

## STOCK EXCHANGE ANNOUNCEMENT

Announcement no. 26 - 2006/07

February 28, 2007

### INTERIM REPORT FOR THE NINE MONTHS ENDED JANUARY 31, 2007

The Board of Directors of Thrane & Thrane has approved the company's interim report for the nine months ended January 31, 2007 as attached. The interim report is unaudited.

On October 10, 2006, Thrane & Thrane completed the acquisition of Nera SatCom AS and its German subsidiary European Satellite Link GmbH. Thrane & Thrane is in the process of divesting the latter company, and has consequently only consolidated Nera SatCom effective from October 2006. Comparative figures have not been restated to reflect the consolidation of Nera SatCom.

Thrane & Thrane will review the interim report at an investor presentation to be held at 1:00 p.m. today at the Copenhagen Stock Exchange, Nikolaj Plads 6, DK-1007 Copenhagen K, Denmark.

### Thrane & Thrane A/S

Waldemar Schmidt  
Chairman of the Board of Directors

Henrik Lunde  
CEO

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### ***About Thrane and Thrane***

*Thrane & Thrane is the world's leading manufacturer of terminals and land earth stations for global mobile satellite and radio communication. Since its incorporation in 1981, the company has established a strong position within global mobile satellite services based on the Inmarsat system, and today it provides equipment for land-based, maritime and aeronautical use. The company's communication products are sold throughout the world under the brands Thrane & Thrane, Nera and SAILOR through distributors and partners and as OEM products. The company is listed on the Copenhagen Stock Exchange. More information about Thrane & Thrane can be found at: [www.thrane.com](http://www.thrane.com).*

## HIGHLIGHTS OF THE FIRST NINE MONTHS OF 2006/07

- Thrane & Thrane acquired Nera Satcom AS during the reporting period in a move consistent with Thrane & Thrane's five-year growth strategy, COURSE 2011. The process of integrating Nera SatCom into Thrane & Thrane is progressing entirely to plan.
- The acquisition of Nera SatCom released significant development resources, which Thrane & Thrane intends to apply in the development of new business areas in accordance with the COURSE 2011 strategy. Such opportunities include mechanically tracking and electronic antennas, Ku-band equipment for maritime satellite communication and land mobile satellite terminals specially designed for the US military.
- Revenue for the nine month period was DKK million 752.7 (DKK 634.6 million). Operating profit before integration costs and purchase price amortisation was DKK 59.9 million (DKK 66.1 million), equivalent to an operating margin of 8.0% (10.4%). The company recorded a cash inflow from operating activities of DKK 119.0 million (DKK 121.6 million).
- Revenue in Q3 was DKK 303.9 million (DKK 248.7 million). Operating profit before integration costs and purchase price amortisation was DKK 27.3 million (DKK 29.7 million).
- For the 2006/07 financial year, Thrane & Thrane expects revenue of approximately DKK 1,100 million compared to the previous guidance of DKK 1,200-1,250 million (DKK 919 million). Operating profit before integration costs and purchase price amortisation is expected to be around DKK 110-120 million against DKK 150-175 million (DKK 127 million) as previously forecast.

*This interim report has been prepared in a Danish-language and an English-language version. In the event of any discrepancies, the Danish version shall be the governing text.*

## FINANCIAL HIGHLIGHTS AND KEY RATIOS

*The interim financial statements are unaudited*

### Thrane & Thrane Group

(DKK '000)	Q1-Q3 2006/07	Q1-Q3 2005/06	Q3 2006/07	Q3 2005/06	12 months 2005/06
Revenue	752,654	634,546	303,892	248,694	918,890
Gross profit	213,958	194,275	84,826	76,948	295,552
Operating profit	44,224	66,106	20,839	29,683	126,897
Profit on ordinary activities before tax	31,402	59,643	13,765	27,473	116,181
<b>Net profit for the period</b>	<b>20,827</b>	<b>47,783</b>	<b>9,084</b>	<b>21,315</b>	<b>87,475</b>
Equity at end of period	711,988	492,144	711,988	492,144	533,646
Total assets	1,833,569	936,371	1,833,569	936,371	970,442
Capital employed	1,274,372	697,819	1,274,372	697,819	747,862
Development costs incurred	114,370	109,356	44,325	34,901	146,394
Development costs in per cent of revenue	15.2%	17.2%	14.6%	14.0%	15.9%
Cash inflow/(outflow) from operating activities	119,039	121,553	31,086	75,519	160,327
Cash outflow from investing activities	(585,510)	(74,848)	(31,430)	(17,289)	(108,869)
<b>Net cash inflow/(outflow) for the period</b>	<b>164,648</b>	<b>43,443</b>	<b>25,176</b>	<b>75,816</b>	<b>941</b>
Organic revenue growth	2.7%	(6.0%)	(7.1%)	26.2%	0.2%
Operating margin	5.9%	10.4%	6.9%	11.9%	13.8%
Return on capital employed	5.9%	9.2%	1.7%	4.0%	17.7%
Equity ratio	38.8%	52.6%	38.8%	52.6%	55.0%
Earnings per share	4.0	9.9	1.7	4.4	18.1
Cash flow from operating activities per share	22.8	25.2	5.9	15.6	33.2
Dividend per share	-	-	-	-	5.5
Net asset value per share	130	100	130	100	109
Average number of employees	668	644	779	627	632

