

Announcement no. 04 - 2009/10

August 27, 2009

## Interim report for the three months ended July 31, 2009

### Expected performance in a weak market

- Revenue for the three months ended July 31, 2009 was DKK 218 million compared with DKK 296 million in the same period of last year.
- This development was expected due to the weak market. However, we believe the market is beginning to show signs of optimism.
- The ongoing product development activities progress as planned in all business areas and are expected to back a positive revenue performance in the remaining part of the financial year.
- We achieved the expected costs savings in Q1. Accordingly, despite lower revenue, EBIT was DKK 5 million against DKK 34 million last year, equivalent to an operating margin of 2.5% (11.4%).
- The net profit for the first three months was DKK 1 million (DKK 21 million).
- Cash flows from operating activities increased to DKK 75 million (DKK 56 million), and the free cash flow from operating and investing activities excluding acquisitions and financing increased to DKK 55 million (DKK 30 million).
- For the 2009/10 financial year, we still expect revenue of around DKK 1,000–1,200 million (DKK 1,235 million) and an operating margin of 7–12% (12.1%).

Thrane & Thrane will review the interim report at an investor presentation to be held at 1:00 p.m. today. The meeting will be held at NASDAQ OMX Copenhagen, Nikolaj Plads 6, Copenhagen K, Denmark.

### For further information, please contact

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## Financial highlights and key ratios

DKKm	Q1 2009/10	Q1 2008/09	FY 2008/09
Revenue	218	296	1,235
Operating profit (before restructuring costs)	5	34	150
Operating profit (EBIT)	5	34	125
Net profit for the period	1	21	85
Total assets at end of period	1,624	1,721	1,716
Equity at end of period	788	753	816
Invested capital at end of period	1,325	1,323	1,376
Cash inflow from operating activities	75	56	198
Cash outflow from investing activities	(19)	(26)	(142)
Free cash flow (before acquisitions and financing)	55	30	84
Net cash inflow/(outflow)	24	1	(1)
Operating margin*	2.5%	11.4%	12.1%
Return on invested capital*	0.4%	2.6%	11.4%
Development costs incurred	35	38	159
Development costs as % of revenue	16.1%	13.0%	12.9%
Equity ratio	48.5%	43.7%	47.6%
Net interest-bearing debt as % of equity	52.1%	60.7%	53.3%
Average number of employees	635	710	693
Earnings per share (EPS, DKK)	0.23	3.81	15.26
Cash flow from operating activities per share (DKK)	13.29	9.99	35.35
Free cash flow per share (before acquisitions and financing)(FCFPS, DKK)	9.84	5.33	14.99
Proposed dividend per share (DKK)	n.a.	n.a.	5.50
Net asset value per share (end of period, DKK)	139.88	134.32	144.81
Share price (end of period, DKK)	152.50	245.00	162.00
Share price / net asset value (end of period)	1.09	1.82	1.12
Number of shares (1,000 shares, end of period)	5,635	5,603	5,635

\* Before restructuring costs in Q3 and Q4 2008/09

## Q1 performance impacted by market situation

Revenue for the three-month period was DKK 218 million, a decline of 26%, or DKK 78 million, relative to the year-earlier period (DKK 296 million). This development was expected due to the weak market.

We are most severely impacted by the economic crisis in the US market. However, we believe there generally are beginning signs of optimism, and we experience strong demand for selected products.

### Revenue by market

DKKm	Q1 2009/10	Q1 2008/09	Change	FY 2008/09
Maritime	139.7	191.0	(27%)	804.7
% of total revenue	64%	65%		65%
Land mobile	48.0	61.9	(22%)	246.3
% of total revenue	22%	21%		20%
Aeronautical	8.5	18.4	(54%)	44.6
% of total revenue	4%	6%		4%
<b>Total terminals</b>	<b>196.2</b>	<b>271.3</b>	<b>(28%)</b>	<b>1,095.6</b>
% of total revenue	90%	92%		89%
<b>Systems</b>	<b>22.1</b>	<b>25.0</b>	<b>(12%)</b>	<b>139.8</b>
% of total revenue	10%	8%		11%
<b>Total</b>	<b>218.3</b>	<b>296.3</b>	<b>(26%)</b>	<b>1,235.4</b>

### The maritime market

Revenue generated in the maritime market was DKK 140 million, which was 27% less than last year (DKK 191 million). Revenue broke down into DKK 94 million from satellite communication equipment and DKK 46 million from radio communication equipment (DKK 123 million and DKK 68 million, respectively).

