/S taking over the 29% holding in Dansk MobilTelefon I/S which had been previously owned by two American subsidiaries, BLS Denmark, Inc., and BSI Denmark, Inc., both wholly-owned subsidiaries of SONOFON Holding A/S.

As part of this structural simplification process, at general meetings of the Group's companies in May 2003, the Board will propose the merger of various of the Group's companies in preparation for an amalgamation of activities in SONOFON A/S with Dansk MobilTelefon I/S.

Events after year-end

No events have occurred since balance sheet date that would alter the statements made in the Annual Report.

Outlook

The future telecoms market is even more uncertain than it has been up till now and SONOFON will not be facing fewer demands in 2003. In 2002, earnings were good and for the

Group, the challenge will lie in stabilising earnings at the same level in 2003. In coming years, SONOFON will be continuing to maintain its focus on the profitability of the business. Net profit after tax for 2003 is forecast to be in line with 2002.

Investor relations

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

Financial risks

SONOFON's business activities mean that the Group's profits and equity are affected by financial risks, including liquidity, interest and exchange rate exposure.

At year-end 2002, the SONOFON Group's interest-bearing debt amounted to DKK 3,565m, down from DKK 3,762m in 2001. At year-end 2002, the Group had unused credit lines of DKK 939m. In order to cut risk on interest-bearing debt, future interest charges are hedged to a certain extent by interest swaps. At year-end 2002, 67% of the interest on debt was locked in.

Foreign exchange risk arises from Group settlement of accounts with other telecoms carriers or suppliers abroad. Known or expected transactions are hedged for periods of up to 12 months, depending on their size. No hedging contracts were in place at the end of 2002.





SONOFON is joining customers on the springboard to the future with multimedia messaging (MMS),





*a service combining text, audio and pictures
that will be part of everyone's lives.*





Ulrik Bülow
CEO

Jon Hoffmann
Executive Vice President,
Technology

Steen Jespersen
Executive Vice President,
Sales and Marketing

Allan Koch
Executive Vice President,
Corporate Relations

Tage Reinert
Executive Vice President,
Finance

COMPANY INFORMATION

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Domiciled in: Copenhagen

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www.sonofon.dk

Auditors
Deloitte & Touche Statsautoriseret Revisionsaktieselskab.

MANAGEMENT STATEMENT

The Board of Directors and the Board of Management have considered and approved the Annual Report 2002 of SONOFON Holding A/S.

The Annual Report has been prepared in accordance with the Danish Company Accounts Act. In our opinion the accounting policies applied are appropriate and the Annual Report gives a true and fair view of the Group's and the parent company's assets, liabilities, financial position and profit for the year.

The Annual Report is submitted for the approval of the Annual General Meeting.

Copenhagen, April 4th 2003.





Jørgen Lindegaard
Chairman

Keith Cowan
BellSouth

Arve Johansen
Telenor

Morten Karlsen Sørby
Telenor

Philip R. Wallace
BellSouth

AUDITORS' REPORT

To the Shareholders of SONOFON Holding A/S.
We have audited the Annual Report of SONOFON Holding A/S for the financial year 2002.

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 mis-statement. 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 the 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 company's financial position at December 31st 2002 and of the results of their operations as well as the consolidated cash flows for the financial year 2002 in accordance with the Danish Financial Statements Act.

Copenhagen, April 4th 2003

Deloitte & Touche

Statsautoriseret Revisionsaktieselskab

Kirsten Aaskov Mikkelsen
State Authorized Public Accountant

Anni Klæbel
State Authorized Public Accountant

ACCOUNTING POLICIES

General

The Annual Report is presented in accordance with the provisions of the Danish Company Accounts Act for Class C (large) companies.

As a result of new accounting legislation, various amendments have been made as follows:

- Accounts receivable and debt are valued at amortized cost price and not as previously at nominal value. This change has had no impact on results or equity.
- Derivatives for hedging future transactions are valued at current market value and stated under other receivables or other debt. Changes in valuations are stated directly under equity until the hedged transaction has been completed. These used not to be included in the balance sheet. In 2001, these changes would have meant a DKK 3m increase in equity whilst having no impact on results.

Apart from this, accounting policies remain the same as last year. In accordance with the transitional provisions of the Annual Accounts Act, the company has not amended its comparative figures for 2001 or the five year summary of key ratios since the accounting policy amendments have not significantly affected previous results or shareholders' equity.