### Definitions of ratios

Capital employed	= Total assets less cash, tax asset and non-interest bearing debt
Development costs incurred	= Cash applied in development before subsidies
Return on capital employed	= Profit before financial items / Capital employed at beginning of period
Equity ratio	= Equity at end of period / Total liabilities at end of period
Earnings per share	= Net profit for the period / Average number of shares
Cash flow from operating activities per share	= Cash flow from operating activities / Average number of shares
Net asset value per share	= Equity at end of period / Number of shares at end of period

*The financial ratios have been calculated in accordance with Recommendations & Ratios, 2005, issued by the Danish Society of Financial Analysts.*

## MANAGEMENT'S REVIEW

### Heading for COURSE 2011...

At the beginning of the 2006/07 financial year, Thrane & Thrane launched a growth strategy for the next five years. The strategy - "COURSE 2011" - focuses on strengthening Thrane & Thrane's already strong position in the area of mobile satellite communication equipment, and, at the same time, expanding the business areas within global mobile communication solutions.

The target of COURSE 2011 is to increase revenue to DKK 2 billion and maintain the company's operating margin at a minimum of 12% during each financial year until 2010/11.

The first nine months of the financial year brought Thrane & Thrane a long way towards achieving the targets of COURSE 2011, primarily through the acquisition of Nera SatCom (now Thrane & Thrane Norge), which was the platform for starting up a number of new business areas.

The acquisition of Thrane & Thrane Norge released significant development resources, which Thrane & Thrane intends to apply in the development of new business areas in accordance with the COURSE 2011 strategy.

First and foremost, Thrane & Thrane has started to develop mechanically tracking antennas for maritime use (FleetBroadband) and electronic antennas. Development of antennas will:

- Reduce Thrane & Thrane's dependency on existing antenna suppliers within significant strategic product areas.
- Increase gross profit in existing terminal systems.
- Increase revenue on the basis of new products.

Subsequently, Thrane & Thrane has decided to enter the market for Ku-band equipment for maritime satellite communication. Accordingly, the company is working on a business plan and a product specification. The launch of products developed on the basis of Thrane & Thrane's Ku-band equipment is not, however, expected to take place in the near future.

Ku-band equipment is often termed VSAT equipment. Unlike Inmarsat based equipment, Ku-band solutions offer significantly higher data speeds and several voice channels. Solutions are generally offered at a fixed price per month for terminal plus airtime consumption. The market consists mainly of tankers, cruise ships, ferries and large yachts, but these solutions are also attracting growing interest in the market for commercial vessels.

Thrane & Thrane estimates that some 2,500 maritime Ku-band terminals are currently installed, and that the total market for Ku-band equipment amounts to about 20,000 terminals. The installed base is growing at an annual rate of around 1,000 terminals, and the growth rate is

expected to increase in the years ahead. The average price of a Ku-band terminal is some USD 50,000.

Last but not least, after the end of Q3, Thrane & Thrane entered into an agreement with US company Comtech Mobile Datacom Corp. on the joint development of a dual mode satellite terminal designed for the US military and other allied military forces. Thrane & Thrane considers Comtech to be a strong business partner, as the company has extensive experience in the field of satellite based communication solutions. Within the past four years, Comtech has delivered more than 50,000 terminals to the US military.

The new terminal will combine Comtech's proprietary technologies for mobile satellite terminals with Thrane & Thrane's BGAN terminal and network technologies. Furthermore, the plan is to develop a terminal capable of handling Inmarsat's future land mobile (BGAN) broadband services and using Comtech's proprietary technology. Finally, the parties intend to develop a new modulation form with improved capacity in order to optimise terminal performance in dense military operations and upgrade Comtech's land earth stations in order to handle increased traffic and transmission rates.

## **Acquisition and integration of Thrane & Thrane Norge**

In October 2006, Thrane & Thrane completed the acquisition of Thrane & Thrane Norge and started the process of integrating Thrane & Thrane Norge into Thrane & Thrane.