Our FleetBroadband terminals continue to see strong demand, and we shipped more than 800 terminals in Q1. However, sales of LRIT solutions were on a lower level than in previous quarters, mainly because many shipowners have elected to postpone implementing LRIT solutions. Furthermore, sales of both radio and satellite communication equipment were lower due to a downturn in the newbuilding and retrofit markets.

Within satellite communication equipment, we finalized the development of the SAILOR 150 FleetBroadband terminal that offers features such as access to telephony and data transmission at speeds up to 150 kbps. The primary target group is owners of leisure craft and fishing vessels. We received Inmarsat type approval of the terminal in late June and subsequently started shipping the initial terminals. The market has responded very positively to the new terminal, which is experiencing stronger-than-expected demand, and we shipped around 300 SAILOR 150 FleetBroadband terminals in Q1.

As part of our strategy, we focus on developing tracking antennas. We developed the first antenna for SAILOR 250 FleetBroadband, and we also developed the SAILOR 150 antenna

in-house. We are now in the process of developing a SAILOR 500 antenna, and tests were completed in Q1. We expect to make the initial shipments of the SAILOR 500 antenna by the end of 2009.

Through the acquisition of Naval Electronics AB in February 2009 we gained access to a new product area, including newly developed tracking TV satellite antennas for commercial vessels. We implemented a number of product improvements to the antennas in Q1, and we expect to introduce the initial solutions under the SAILOR brand in September 2009.

We are still in the start-up phase as far as the Ku-band market is concerned. In Q1, we certified 12 partners to sell our SAILOR 700 Ku-band solution.

In the radio communication equipment area, we are developing a range of new VHF and MF/HF products, including a new series of fixed VHF radios for fishing vessels and workboats. We expect to ship the initial products in a few months' time.

#### **The land mobile market**

Revenue generated in the land mobile market was DKK 48 million against DKK 62 million last year.

We had anticipated the lower revenue because 2008 revenue was positively impacted by large orders relating to the earthquake in China last May and the Beijing Olympic Games last summer. Furthermore, the EXPLORER 700 and EXPLORER 727 terminals recorded lower sales than in previous quarterly periods.

In the 2008/09 financial year, we won a Russian project to install a large number of broadband terminals in trains. At April 30, 2009, we had delivered some 120 terminals to the project. We shipped around another 175 systems to the project in Q1, and we won a new Russian project worth DKK 6 million.

We also won a number of major projects in China and the USA, including two military projects.

#### **The aeronautical market**

Revenue generated in the aeronautical market was DKK 9 million, as compared with DKK 18 million last year.

In early July, we received Parts Manufacturer Approval (PMA) of our new Aero-SB Lite broadband solution for Inmarsat's SwiftBroadband service. The PMA enabled us to start shipping the product which, besides being very compact, also sells at a very competitive price. The solution is well-suited for installation in, for example, small and medium-sized business jets, and it was well received by the market. We shipped 16 systems in Q1.

At the beginning of the financial year we also received Inmarsat type approval of the Aero-SB Lite combined with an HGA (High Gain Antenna) 6000 antenna. This antenna offers data speeds up to 432 kbps. We have previously received type approval for the Aero-SB Lite to be used in combination with several other antenna solutions.

Our development efforts for the aeronautical market also include an Aero-SB+ solution for the SwiftBroadband service. The development activities are organized in a way that will

facilitate upgrading of our existing Aero-HSD+ terminals to SwiftBroadband. We expect to introduce the Aero-SB+ in early 2010.

## **The systems market**

Systems revenue amounted to DKK 22 million compared with DKK 25 million in Q1 of last year.

In Q1, our systems department expanded the capacity of Inmarsat's RAN stations at Fucino (Italy) and Burum (the Netherlands). We also shipped systems to Stratos (USA), RRSat (Israel), CTTC (China) and Telecom Italia (Italy), among others.