General policy on inclusion and determination

Revenues are included in the statement of income as they are earned. This includes adjustments for valuation of financial assets and commitments. Costs associated with achieving this year's earnings, including depreciation and amortization, are also included in the statement of income.

Assets are stated in the balance sheet when it is probable that future fiscal benefit will accrue to the company and the value of the asset can be determined reliably. Commitments are stated in the balance sheet when they are probable and can be accurately measured. On first inclusion, assets and commitments are stated at cost price. After first inclusion, they are determined individually as described for each heading below.

On inclusion and determination, due consideration is given for predictable loss and risk likely to arise before release of

the financial statements and which confirm or refute factors prevailing at balance sheet date.

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 controls more than 50% of the voting rights or in some other way exercises a controlling interest. Companies in which the Group controls between 20-50% of the voting rights or where it exercises significant but not a controlling interest, are regarded as associated. Affiliated companies are shown in the schedule in note 12.

The consolidated financial statements include the audited financial statements of the parent company and the individual subsidiaries, all of which are presented in accordance with Group accounting policies. Inter-company income and expenses, balances, dividends and unrealized inter-company gains are eliminated.

On consolidation, the book value of shares held by the parent company in subsidiaries is set off against their equity. The purchase convention is applied when acquiring new enterprises, according to which the newly acquired assets and liabilities so acquired are stated at their fair value on acquisition date. Where the acquisition price exceeds the fair value of the net assets acquired, any 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.

Newly acquired or divested subsidiaries and associated companies 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 DKK at transaction-date exchange rates. Exchange differences arising from the date of transaction to the date of payment are stated in the statement of income under net financials.



Receivables, debt and other financial items in foreign currencies are translated at balance sheet exchange rates. Exchange gains or losses are stated in the statement of income as net financials. Differences between the rate on balance sheet date and the rate on the transaction date for a receivable or payable, or the date of inclusion in the latest annual financial statements, are stated in the statement of income under net financials.

Development costs

Development costs cover costs and expenses, payroll expenses and depreciation that can be directly or indirectly attributed to the Group's development projects.

Expenses for development projects that are clearly defined and identifiable, where the level of technical exploitation, sufficient resources and future market potential or business opportunity for the company can be demonstrated, and where the intention is to manufacture, market or exploit the results of the project, are treated as an asset from the date at which the above conditions have been met provided that costs can be reliably stated and there is sufficient certainty that the capital value of future earnings is forecast to exceed development costs.

Other R&D costs are expensed as production costs 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 less discounts and bonuses to customers.

Production costs

Production costs cover the cost price of the goods and services sold during the year and depreciation and amortization of production plant. Production costs also include R&D costs that do not satisfy the criteria for inclusion in the balance sheet.

Distribution costs

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

Administrative expenses

Administrative expenses cover 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.

Other operating income/expenses

Other operating income/expenses include income and expenses that are deemed secondary to the Group's activities, including gains and losses on selling intangible and tangible fixed assets.

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 after full elimination of inter-company gains and losses.

In the parent company and the consolidated statements of income, a proportional share of the pre-tax income/losses reported by individual subsidiaries and associated companies is stated after full elimination of inter-company gains and losses.

Net financials

Financial income and expenses include interest income and amortization of financial commitments relating to the fiscal year. Net financials also include the costs of funding capital leases and realized and unrealized exchange rate adjustments for foreign exchange items.

Taxation

The parent company and a number of Danish subsidiaries are jointly taxed. The parent company makes provision for and pays the total tax charges 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 any adjustment of deferred tax provisions for the year. Interest surcharges are stated under financial items.

Tax due 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. Deferred tax is calculated according to the liability convention for all temporary differences between the tax values of assets and liabilities and their value for accounting purposes. The tax value of tax deductibles carried forward is included in 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 stated in the balance sheet if the shares are not expected to be sold within a shorter period of time. No deferred tax liability is included 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 taxes.

Balance sheet

Intangible and tangible fixed assets

Intangible and tangible fixed assets are stated 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. Financing costs are included in the cost price in the period of production.

Straight-line depreciation is applied over the useful service life of individual assets. Estimated scrap value is included when calculating depreciation on buildings. Assets are mortized/depreciated over the following expected service lives:

Goodwill	up to 20 years
Software	3 - 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 costing less than DKK 25,000 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 or tangible fixed assets as "Software under development" or "Plant under construction". After becoming operational, such projects are treated as tangible or intangible fixed assets, depending on their nature. Land is not depreciated.