The first step was to establish a local management team with each member reporting individually to Denmark. Thrane & Thrane then adjusted the organisation, which involved reducing staff in Norway by about 30 persons. Subsequent efforts included preparing a branding plan for maritime and land mobile products as well as a strategy for merging distribution channels. New development projects have been launched in Oslo and Lyngby, and implementation of a common ERP system has been initiated. Last but not least, the company's name was changed from Nera SatCom AS to Thrane & Thrane Norge AS.

The integration process has proceeded entirely as planned, and Thrane & Thrane Norge is still expected to be fully integrated in Thrane & Thrane in the late summer of 2007. Instead of the previous guidance of annual cash synergies of around DKK 40 million, the company now expects cash synergies of around DKK 50 million starting from the 2007/08 financial year. Some DKK 20 million of this amount will be invested in the development of new products. Integration costs are still expected to total around DKK 50 million. The amount is expected to be expensed in the current financial year, which would see all integration costs recognised in the 2006/07 financial year.

The acquisition of Thrane & Thrane Norge also comprised its wholly-owned German subsidiary European Satellite Link GmbH (ESL). However, Thrane & Thrane decided to try to divest ESL, since the conclusion was that ESL could not profitably be integrated into Thrane & Thrane. In Q3, negotiations were initiated with various interested parties, and the efforts to divest ESL are expected to be completed in the current financial year.

Prior to completing the acquisition of Thrane & Thrane Norge, Thrane & Thrane obtained approvals from the European competition authorities following mandatory notifications of the acquisition. Some countries operate a system of voluntary notification, and their regulatory bodies may elect to investigate the matter after the acquisition has been completed. The UK competition authorities used this option and subsequently asked the EU Commission for an assessment.

The EU Commission informed Thrane & Thrane that notification of the transaction must be given to the Commission. Hence, Thrane & Thrane submitted a notification to the EU Commission in the beginning of February. Subsequently, the Commission had 35 working days to reach a decision. Thrane & Thrane does not expect the EU Commission's decision to significantly change the terms and conditions of the transaction.

## Financial review

Thrane & Thrane's revenue for the nine months period was DKK 752.7 million (DKK 634.6 million). Operating profit before integration costs and purchase price amortisation was DKK 59.9 million (DKK 66.1 million), equivalent to an operating margin of 8.0% (10.4%). Net profit for the period was DKK 20.8 million (DKK 47.8 million).

Q3 revenue was DKK 303.9 million (DKK 248.7 million). Operating profit before integration costs and purchase price amortisation was DKK 27.3 million (DKK 29.7 million).

The company's performance in Q3 and in the nine months reporting period overall was adversely affected by costs related to the integration of Thrane & Thrane Norge. Integration costs amounted to DKK 10.4 million, including severance payments to three senior executives of Thrane & Thrane Norge as well as the cancellation of various procurement contracts.

Cost of goods sold in the nine months period amounted to DKK 447.5 million (DKK 387.7 million), equivalent to 59.5% of revenue (61.1%). The reduction in cost of goods sold resulted from more favourable procurement contracts with suppliers and changes made to the product mix.

Development costs charged to the income statement amounted to DKK 91.2 million against DKK 52.5 million in the same period of last year. Maintenance and depreciation of existing products accounted for DKK 40.3 million and DKK 50.9 million, respectively. In addition, DKK 74.1 million was invested for the development of new products. Thrane & Thrane received DKK 10.5 million in funding from Inmarsat, bringing the net investment in new products to DKK 63.6 million.

Thrane & Thrane Norge's share of development costs charged to the income statement was DKK 18.4 million of which DKK 1.9 million was depreciation of existing products. Thrane & Thrane Norge did not capitalise development costs in the reporting period. It is expected that a large proportion of the development costs in Norway will be capitalised in the future.

Sales and distribution costs amounted to DKK 77.0 million (DKK 63.0 million) of which amortisation on customer portfolios amounted to DKK 3.9 million. Administrative expenses were DKK 82.3 million (DKK 65.2 million). Administrative expenses included approximately DKK 5

million incurred in celebrating Thrane & Thrane's 25th anniversary, of which share-based payments accounted for approximately DKK 3 million.

Net financial expenses were DKK 12.8 million against DKK 6.5 million last year with financial expenses of DKK 24.0 million and financial income of DKK 11.2 million. Of the financial expenses, interest accrued on the cash purchase price of Thrane & Thrane Norge in the period from July 1 to October 9, 2006 was DKK 5.9 million, whereas interest on loans related to the acquisition of Thrane & Thrane Norge and Thrane & Thrane Aalborg was DKK 10.0 million. Other financial income and expenses were primarily attributable to regular value adjustments of trade receivables and trade payables.

As a result of the acquisition of Thrane & Thrane Norge, Thrane & Thrane's bank debt increased from DKK 200.5 million to stand at DKK 638.4 million at January 31, 2007. DKK 25 million of the amount is repayable in April 2007 at the latest and approximately DKK 100 million is repayable not later than in October 2007.