Service contracts accounted for some DKK 11 million of Q1 revenue (DKK 13 million).

## **Financial review**

First-quarter revenue was DKK 218 million, a decline of 26%, or DKK 78 million, relative to the year-earlier period (DKK 296 million).

Sales of terminals, accounting for 90% of consolidated revenue, were down by 28% to DKK 196 million (DKK 271 million), while systems revenue (10% of revenue) at DKK 22 million was 12% lower than the DKK 25 million reported in the year-earlier period.

Cost of goods sold amounted to DKK 127 million (DKK 169 million), equivalent to 58.0% of revenue (56.9%). The product margin improved in Q1, and the higher ratio of cost of goods sold to revenue was therefore mainly explained by the fact that overheads had a greater impact on the lower revenue than they did last year.

Development costs incurred amounted to DKK 35 million compared with DKK 38 million in the first three months of last year, thus accounting for 16.1% of revenue (13.0%). Of this amount, capitalized development costs were DKK 24 million (DKK 24 million), while DKK 11 million (DKK 14 million) related to maintenance of existing products.

Amortization of development costs capitalized in prior years amounted to DKK 28 million against DKK 26 million last year. Part of the DKK 2 million increase was attributable to higher amortization charges on the company's radio products, which were largely unamortized.

Development costs charged to the income statement in Q1 amounted to DKK 39 million against DKK 40 million in the year-earlier period.

Distribution costs amounted to DKK 28 million (DKK 27 million), while administrative expenses were DKK 20 million against DKK 26 million last year.

## **Profit for the period**

We achieved the expected cost savings in Q1. Accordingly, despite lower revenue, EBIT was DKK 5 million against DKK 34 million in the first three months of last year, equivalent to an operating margin of 2.5% (11.4%).

The Group had net financial expenses of DKK 3 million in the reporting period against DKK 5 million in the year-earlier period.

The pre-tax profit amounted to DKK 2 million against DKK 29 million last year.

The estimated tax charge was DKK 1 million (DKK 8 million). The company thus reported a profit of DKK 1 million for the reporting period against DKK 21 million last year.

## Cash flows

The company reported a cash inflow from operating activities before changes in working capital of DKK 42 million (DKK 71 million).

We continue to focus on optimizing cash flows. The amount of capital tied up in inventories decreased by DKK 18 million. As receivables fell by DKK 64 million and trade payables etc. decreased by DKK 45 million, working capital was reduced by DKK 36 million in Q1. By comparison, working capital increased by DKK 11 million in the same period of last year.

After net financial expenses of DKK 3 million (DKK 5 million), the company reported a net cash inflow from operating activities of DKK 75 million (DKK 56 million).

Investments totalled DKK 19 million (DKK 26 million). The lower level was owing to the organizational adjustments implemented in January 2009.

The free cash flow before financing thus amounted to DKK 55 million (DKK 30 million).

After payment of DKK 31 million in dividends in June 2009 (see below), the company reported a total net cash inflow of DKK 24 million (DKK 1 million).

## Performance by quarter

DKK million	Q1 07/08	Q2 07/08	Q3 07/08	Q4 07/08	Q1 08/09	Q2 08/09	Q3 08/09	Q4 08/09	Q1 09/10
Revenue	251	331	286	385	296	308	302	329	218
Operating profit (EBIT) *	17	62	29	80	34	40	31	45	5
Operating margin *	6.9%	18.6%	10.0%	20.9%	11.4%	13.0%	10.3%	13.7%	2.5%
Cash flows:									
Operations	90	49	40	30	56	23	27	92	75
Investments	(43)	(60)	(49)	(32)	(26)	(33)	(25)	(58)	(19)
Free cash flow (before acquisitions and financing)	47	(11)	(10)	-	30	(9)	1	62	55

\* Before integration and restructuring costs

## Capital

Equity amounted to DKK 788 million at July 31, 2009, as compared with DKK 816 million at May 1, 2009.

Dividends of DKK 5.50 per share, or a total of DKK 31 million, were paid after the annual general meeting held on June 26, 2009. Conversely, the profit for the year lifted equity by DKK 1 million.