The cost price of capital lease assets is calculated as the market or 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 the same way as the Group's other tangible fixed assets.

Tangible and intangible fixed assets are written down to net present value if this is lower than the value for accounting purposes. Each asset or group of assets is assessed for write-down purposes.

Financial fixed assets

Investments in subsidiaries are stated in the parent company balance sheet in accordance with the equity convention as the proportionate share of the equity value of the subsidiaries with the addition of non-amortized consolidated goodwill. The share of income in subsidiaries is stated in the statements of income less unrealized inter-company profits and amortization of consolidated goodwill.

Capital holdings in associated companies are stated in the parent company balance sheet and in the consolidated balance sheet according to the equity convention as the proportionate share of the associated companies' equity value less a proportionate share of unrealized inter-company profits.

Subsidiaries and associated companies with negative equity for accounting purposes are stated at zero, 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 under the FIFO convention and net realizable value. Write-downs are made on obsolete goods including slow turnover goods.



Receivables

Receivables are stated at amortized cost price, which usually equates to nominal value, less provision for losses.

Debt

Debt is stated in the balance sheet at amortized cost price. The net present value of liabilities for capital lease assets is stated under debt in the balance sheet.

Accruals

Accruals stated under assets include costs relating to a subsequent fiscal year. Accruals stated under commitments relate to prepaid income relating to a subsequent fiscal year. Accruals are valued at amortized cost price which usually equates to nominal value.

Derivatives

Derivatives are stated at current values in the balance sheet as other debt or other receivables. Changes in the market value of derivatives for hedging future transactions or commitments are stated directly under equity. As such hedged transactions are realized, gains and losses are stated under the same heading as the hedged transactions and the charges to equity are reversed.

The market value of derivative that do not satisfy the conditions for being treated as hedging instruments are assessed on a regular basis and stated in the income statement.

Other rental and leasing matters

Where contracts for renting and leasing assets are for several years and are operating leases, rental and lease charges are stated in the statement of income for the period to which they relate. Outstanding rental and lease commitments under such contracts are stated under contingent liabilities.

Cash flow statement

The consolidated cash flow statement is prepared under the indirect convention on the basis of the Group's operating income. The cash flow statement shows the Group's cash flows for the year divided into cash flows from operating, investment and financing activities and the Group's liquidity at the beginning and end of the year.

Cash flows from operating activities are stated as the Group's share of net Group earnings adjusted for non-cash items, changes in working capital and corporation tax paid. Cash flows from investment activities include cash flows from the sale and purchase of fixed assets, including capital holdings in companies.

Cash flows from financing activities include changes in the size or composition of the Group's share capita, associated expenses and raising and repayment of loans, redemption of interest-bearing debt and payment of dividends.

Business segments

Data on business segments are presented in line with Group accounting policies and internal fiscal management. Assets and commitments in a segment cover the assets used directly in segment operations and for commitments arising from them. The Group has only a single geographical segment.



OWNERSHIP



53.5%



46.5%



SONOFON Holding A/S



Dansk MobilTelefon I/S



SONOFON A/S



SONOFON Services A/S



SONOFON Partner A/S



STATEMENT OF INCOME

Parent company				Group	
2001 DKKm	2002 DKKm	Note		2002 DKKm	2001 DKKm
0	0	1	Net revenue	4,013	3,540
0	0	2, 3	Production costs	(2,197)	(1,741)
0	0	1	Gross profit/loss	1,816	1,799
0	0	2, 3	Distribution costs	(855)	(909)
(2)	2	2, 3, 4	Administrative expenses	(557)	(642)
0	0		Other operating income	36	23
0	0		Other operating costs	(1)	0
201	385	5	Results of subsidiaries and associated companies	0	1
199	387	1	Operating income/loss	439	272
64	60	6	Financial income	12	13
(160)	(180)	7	Financial expenses	(184)	(182)
103	267	1	Income/loss before tax	267	103
(82)	(138)	8	Tax	(138)	(82)
21	129		Income for the year	129	21
			Allocation of earnings:		
0	94		Set aside as reserve for net revaluation according to the equity method		
21	35		Transferred to other reserves		
21	129				