Thrane & Thrane has allocated the purchase price of Thrane & Thrane Norge in which the excess of the purchase price over the carrying amount of equity is allocated to acquired assets and liabilities. The allocation resulted in capitalisation of DKK 200.0 million on customer portfolios and DKK 10.6 million on products. The customer portfolio is amortised over 20 years whereas the products are depreciated over periods of between 2-3 years. Amortisation and depreciation of the customer portfolio and products for the period amounted to DKK 5.2 million.

As a result of the transition to IFRS, the company has made provisions for pension obligations of DKK 67.8 million in Thrane & Thrane Norge, as that company's pension scheme is a defined benefit plan. The actual pension obligation will be calculated on June 30, 2007, at which time Thrane & Thrane will receive a 50% refund of the calculated obligation. Consequently, a receivable of DKK 33.9 million has been recognised in connection with the purchase price allocation.

The above-mentioned changes have resulted in provisions for deferred tax of DKK 40.0 million. The remaining portion of the DKK 341.0 million excess value was categorised as goodwill relating to the synergies the acquisition is expected to generate once Thrane & Thrane Norge has been fully integrated into Thrane & Thrane.

The company reported a net cash inflow from operating activities of DKK 119.0 million (DKK 121.6 million). The total cash payment for the acquisition of Thrane & Thrane Norge, payment for cash funds, net working capital and costs incurred was DKK 641.6 million at the end of the first six months of the financial year. On the acquisition of Thrane & Thrane Norge, Thrane & Thrane took over DKK 133.3 million in cash funds. The company raised loans totalling DKK 478.1 million in connection with the acquisition and received proceeds of DKK 165.2 million from shares issued. The company reported a net cash inflow for the period of DKK 164.8 million (DKK 43.4 million).

## Market

Thrane & Thrane's revenue for the nine months was up by DKK 118.2 million, or 19%, over the year-earlier period.

### Revenue by market

(DKK million)	Q1-Q3 2006/07	Q1-Q3 2005/06	Change (%)	Q3 2006/07	Q3 2005/06	Change (%)
Maritime	418.2	356.4	17%	161.2	133.8	20%
% of revenue	56%	56%		53%	54%	
Land mobile	191.0	124.8	53%	82.8	45.3	83%
% of revenue	25%	20%		27%	18%	
Aeronautical	54.8	43.0	27%	24.6	15.8	56%
% of revenue	7%	7%		8%	6%	
Systems	88.7	110.3	(20%)	35.3	53.8	(34%)
% of revenue	12%	17%		12%	22%	
<b>Total</b>	<b>752.7</b>	<b>634.5</b>	<b>19%</b>	<b>303.9</b>	<b>248.7</b>	<b>22%</b>

DKK 101.0 million of the revenue increase was attributable to the acquisition of Thrane & Thrane Norge, while DKK 17.2 million was due to organic growth. Organic growth was about 23% in both the land mobile area and the aeronautical area.

### Maritime products

Revenue generated in the maritime market increased by 17% in the nine months period to DKK 418.2 million (DKK 356.4 million).

Revenue broke down into DKK 289.8 million (DKK 233.6 million) from satellite communication equipment and DKK 128.4 million (DKK 122.8 million) from radio equipment.

The increase in satellite communication equipment was primarily generated through the acquisition of Thrane & Thrane Norge. Compared with the corresponding period of last year, Thrane & Thrane recorded increased revenue from the Fleet, Inmarsat-C and Iridium products. Revenue from Inmarsat-C was favourably affected by the fact that Thrane & Thrane began to ship terminals for monitoring of fishing vessels in North America. Additional shipments are expected in Q4.

After the end of Q3, Thrane & Thrane launched a new series of handheld VHF radios. These radios offer users a range of new, attractive features that, for example, make it easier to use radio products on board vessels. The new series of VHF radios improve Thrane & Thrane's competitive strength and competencies within the field of VHF and GMDSS equipment.

### Land mobile products

Revenue in the land mobile market was DKK 191.0 million (DKK 124.8 million), up 53% on the same period of 2005/06.

The increase in revenue was primarily driven by sales of the EXPLORER 500, EXPLORER 700 and EXPLORER 527 BGAN terminals. In addition, Thrane & Thrane recorded increased revenue from M4 Terminals relative to the preceding quarters. The sales growth of M4 was primarily generated by one large shipment of terminals for vehicular use to US government customers.

The EXPLORER 500 has been very well received by the market. As expected, however, the challenge remains to raise awareness of the terminal's application potential among new customer groups. In Q3, Thrane & Thrane was strongly focused on concluding agreements with new business partners able to contribute to strengthening sales to new customer groups.