The equity ratio was 48.5% at July 31, 2009 as compared with 47.6% at April 30, 2009.

The ratio of net interest-bearing debt to equity was 52.1, as compared with 53.3 at May 1, 2009.

Invested capital amounted to DKK 1,325 million at July 31, 2009 (DKK 1,376 million at April 30, 2009).

### **Subsequent events**

No events have occurred since July 31, 2009 which materially change the company's financial position.

### **Outlook**

For the 2009/10 financial year ending on April 30, 2010, we still expect revenue of around DKK 1,000–1,200 million (DKK 1,235 million) and an operating margin of 7–12% (12.1%).

## Accounting policies

The interim report is presented in accordance with IAS 34 "Interim financial reporting" as adopted by the EU and additional Danish requirements for interim reports of listed companies.

The accounting policies are unchanged from the policies applied in the 2008/09 annual report, to which reference is made. The annual report contains the full description of the accounting policies.

The preparation of interim reports requires management to make accounting judgments and estimates that affect the use of accounting policies and recognized assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant estimates made by management when using the Group's accounting policies to prepare the interim report, and the significant judgment uncertainty related thereto, are the same as those used to prepare the 2008/09 annual report.

### Financial calendar

Nov. 26, 2009	Interim report H1 2009/10
Feb. 25, 2010	Interim report Q3 2009/10
June 17, 2010	Annual report 2009/10
June 28, 2010	Annual general meeting

### About Thrane & Thrane

*Thrane & Thrane is the world's leading manufacturer of equipment and systems for global mobile communication based on sophisticated satellite and radio technology. Since its incorporation in 1981, the company has achieved a strong position within global mobile communication solutions, mainly based on the Inmarsat system, and today Thrane & Thrane provides equipment for maritime, land-based and aeronautical use. The company's products are marketed worldwide under the brands Thrane & Thrane, EXPLORER® and SAILOR® through distributors and partners.*

## Statement by the Board of Directors and the Management Board

The Board of Directors and the Management Board today considered and approved the interim report for the period May 1, 2008–July 31, 2009, the first quarter of the current financial year.

The interim report is presented in accordance with IAS 34 “Interim financial reporting” as adopted by the EU and additional Danish requirements for interim reports of listed companies. The interim report is unaudited.

We consider the accounting policies used to be appropriate. Accordingly, the interim report gives a true and fair view of the Group’s assets, liabilities and financial position at July 31, 2009 and of the results of the Group’s operations and cash flows for the period May 1–July 31, 2009.

In our opinion, the management’s report gives a true and fair view of developments in the activities and financial position of the Group, the results for the period and of the Group’s financial position in general and gives a fair description of significant risk and uncertainty factors that may affect the Group.

Kgs. Lyngby, August 27, 2009

### Management Board

Walther Thygesen  
CEO

Svend Åge Lundgaard Jensen  
CFO

Lars Thrane

### Board of Directors

Waldemar Schmidt  
(Chairman)

Morten Eldrup-Jørgensen

Jim Hagemann Snabe

Lars Thrane

Morten Jagd Christensen

Gert Hejne Jensen

## Income statement

DKK '000	Q1 2009/10	Q1 2008/09	FY 2008/09
<b>Revenue</b>	<b>218,336</b>	<b>296,299</b>	<b>1,235,370</b>
Cost of sales			
- Cost of goods sold	(126,706)	(168,555)	(716,886)
- Development costs	(38,807)	(40,390)	(159,335)
<b>Gross profit</b>	<b>52,823</b>	<b>87,354</b>	<b>359,149</b>
Distribution costs	(27,680)	(27,290)	(115,934)
Administrative expenses	(19,652)	(26,247)	(93,682)
<b>Operating profit before restructuring costs</b>	<b>5,491</b>	<b>33,817</b>	<b>149,533</b>
Restructuring costs	-	-	(24,660)
<b>Operating profit (EBIT)</b>	<b>5,491</b>	<b>33,817</b>	<b>124,873</b>
Value adjustment of assets held for sale	-	-	(2,234)
Financial income	2,951	3,018	21,683
Financial expenses	(6,275)	(8,057)	(33,249)
<b>Profit before tax</b>	<b>2,167</b>	<b>28,778</b>	<b>111,073</b>
Income tax	(863)	(7,498)	(25,606)
<b>Net profit for the period</b>	<b>1,304</b>	<b>21,280</b>	<b>85,467</b>
Earnings per share (EPS, DKK)	0.23	3.81	15.26
Diluted earnings per share (EPS-D, DKK)	0.22	3.54	14.24