BALANCE SHEET AT DECEMBER 31 - ASSETS

Parent company				Group	
2001 DKKm	2002 DKKm	Note		2002 DKKm	2001 DKKm
0	0		Goodwill	1,670	1,786
0	0		Software	883	812
0	0		Software under development	58	92
0	0	9	Intangible fixed assets	2,611	2,690
157	156		Leaseholds	196	197
0	0		Land and buildings	272	277
2	2		Leasehold improvements	27	23
6	5		Plant and equipment	1,582	1,394
3	2		Operating equipment and fixtures	177	194
0	0		Prepayment and plant under construction	215	241
168	165	10, 11	Tangible fixed assets	2,469	2,326
3,601	4,632		Holdings in subsidiaries	0	0
1	2		Holdings in associated companies	2	1
3,602	4,634	12	Financial fixed assets	2	1
3,770	4,799	1	Fixed assets	5,082	5,017
0	0		Inventories	107	93
0	0		Trade accounts receivable	727	612
1,002	1,133	14	Accounts receivable from affiliated companies	7	2
0	0	13	Deferred tax assets	0	11
0	0		Tax receivables	13	20
6	5		Other receivables	62	68
5	7		Accruals	37	23
1,013	1,145		Accounts receivable	846	736
0	0	17	Cash funds	5	6
1,013	1,145	1	Current assets	958	835
4,783	5,944	1	Assets	6,040	5,852



BALANCE SHEET AT DECEMBER 31 - LIABILITIES

Parent company				Group	
2001 DKKm	2002 DKKm	Note		2002 DKKm	2001 DKKm
100	100		Share capital	100	100
0	94		Reserve according to the equity method	-	-
1,209	1,190		Other reserves	1,284	1,209
1,309	1,384		Shareholders' equity	1,384	1,309
62	138	<i>13</i>	Provisions for deferred tax	138	67
62	138	<i>1</i>	Provisions	138	67
1,243	1,304	<i>15</i>	Debt to affiliated companies	1,304	1,243
159	159		Lease commitments	197	198
0	0		Mortgage debt	2	2
1,000	1,274		Bank debt	1,274	1,274
2,402	2,737	<i>14</i>	Long-term debt	2,777	2,717
0	0		Installments on long-term debt	1	0
109	512	<i>14</i>	Debt to banks	787	1,045
23	16		Trade accounts payable	586	474
848	1,066	<i>14</i>	Debt to affiliated companies	0	1
0	0		Tax payable	42	17
30	91		Other debt	261	167
0	0		Accruals	64	55
1,010	1,685		Short-term debt	1,741	1,759
3,412	4,422	<i>1</i>	Debt	4,518	4,476
4,783	5,944		Liabilities	6,040	5,852
		<i>15</i>	Related parties		
		<i>16</i>	Derivatives		
		<i>17</i>	Mortgages		
		<i>18</i>	Contingent liabilities		



SHAREHOLDERS' EQUITY

	Share capital	Reserve according to the equity method	Other reserves	Total
	DKKm	DKKm	DKKm	DKKm
	Parent company			
Shareholders' equity, opening balance 2001	100	0	1,188	1,288
Income/loss for the year	0	0	21	21
Shareholders' equity, opening balance 2002	100	0	1,209	1,309
Income/loss for the year	0	94	35	129
Revaluation of financial instruments	0	0	(54)	(54)
Shareholders' equity, year-end 2002	100	94	1,190	1,384

Share capital comprises 100,000 shares at a face value of DKK 1,000. Shares are not divided into classes.

	DKKm	DKKm	DKKm
	Group		
Shareholders' equity, opening balance 2001	100	1,188	1,288
Income/loss for the year	0	21	21
Shareholders' equity, opening balance 2002	100	1,209	1,309
Income/loss for the year	0	129	129
Revaluation of financial instruments	0	(54)	(54)
Shareholders' equity, year-end 2002	100	1,284	1,384



CASH FLOW STATEMENT

	Group	
	2002 DKKm	2001 DKKm
Operating income/loss	439	272
Depreciation and amortization	737	636
Changes in working capital	15	(149)
Cash flow from operating activities before net financials and tax	1,191	759
Net interest and foreign exchange gains/losses	(172)	(169)
Tax paid	(25)	(23)
Cash flow from operating activities	994	567
Acquisition of tangible and intangible fixed assets	(813)	(946)
Disposal of tangible fixed assets	16	9
Cash flow from investments	(797)	(937)
Cash flow from operations and investments	197	(370)
Change in short-term bank debt	(258)	(32)
Change in long-term debt	60	385
Cash flow from financing activities	(198)	353
Changes in cash funds	(1)	(17)
Cash funds, opening balance	6	23
Cash funds, year-end	5	6