The EXPLORER 700 attracted the greatest demand from professional users of mobile satellite communication. In Q3, Thrane & Thrane generated revenue from EXPLORER 700 terminals of DKK 22.6 million.

The acquisition of Thrane & Thrane Norge added another BGAN terminal to Thrane & Thrane's product portfolio. Sales of the WorldPro 1000/1010, which is the smallest and lightest of Thrane & Thrane's BGAN terminals, were – as was the case with the EXPLORER 500 – adversely affected by limited awareness of the application potential among new customer groups. Hence, sales of the terminal were limited in the reporting period.

Thrane & Thrane became an officially approved Inmarsat BGAN Distribution Partner during the reporting period. The approval means that the company can offer BGAN airtime in combination with the EXPLORER terminals.

## **Aeronautical products**

Revenue generated in the aeronautical market was up by 27% to DKK 54.8 million (DKK 43.0 million).

Revenue was primarily driven by sales of the Aero-HSD<sup>+</sup>, the primary customer being aircraft manufacturer Dassault Falcon Jet Corp. Revenue from Aero-HSD<sup>+</sup> increased by 46% from DKK 30.6 million to DKK 44.7 million, while Q3 revenue increased by 64% from DKK 11.9 million to DKK 19.5 million.

Thrane & Thrane continues to seek partnership agreements with other aircraft manufacturers, such as Bombardier, Cessna, Gulfstream and Raytheon, and others. Aircraft manufacturers are showing strong interest in the development of aeronautical communication solutions. In response, Thrane & Thrane focuses on presenting to the different aircraft manufacturers both its existing Aero-HSD<sup>+</sup> solution and the upcoming broadband solutions it expects to offer in the future.

## **Systems**

Systems generated DKK 88.7 million in revenue (DKK 110.3 million), down 20% on the same period of 2005/06.

DKK 21.2 million of the DKK 88.7 million related to Thrane & Thrane Norge. The decline in revenue from the systems business was primarily attributable to a DKK 40.5 million fall in RAN revenue during the reporting period from DKK 79.4 million last year to DKK 38.9 million this year. The lower RAN revenue had been expected, since Thrane & Thrane completed the original RAN contract in the 2005/06 financial year.

Early in the reporting period, Thrane & Thrane received final approval of the RAN satellite access stations for Inmarsat's BGAN satellite system. Thrane & Thrane subsequently entered into a contract with Inmarsat on the further development of the RAN satellite access stations, enabling them to offer new broadband services for maritime (FleetBroadband) and aeronautical (SwiftBroadband) use as well as for land vehicular use (BGAN). Worth some DKK 45 million (USD 7.45 million), the contract is scheduled for completion in the second quarter of the 2007 calendar year.

## **Product development**

During the reporting period, Thrane & Thrane's product development focused on the new broadband terminals for maritime and aeronautical use and for land vehicular use.

In the aeronautical area, Thrane & Thrane commenced the development of a terminal targeting Inmarsat's future SwiftBroadband services. The development of the new terminal is organised in a way that will facilitate upgrading of Thrane & Thrane's existing Aero-HSD<sup>+</sup> terminals to SwiftBroadband. Development of the new terminal is expected to be completed in the second quarter of the 2008 calendar year.

In the maritime area, Thrane & Thrane is also developing new terminals targeting Inmarsat's future FleetBroadband services. The first type of FleetBroadband terminal is expected to be launched in the third quarter of the upcoming financial year. At the same time, our focus has been on completing a new portfolio of radios consisting of a series of handheld VHF radios and a new series of MF/HF radios. The first new handheld VHF radios have already been launched, and the initial shipments are expected to take place in the fourth quarter of the current financial year. Thrane & Thrane expects to deliver the first MF/HF radios in the summer of 2007.

In the systems area, the company began to implement and test Inmarsat's future broadband services on the RAN satellite access stations. This work is expected to be completed during the summer of 2007. Moreover, Thrane & Thrane is currently upgrading the land earth stations handling existing aeronautical services so that these stations become compatible with the new Inmarsat-4 satellites. The contracts were entered into by Thrane & Thrane Norge. The total value of the contracts is DKK 86 million, of which approximately DKK 40 million has been recognised as income. This work is expected to be completed during the 2007/08 financial year.

## **Increase of share capital**

During the period, members of the Board of Directors and employees of Thrane & Thrane exercised vested warrants to subscribe a total of 27,270 shares of DKK 20 nominal value each,

resulting in a share capital increase by a nominal value of DKK 545,400. Thrane & Thrane received net proceeds of DKK 4.0 million from the exercise of warrants.

In connection with the acquisition of Thrane & Thrane Norge, Thrane & Thrane issued 472,000 new shares of DKK 20 nominal value each, corresponding to a total increase of the share capital by a nominal value of DKK 9,440,000. In addition, 8,613 new free bonus shares of DKK 20 nominal value each were issued to 576 employees, corresponding to an increase of the share capital by a nominal value of DKK 172,260.