## Balance sheet

DKK '000	July 31 2009	July 31 2008	April 30 2009
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Software	11,746	10,164	11,597
Customer files	181,167	181,667	183,917
Completed development projects	193,652	260,972	210,354
Development projects in progress	165,826	102,173	159,506
Goodwill	457,310	447,299	457,310
<b>Intangible assets</b>	<b>1,009,701</b>	<b>1,002,275</b>	<b>1,022,684</b>
<b>Property, plant and equipment</b>			
Land and buildings	15,705	16,790	15,976
Airplanes	687	74	731
Plant and machinery	18,191	20,027	18,441
Other fixtures and fittings, tools and equipment	12,384	14,194	13,509
Plant and equipment in progress	3,444	2,233	3,570
<b>Property, plant and equipment</b>	<b>50,411</b>	<b>53,318</b>	<b>52,227</b>
<b>Financial assets</b>			
Deposits	7,522	7,378	7,668
Other receivables	5,420	7,176	5,420
Deferred tax asset	23,309	33,760	24,024
<b>Financial assets</b>	<b>36,251</b>	<b>48,314</b>	<b>37,112</b>
<b>Total non-current assets</b>	<b>1,096,363</b>	<b>1,103,907</b>	<b>1,112,023</b>
<b>Current assets</b>			
<b>Inventories</b>	<b>289,996</b>	<b>310,106</b>	<b>307,917</b>
<b>Receivables</b>			
Trade receivables	170,343	210,363	231,610
Contract work in progress	-	2,229	-
Other receivables	1,480	20,287	1,778
Prepayments	7,634	9,635	9,905
<b>Receivables</b>	<b>179,457</b>	<b>242,514</b>	<b>243,293</b>
<b>Cash and cash equivalents</b>	<b>58,156</b>	<b>64,339</b>	<b>52,454</b>
<b>Assets classified as held for sale</b>	<b>-</b>	<b>46</b>	<b>43</b>
<b>Total current assets</b>	<b>527,609</b>	<b>617,005</b>	<b>603,707</b>
<b>TOTAL ASSETS</b>	<b>1,623,972</b>	<b>1,720,912</b>	<b>1,715,730</b>

## Balance sheet

DKK '000	July 31 2009	July 31 2008	April 30 2009
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	112,695	112,060	112,695
Reserves	675,539	640,571	672,376
Proposed dividend	-	-	30,991
<b>Total equity</b>	<b>788,234</b>	<b>752,631</b>	<b>816,062</b>
<b>Non-current liabilities</b>			
Pensions and similar liabilities	20,274	14,254	20,550
Deferred tax	135,373	129,313	137,964
Loans	387,845	414,371	387,920
<b>Non-current liabilities</b>	<b>543,492</b>	<b>557,938</b>	<b>546,434</b>
<b>Current liabilities</b>			
Loans	53,762	50,619	53,762
Overdraft facility	27,106	56,366	45,767
Provisions	10,469	13,316	10,823
Prepayment from contract work in progress	72	3,236	2,068
Prepayments from customers	4,304	3,452	1,325
Trade payables	82,859	163,113	103,482
Income taxes	19,082	25,058	16,113
Other payables	88,174	82,596	112,816
Deferred income	6,418	12,587	7,078
<b>Current liabilities</b>	<b>292,246</b>	<b>410,343</b>	<b>353,234</b>
<b>Total liabilities</b>	<b>835,738</b>	<b>968,281</b>	<b>899,668</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,623,972</b>	<b>1,720,912</b>	<b>1,715,730</b>