NOTES

	Telecoms		Distribution		Elimination		Group	
	2002 DKKm	2001 DKKm	2002 DKKm	2001 DKKm	2002 DKKm	2001 DKKm	2002 DKKm	2001 DKKm
<i>1. Business segments</i>								
Net revenue	3,540	3,199	539	402	(66)	(61)	4,013	3,540
Gross profit/loss	1,685	1,699	131	100	0	0	1,816	1,799
Operating income/loss	409	240	30	32	0	0	439	272
Income/loss before tax	238	74	29	29	0	0	267	103
Fixed assets	4,965	4,919	117	98	0	0	5,082	5,017
Current assets	850	755	211	151	(103)	(71)	958	835
Total segment assets	5,815	5,674	328	249	(103)	(71)	6,040	5,852
Provisions	138	67	0	0	0	0	138	67
Debt	4,313	4,320	205	158	0	(2)	4,518	4,476
Total segment provisions and debt	4,451	4,387	205	158	0	(2)	4,656	4,543
Average number of employees	1,247	1,539	271	239			1,518	1,778

All revenue generated in Denmark

Segment data not stated at parent company level,

cf. Exceptions Order s. 5 (4.1)

	Parent company		Group		
	2002 DKKm	2001 DKKm	2002 DKKm	2001 DKKm	
<i>2. Employment costs ...</i>					
Wages and salaries		123	113	546	591
Pensions		7	5	32	27
Other social security costs		1	1	5	4
		131	119	583	622
Allocated as follows:					
Production costs		0	0	132	106
Distribution costs		16	21	292	341
Administrative expenses		115	98	159	175
		131	119	583	622



	Parent company		Group	
	2002 DKKm	2001 DKKm	2002 DKKm	2001 DKKm

... Employment costs

Hereof remuneration to the parent company's:

Board of Management			12	13
Board of Directors			0	1

Average number of employees	271	290	1,518	1,778
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3. Depreciation and amortization

Depreciation and write-down on fixed assets:

Depreciation	2	3	729	612
Write-down	0	0	8	24

	2	3	737	636
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Allocated as follows:

Production costs	0	0	438	347
Distribution costs	0	0	20	17
Administrative expenses	2	3	279	272

	2	3	737	636
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4. Fees to auditors appointed at the Annual General Meeting

Audit, Deloitte & Touche	1	0	3	2
Audit, Arthur Andersen	0	1	0	2
Non-audit fees, Deloitte & Touche	0	0	1	1
Non-audit fees, Arthur Andersen	0	0	0	0

	1	1	4	5
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5. Income/loss before tax in subsidiaries and affiliated companies

Income/loss before tax	570	320	0	1
Amortization of goodwill	(185)	(119)	0	0

	385	201	0	1
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	Parent company		Group	
	2002 DKKm	2001 DKKm	2002 DKKm	2001 DKKm

6. Financial income

Interest from banks	1	0	2	1
Interest from affiliated companies	56	60	0	0
Other financial income	3	4	10	12
	60	64	12	13

7. Financial Expenses

Interest on bank debt	59	36	85	92
Interest to affiliated companies	110	114	77	76
Net forex losses	0	0	5	0
Other financial expenses	11	10	17	14
	180	160	184	182

8. Tax

Current Danish tax liability	0	0	(55)	(17)
Current tax payable abroad	0	0	(1)	(11)
Change in deferred tax	(76)	(39)	(80)	(50)
Adjustment for previous years	0	(5)	(2)	(4)
Share of tax in affiliated companies	(62)	(38)	-	-
	(138)	(82)	(138)	(82)

Specification of tax rate:

Danish corporation tax rate	30%	30%
Effect of tax calculation in foreign subsidiaries compared with Danish corporation tax rate	5%	10%
Non-taxable income and non-deductible expenses	2%	1%
Other, incl. adjustment for previous years	1%	4%

Effective tax rate before non-deductible amortization of goodwill	38%	45%
Non-deductible amortization of goodwill	14%	35%