During the third quarter, members of the Board of Directors and employees of Thrane & Thrane exercised vested warrants to subscribe a total of 77,146 shares of DKK 20 nominal value each, corresponding to an increase of the share capital by a nominal value of DKK 1,542,920. The net proceeds from the exercise amounted to DKK 11.4 million.

In the first nine months of the financial year, the company thus issued a total of 585,029 new shares, equalling a total increase of the share capital by a nominal value of DKK 11,700,580. The company received net proceeds of DKK 15.4 million from shares issued. At January 31, 2007, the nominal value of Thrane & Thrane's share capital totalled DKK 109,790,520 divided into 5,489,526 shares of DKK 20 each.

## Outlook

For the 2006/07 financial year, Thrane & Thrane expects revenue of approximately DKK 1,100 million compared to the previous guidance of DKK 1,200-1,250 million (DKK 919 million). Operating profit before integration costs and purchase price amortisation is expected to be about DKK 110-120 million against DKK 150-175 million (DKK 127 million) as previously forecast.

In Q1-Q3, Thrane & Thrane recorded organic growth of 11% in the terminals business, corresponding to an increase of approximately DKK 60 million. At the same time, Thrane & Thrane suffered a 39% decline in organic systems revenue, equivalent to approximately DKK 43 million.

Systems sales developed completely as expected, whereas the organic sales growth in terminals was weaker than projected. This was primarily attributable to weaker-than-expected sales of BGAN terminals in the first nine months of the financial year, because Thrane & Thrane has not yet succeeded in attracting new customer groups. In addition, Thrane & Thrane's new airtime concept (that is, sales of airtime in combination with BGAN terminals) was delayed.

Moreover, the integration of Thrane & Thrane Norge has caused some uncertainty in the market about Thrane & Thrane's future product portfolio, among other things. In Q3, consequently, Thrane & Thrane experienced a drop in revenue from the land mobile BGAN terminal, the WorldPro 1000/1010 and Thrane & Thrane Norge's maritime Fleet product portfolio. However, after Thrane & Thrane has reported to the market on its product portfolio and branding as well as its new, harmonised sales and delivery terms, this uncertainty has abated.

Integration costs are expected to total around DKK 50 million in the 2006/07 financial year. Following Thrane & Thrane's allocation of the purchase price of Thrane & Thrane Norge, going forward, the company expects an annual purchase price amortisation of approximately DKK 16 million. In the current financial year, purchase price amortisation will impact the profit by about DKK 9 million.

## **Thrane & Thrane A/S**

## INCOME STATEMENT

*The interim financial statements are unaudited*

Thrane & Thrane Group

(DKK '000)	Q1-Q3 2006/07	Q1-Q3 2005/06	Q3 2006/07	Q3 2005/06	12 months 2005/06
<b>Revenue</b>	<b>752,654</b>	<b>634,546</b>	<b>303,892</b>	<b>248,694</b>	<b>918,890</b>
Cost of sales					
- Cost of goods sold	(447,520)	(387,733)	(181,256)	(154,624)	(547,980)
- Development costs	(91,176)	(52,538)	(37,810)	(17,122)	(75,358)
<b>Gross profit</b>	<b>213,958</b>	<b>194,275</b>	<b>84,826</b>	<b>76,948</b>	<b>295,552</b>
Distribution costs	(76,976)	(62,962)	(30,761)	(23,776)	(84,102)
Administrative expenses	(82,328)	(65,207)	(31,982)	(23,489)	(84,553)
Integration costs	(10,430)	-	(1,244)	-	-
<b>Operating profit</b>	<b>44,224</b>	<b>66,106</b>	<b>20,839</b>	<b>29,683</b>	<b>126,897</b>
Financial income	11,216	5,987	2,404	3,711	2,820
Financial expenses	(24,038)	(12,450)	(9,478)	(5,921)	(13,536)
<b>Profit on ordinary activities before tax</b>	<b>31,402</b>	<b>59,643</b>	<b>13,765</b>	<b>27,473</b>	<b>116,181</b>
Tax on profit on ordinary activities	(10,575)	(11,860)	(4,681)	(6,158)	(28,706)
<b>Net profit for the period</b>	<b>20,827</b>	<b>47,783</b>	<b>9,084</b>	<b>21,315</b>	<b>87,475</b>