## Specification of equity

DKK '000	Share capital	Translation adjustment reserve	Hedge transaction reserve	Retained earnings	Proposed dividend	Total
<b>Equity at May 1, 2009</b>	<b>112,695</b>	<b>(5,626)</b>	<b>(4,804)</b>	<b>682,806</b>	<b>30,991</b>	<b>816,062</b>
Fair value adjustment of hedging instruments before tax	-	-	38	-	-	38
Hedging of cash flows	-	-	-	-	-	-
Translation adjustment of subsidiaries	-	(325)	-	-	-	(325)
Share-based payment	-	-	-	2,058	-	2,058
Tax on equity entries	-	-	(9)	-	-	(9)
<b>Net gain/(loss) recognized directly in equity</b>	<b>-</b>	<b>(325)</b>	<b>29</b>	<b>2,058</b>	<b>-</b>	<b>1,762</b>
Net profit for the period	-	-	-	1,304	-	1,304
<b>Total recognized gains and losses</b>	<b>-</b>	<b>(325)</b>	<b>29</b>	<b>3,362</b>	<b>-</b>	<b>3,066</b>
Dividend to shareholders	-	-	-	97	(30,991)	(30,894)
Capital increases	-	-	-	-	-	-
<b>Equity at July 31, 2009</b>	<b>112,695</b>	<b>(5,951)</b>	<b>(4,775)</b>	<b>686,265</b>	<b>-</b>	<b>788,234</b>
<b>Equity at May 1, 2008</b>	<b>112,060</b>	<b>(1,218)</b>	<b>1,709</b>	<b>614,196</b>	<b>30,816</b>	<b>757,563</b>
Fair value adjustment of hedging instruments before tax	-	-	1,947	-	-	1,947
Hedging of cash flows	-	-	-	-	-	-
Translation adjustment of subsidiaries	-	(489)	-	-	-	(489)
Share-based payment	-	-	-	2,751	-	2,751
Tax on equity entries	-	-	(486)	-	-	(486)
<b>Net gain/(loss) recognized directly in equity</b>	<b>-</b>	<b>(489)</b>	<b>1,461</b>	<b>2,751</b>	<b>-</b>	<b>3,723</b>
Net profit for the period	-	-	-	21,280	-	21,280
<b>Total recognized gains and losses</b>	<b>-</b>	<b>(489)</b>	<b>1,461</b>	<b>24,031</b>	<b>-</b>	<b>25,003</b>
Dividend to shareholders	-	-	-	47	(30,816)	(30,769)
Capital increases	-	-	-	-	-	-
Other adjustments (warrants treasury shares)	-	-	-	834	-	834
<b>Equity at July 31, 2008</b>	<b>112,060</b>	<b>(1,707)</b>	<b>3,170</b>	<b>639,108</b>	<b>-</b>	<b>752,631</b>