Effective tax rate	52%	80%
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The effect for the parent company is not shown separately,
as the tax costs of the parent company and the Group are identical

Tax paid during the year	0	0	25	23
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	Goodwill	Software	Software under development	Total
	DKKm	DKKm	DKKm	DKKm
9. Intangible fixed assets				
Acquisition cost, opening balance	2,400	1,270	92	3,762
Additions	7	247	53	307
Disposals	0	(35)	0	(35)
Transferred	0	87	(87)	0
Acquisition cost, year-end	2,407	1,569	58	4,034
Amortization and depreciation, opening balance	(614)	(458)	0	(1,072)
Amortization and depreciation	(123)	(256)	0	(379)
Depreciation on disposals in 2002	0	28	0	28
Amortization and depreciation, year-end	(737)	(686)	0	(1,423)
Book value, year-end 2002	1,670	883	58	2,611
Book value, year-end 2001	1,786	812	92	2,690

	Leaseholds	Leasehold improvements	Plant and equipment	Operating equipment and fixtures	Prepayment and plant under construction	Total
	Parent company					
	DKKm	DKKm	DKKm	DKKm	DKKm	DKKm
<i>10. Tangible fixed assets</i>						
Acquisition cost, opening balance	160	2	8	5	0	175
Additions	0	0	0	0	0	0
Disposals	0	0	0	(1)	0	(1)
Transferred	0	0	0	0	0	0
Acquisition cost, year-end	160	2	8	4	0	174
Depreciation, opening balance	(3)	0	(2)	(2)	0	(7)
Depreciation	(1)	0	(1)	0	0	(2)
Transferred	0	0	0	0	0	0
Depreciation, year-end	(4)	0	(3)	(2)	0	(9)
Book value, year-end 2002	156	2	5	2	0	165
Book value, year-end 2001	157	2	6	3	0	168



	Leaseholds	Land and buildings	Leasehold improvements	Plant and equipment	Operating equipment and fixtures	Prepayment and plant under construction	Total
	DKKm	DKKm	DKKm	DKKm	DKKm	DKKm	Group DKKm
<i>11. Tangible fixed assets</i>							
Acquisition cost, opening balance	201	287	32	2,627	367	241	3,755
Additions	0	3	9	304	53	137	506
Disposals	0	(6)	(1)	(9)	(49)	0	(65)
Transferred	0	0	0	152	11	(163)	0
Acquisition cost, year-end	201	284	40	3,074	382	215	4,196
Depreciation, opening balance	(4)	(10)	(9)	(1,233)	(173)	0	(1,429)
Depreciation	(1)	(2)	(5)	(266)	(77)	0	(351)
Depreciation on disposals in 2002	0	0	1	7	45	0	53
Depreciation, year-end	(5)	(12)	(13)	(1,492)	(205)	0	(1,727)
Book value, year-end 2002	196	272	27	1,582	177	215	2,469
Hereof capitalized interest	0	0	0	10	0	0	10
Book value, year-end 2001	197	277	23	1,394	194	241	2,326

Latest official valuation of land, buildings, and leaseholds was DKK 334m

Book value of mortgaged property totalled DKK 3m



	Holdings in subsidiaries	Holdings in associated companies *)	Total
	Parent company		
	DKKm	DKKm	DKKm
<i>12. Financial fixed assets ...</i>			
Acquisition cost, opening balance	3,829	2	3,831
Addition	709	0	709
Disposals	0	0	0
Acquisition cost, year-end	4,538	2	4,540
Revaluation, opening balance	(228)	(1)	(229)
Share of net income/loss	507	1	508
Amortization of goodwill	(185)	0	(185)
Revaluation, year-end	94	0	94
Book value, year-end 2002	4,632	2	4,634
Book value, year-end 2001	3,601	1	3,602
The equity value of holdings in subsidiaries at December 31, 2002 comprised:			
Subsidiaries with positive equity value	2,991		
Goodwill	1,641		
	4,632		

*) Also incorporated in the Group



	Domiciled in	Ownership %	Share capital
Parent company			
DKKm			

... Financial fixed assets

Holdings 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%	-
SONOFON A/S	Aalborg	100%	100.0
SONOFON 3G A/S	Copenhagen	100%	0.5
SONOFON Partner A/S	Copenhagen	100%	11.0
SONOFON Services A/S	Copenhagen	100%	30.5

Holdings in associated companies:

OCH A/S	Copenhagen	25%	1.0
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The limited liability partnerships (I/S) noted above do not publish their financial statements under Sec. 5

Danish Company Accounts Act, as they are included in the Consolidated Financial Statements of SONOFON Holding A/S

	Parent company		Group	
	2002 DKKm	2001 DKKm	2002 DKKm	2001 DKKm

13. Provisions for deferred tax

Provisions, opening balance	62	23	56	6
Change in the year	76	39	80	46
Adjustments for previous years	0	0	2	4

Provisions at year-end allocated as follows:	138	62	138	56
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Deferred tax assets	0	0	0	(11)
Deferred tax provision	138	62	138	67

	138	62	138	56
--	------------	----	------------	----

Deferred tax covered to:

Intangible fixed assets	239	227	239	220
Tangible fixed assets	(40)	(104)	(40)	(85)
Current assets	(2)	(2)	(2)	(20)
Debt	(59)	(59)	(59)	(59)

	138	62	138	56
--	------------	----	------------	----



	Variable interest	Fixed interest	Variable interest	Fixed interest	Variable interest	Fixed interest	Effective rate
	Parent company 2001						
All numbers in DKKm	0-1 year	0-1 year	1-5 years	1-5 years	>5 years	>5 years	

14. Debt and interest exposure

Accounts receivable from affiliated companies	1,002						5%
Debt to affiliated companies	(848)		(1,243)				4-5%
Lease commitments				(6)		(153)	6%
Bank debt	(109)		(1,000)				4-5%
	45	-	(2,243)	(6)	-	(153)	

	Parent company 2002						
All numbers in DKKm	0-1 year	0-1 year	1-5 years	1-5 years	>5 years	>5 years	
Accounts receivable from affiliated companies	1,133						4%
Debt to affiliated companies	(1,066)		(1,304)				4-5%
Lease commitments				(7)		(152)	6%
Bank debt	(512)		(1,274)				4-5%
Interest swaps (principal), variable part	900		1,274				4-5%
Interest swaps (principal), fixed part		(900)		(1,274)			5-6%
	455	(900)	(1,304)	(1,281)	-	(152)	

	Group 2001						
All numbers in DKKm	0-1 year	0-1 year	1-5 years	1-5 years	>5 years	>5 years	
Debt to affiliated companies	(1)		(1,243)				5%
Lease commitments				(13)		(185)	6%
Mortgages				(2)			7-11%
Bank debt	(1,045)		(1,274)				4-5%
	(1,046)	-	(2,517)	(15)	-	(185)	

	Group 2002						
All numbers in DKKm	0-1 year	0-1 year	1-5 years	1-5 years	>5 years	>5 years	
Debt to affiliated companies			(1,304)				5%
Lease commitment				(15)		(182)	6%
Mortgages				(2)			7-11%
Bank debt	(787)		(1,274)				4-5%
Interest swaps (principal), variable part	900		1,274				4-5%
Interest swaps (principal), fixed part		(900)		(1,274)			5-6%
	113	(900)	(1,304)	(1,291)	-	(182)	



	Parent company		Group	
	2002 DKKm	2001 DKKm	2002 DKKm	2001 DKKm

15. Related parties

Related parties comprise the Company's two owners, Telenor and BellSouth, together with a number of Group companies, cf. Note 12

All transactions between related parties are made on standard trading terms

The owners have made a long-term loan of DKK 1,304m to SONOFON Holding A/S

16. Derivatives

Forward exchange contracts:

Nominal value	-	-	-	123
Deferred gain, expected to be realized after balance sheet date	-	-	-	3

17. Mortgages

Debt are secured in buildings	-	-	2	2
Bank balance deposited as security for leaseholds	-	-	0	0

18. Contingent liabilities

SONOFON Holding A/S participates with 29% in Dansk MobilTelefon I/S.

Dansk MobilTelefon I/S has a total debt at December 31, 2002 of DKKm 613

Liabilities under leases	225	4	260	375
Guarantee issued for subsidiaries' credit facilities	600	100		



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/2.5G

Enhanced Data Rates for GSM Evolution. Is a further development of the GSM network that will give an increased data bandwidth.

FWA

Fixed Wireless Access. A fixed but wireless broadband connection, e.g. for connecting a stationary PC to the internet.

GPRS

General Packet Radio Service; packet switch service that transfers data as packets.

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.

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/3G

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

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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