## Statement of changes in equity

(DKK'000)	Share capital	Exchange adjustment reserve	Retained earnings	Proposed dividend	Total
<b>Equity at April 30, 2005</b>	<b>94,712</b>	<b>(715)</b>	<b>349,531</b>	<b>23,608</b>	<b>467,136</b>
Fair value adjustment of hedge instruments before tax	-	-	(5,663)	-	(5,663)
Hedging of cash flows	-	-	(23,677)	-	(23,677)
Exchange adjustment of subsidiaries	-	495	-	-	495
Share-based payment	-	-	1,710	-	1,710
Other income	-	-	1,024	-	1,024
Tax on equity entries	-	-	9,596	-	9,596
<b>Net gain/(loss) recognised directly in equity</b>	<b>-</b>	<b>495</b>	<b>(17,010)</b>	<b>-</b>	<b>(16,515)</b>
Net profit for the year	-	-	60,500	26,975	87,475
<b>Total recognised gains and losses</b>	<b>-</b>	<b>495</b>	<b>43,490</b>	<b>26,975</b>	<b>70,960</b>
Dividend to shareholders	-	-	-	(23,608)	(23,608)
Capital increases	3,378	-	15,780	-	19,158
<b>Equity at April 30, 2006</b>	<b>98,090</b>	<b>(220)</b>	<b>408,801</b>	<b>26,975</b>	<b>533,646</b>
Fair value adjustment of hedge instruments before tax	-	-	2,337	-	2,337
Hedging of cash flows	-	-	(9,244)	-	(9,244)
Exchange adjustment of subsidiaries	-	1,748	-	-	1,748
Share-based payment	-	-	5,959	-	5,959
Tax on equity entries	-	-	3,023	-	3,023
<b>Net gain/(loss) recognised directly in equity</b>	<b>-</b>	<b>1,748</b>	<b>2,075</b>	<b>-</b>	<b>3,823</b>
Net profit for the period	-	-	20,827	-	20,827
<b>Total recognised gains and losses</b>	<b>-</b>	<b>1,748</b>	<b>22,902</b>	<b>-</b>	<b>24,650</b>
Dividend to shareholders	-	-	54	(26,975)	(26,921)
Capital increases	11,700	-	168,913	-	180,613
<b>Equity at January 31, 2007</b>	<b>109,790</b>	<b>1,528</b>	<b>600,670</b>	<b>-</b>	<b>711,988</b>

## BALANCE SHEET

*The interim financial statements are unaudited*

Thrane & Thrane Group

(DKK '000)	Jan. 31 2007	Jan. 31 2006	Apr. 30 2006
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Intangible assets</b>			
Software	10,100	9,429	11,975
Customer portfolio	196,667	-	-
Completed development projects	129,911	88,413	111,804
Development projects in progress	157,874	161,842	152,670
Goodwill	466,233	124,820	124,820
	<b>960,785</b>	<b>384,504</b>	<b>401,269</b>
<b>Property, plant and equipment</b>			
Land and buildings	18,565	19,504	19,233
Airplanes	111	1,834	1,284
Plant and machinery	18,688	23,658	21,680
Other fixtures and fittings, tools and equipment	16,995	9,147	11,863
Plant and equipment in progress	1,471	1,274	324
	<b>55,830</b>	<b>55,417</b>	<b>54,384</b>
<b>Financial assets</b>			
Deposits	6,921	7,101	7,214
Deferred tax asset	28,805	5,251	4,959
Equity investments for sale	14,960	-	-
	<b>50,686</b>	<b>12,352</b>	<b>12,173</b>
<b>Total non-current assets</b>	<b>1,067,301</b>	<b>452,273</b>	<b>467,826</b>
<b>Current assets</b>			
<b>Inventories</b>	<b>267,581</b>	<b>216,264</b>	<b>221,385</b>
<b>Receivables</b>			
Trade receivables	261,136	158,969	244,459
Contract work in progress	871	36,086	1,854
Other receivables	38,448	849	4,464
Prepayments	15,713	8,581	7,553
Income taxes	-	2,976	5,030
	<b>316,168</b>	<b>207,461</b>	<b>263,360</b>
<b>Cash</b>	<b>182,519</b>	<b>60,373</b>	<b>17,871</b>
<b>Total current assets</b>	<b>766,268</b>	<b>484,098</b>	<b>502,616</b>
<b>TOTAL ASSETS</b>	<b>1,833,569</b>	<b>936,371</b>	<b>970,442</b>