## Cash flow statement

DKK '000	Q1 2009/10	Q1 2008/09	FY 2008/09
<b>Operations</b>			
Revenue	218,336	296,299	1,235,370
Costs	(176,086)	(224,910)	(966,549)
<b>Cash generated from operations (operating activities) before change in working capital</b>	<b>42,250</b>	<b>71,389</b>	<b>268,821</b>
Change in inventories	17,921	(11,554)	(4,860)
Change in receivables	63,982	47,270	48,239
Change in trade payables etc.	(45,534)	(46,506)	(89,717)
<b>Change in working capital</b>	<b>36,369</b>	<b>(10,790)</b>	<b>(46,338)</b>
<b>Cash generated from operations (operating activities)</b>	<b>78,619</b>	<b>60,599</b>	<b>222,483</b>
Financial income	2,951	3,018	21,683
Financial expenses	(6,275)	(8,057)	(33,249)
<b>Cash generated from operations (ordinary activities)</b>	<b>75,295</b>	<b>55,560</b>	<b>210,917</b>
Income tax paid	(380)	(30)	(12,976)
<b>Cash inflow from operating activities</b>	<b>74,915</b>	<b>55,530</b>	<b>197,941</b>
<b>Investments</b>			
Intangible assets	(18,013)	(24,092)	(102,819)
Property, plant and equipment	(1,479)	(1,584)	(11,170)
Acquisition of activities	-	-	(28,337)
<b>Cash outflow from investing activities</b>	<b>(19,492)</b>	<b>(25,676)</b>	<b>(142,326)</b>
<b>Cash inflow before financing</b>	<b>55,423</b>	<b>29,854</b>	<b>55,615</b>
<b>Financing</b>			
Sale of shares	-	-	(2,234)
Debt repayment	(75)	-	(49,416)
Proceeds from borrowings	-	671	26,779
New subscription of shares upon exercise of warrants	-	-	981
Dividend paid	(30,894)	(30,769)	(30,769)
Other adjustments	3	867	(478)
<b>Cash inflow/(outflow) from financing activities</b>	<b>(30,966)</b>	<b>(29,231)</b>	<b>(55,137)</b>
<b>Net cash inflow/(outflow)</b>	<b>24,457</b>	<b>623</b>	<b>478</b>
Exchange adjustment of cash and cash equivalents at beginning of period	(94)	(166)	(1,307)
<b>Cash inflow/(outflow) for the period</b>	<b>24,363</b>	<b>457</b>	<b>(829)</b>
Cash and cash equivalents at beginning of period	6,687	7,516	7,516
<b>Cash and cash equivalents at end of period</b>	<b>31,050</b>	<b>7,973</b>	<b>6,687</b>
<b>Cash flow from operating activities</b>	<b>74,915</b>	<b>55,530</b>	<b>197,941</b>
Investments in intangible assets	(18,013)	(24,092)	(102,819)
Investments in property, plant and equipment	(1,479)	(1,584)	(11,170)
<b>Free cash flow before acquisitions and financing</b>	<b>55,423</b>	<b>29,854</b>	<b>83,952</b>
<b>In the cash flow statement, bank overdrafts are offset against cash and cash equivalents as follows:</b>			
Cash and cash equivalents	58,156	64,339	52,454
Bank overdrafts	(27,106)	(56,366)	(45,767)
<b>Cash and cash equivalents, net</b>	<b>31,050</b>	<b>7,973</b>	<b>6,687</b>

## Segments

DKK '000	Terminals*		Systems		Non-allocated		Total	
	09/10	08/09	09/10	08/09	09/10	08/09	09/10	08/09
<b>Q1</b>								
Revenue	196,269	271,236	22,067	25,063	-	-	218,336	296,299
Gross profit	43,001	75,525	9,822	11,829	-	-	52,823	87,354
Operating profit before restructuring costs (EBIT)	1,695	27,309	3,796	6,508	-	-	5,491	33,817
Profit before tax	(1,526)	22,280	3,693	6,498	-	-	2,167	28,778
<b>Net profit for the period</b>	<b>(1,466)</b>	<b>16,406</b>	<b>2,770</b>	<b>4,874</b>	-	-	<b>1,304</b>	<b>21,280</b>
Non-current assets	1,095,430	1,102,496	933	1,411	-	-	1,096,363	1,103,907
Current assets	467,976	548,045	59,633	68,960	-	-	527,609	617,005
<b>Segment assets</b>	<b>1,563,406</b>	<b>1,650,541</b>	<b>60,566</b>	<b>70,371</b>	-	-	<b>1,623,972</b>	<b>1,720,912</b>
Capital investments	27,244	26,136	(369)	(221)	-	-	26,875	25,915
Depreciation and amortization	87,617	32,775	109	203	-	-	87,726	32,978
Impairment write-downs	-	-	-	-	-	-	-	-
Non-current liabilities	522,575	544,905	20,917	13,033	-	-	543,492	557,938
Current liabilities	244,801	321,068	35,935	57,542	11,510	31,733	292,246	410,343
<b>Segment liabilities</b>	<b>767,376</b>	<b>865,973</b>	<b>56,852</b>	<b>70,575</b>	<b>11,510</b>	<b>31,733</b>	<b>835,738</b>	<b>968,281</b>
Cash inflow/(outflow) from operating activities	75,619	39,363	(704)	16,167	-	-	74,915	55,530
Cash inflow/(outflow) from investing activities	(19,861)	(25,897)	369	221	-	-	(19,492)	(25,676)
Operating margin	0.9%	10.1%	17.2%	26.0%	-	-	2.5%	11.4%
Average number of employees	588	659	47	51	-	-	635	710

\* The terminal segment includes the maritime, land mobile and aeronautical business areas.