## BALANCE SHEET - CONTINUED

*The interim financial statements are unaudited*

Thrane & Thrane Group

(DKK '000)	Jan. 31 2007	Jan. 31 2006	Apr. 30 2006
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	109,790	98,090	98,090
Exchange adjustment reserve	1,528	(408)	(220)
Retained earnings	600,670	394,462	408,801
Proposed dividend	-	-	26,975
<b>Total equity</b>	<b>711,988</b>	<b>492,144</b>	<b>533,646</b>
Pension obligations	67,778	-	-
Deferred tax	111,605	70,713	89,658
Provisions	20,662	20,873	19,556
Credit institutions	512,601	150,515	101,429
<b>Non-current liabilities</b>	<b>712,646</b>	<b>242,101</b>	<b>210,643</b>
<b>Current liabilities</b>			
Credit institutions	125,800	50,000	50,800
Provisions	19,166	13,765	15,388
Prepayments from customers	21,345	1,235	1,207
Trade payables	130,967	77,721	103,790
Income taxes	23,702	3,047	189
Other payables	83,961	51,654	50,383
Deferred income	3,994	4,704	4,396
<b>Current liabilities</b>	<b>408,935</b>	<b>202,126</b>	<b>226,153</b>
<b>Total liabilities</b>	<b>1,121,581</b>	<b>444,227</b>	<b>436,796</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,833,569</b>	<b>936,371</b>	<b>970,442</b>

## CASH FLOW STATEMENT

*The interim financial statements are unaudited*

Thrane & Thrane Group

(DKK '000)	Q1-Q3 2006/07	Q1-Q3 2005/06	Q3 2006/07	Q3 2005/06	12 months 2005/06
Revenue	752,644	634,546	303,882	248,694	918,890
Costs	(629,442)	(521,979)	(254,176)	(203,872)	(726,240)
<b>Cash generated from operations (operating activities) before change in working capital</b>	<b>123,202</b>	<b>112,567</b>	<b>49,706</b>	<b>44,822</b>	<b>192,650</b>
Change in inventories	(1,745)	(39,543)	2,194	(23,736)	(44,664)
Change in receivables	53,435	29,227	19,963	18,084	(23,319)
Change in trade payables, etc.	(43,392)	28,383	(34,065)	41,177	51,175
<b>Change in working capital</b>	<b>8,298</b>	<b>18,067</b>	<b>(11,908)</b>	<b>35,525</b>	<b>(16,808)</b>
<b>Cash generated from operations (operating activities)</b>	<b>131,500</b>	<b>130,634</b>	<b>37,798</b>	<b>80,347</b>	<b>175,842</b>
Financial income	11,216	5,987	2,404	3,711	2,820
Financial expenses	(24,037)	(12,450)	(9,476)	(5,921)	(13,536)
<b>Cash generated from operations (ordinary activities)</b>	<b>118,679</b>	<b>124,171</b>	<b>30,726</b>	<b>78,137</b>	<b>165,126</b>
Income tax paid	360	(2,618)	360	(2,618)	(4,799)
<b>Cash inflow from operating activities</b>	<b>119,039</b>	<b>121,553</b>	<b>31,086</b>	<b>75,519</b>	<b>160,327</b>
<b>Investments</b>					
Intangible assets	(68,799)	(70,816)	(22,659)	(15,159)	(101,310)
Property, plant and equipment	(8,432)	(4,032)	(1,742)	(2,130)	(7,559)
Net acquisition of activities	(641,623)	-	(9,674)	-	-
Cash taken over on acquisition	133,344	-	2,645	-	-
<b>Cash outflow from investing activities</b>	<b>(585,510)</b>	<b>(74,848)</b>	<b>(31,430)</b>	<b>(17,289)</b>	<b>(108,869)</b>
<b>Cash inflow/(outflow) before financing</b>	<b>(466,471)</b>	<b>46,705</b>	<b>(344)</b>	<b>58,230</b>	<b>51,458</b>
<b>Financing</b>					
Debt repayment	-	-	-	-	(50,306)
Proceeds from borrowings	478,128	-	13,802	-	2,431
Subscription of new shares upon exercise of warrants	15,413	19,157	11,399	16,802	19,157
Capital increase on acquisition of Nera SatCom	165,200	-	-	-	-
Dividend paid	(26,921)	(23,608)	-	-	(23,608)
Other adjustments	(527)	1,189	378	784	1,684
<b>Cash inflow/(outflow) from financing activities</b>	<b>631,293</b>	<b>(3,262)</b>	<b>25,579</b>	<b>17,586</b>	<b>(50,642)</b>
<b>Net cash inflow/(outflow)</b>	<b>164,822</b>	<b>43,443</b>	<b>25,235</b>	<b>75,816</b>	<b>816</b>
Exchange adjustment of cash and cash equivalents at beginning of period	(174)	-	(59)	-	125
<b>Cash inflow/(outflow) for the period</b>	<b>164,648</b>	<b>43,443</b>	<b>25,176</b>	<b>75,816</b>	<b>941</b>
Cash and cash equivalents at beginning of period	17,871	16,930	157,343	(15,443)	16,930
<b>Cash and cash equivalents at end of period</b>	<b>182,519</b>	<b>60,373</b>	<b>182,519</b>	<b>60,373</b>	<b>17,871</b>