

STOCK EXCHANGE ANNOUNCEMENT

Announcement no. 10 - 2005/06

August 25, 2005

INTERIM REPORT FOR THE THREE MONTHS ENDED JULY 31, 2005

The Board of Directors of Thrane & Thrane has approved the company's interim report for the three months ended July 31, 2005 as attached. The interim financial statements are unaudited.

Thrane & Thrane has changed its accounting policies effective May 1, 2005 to comply with IFRS. The changes involve the following areas: Share-based payment, financial instruments and business combinations. The comparative figures have been restated accordingly. Thrane & Thrane's Annual Report 2005 contains a detailed description of the changes and the effect of IFRS adoption.

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 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 & 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 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.

SUMMARY OF Q1 2005/06

The comparative figures have been restated to comply with the international financial reporting standards (IFRS) as a result of the change in accounting policies effective May 1, 2005.

- Revenue in Q1 was DKK 144.2 million (DKK 226.6 million). Operating profit was DKK 0.4 million (DKK 28.9 million). The company recorded a cash inflow from operating activities of DKK 75.6 million (DKK 42.7 million).
- The reduction in Q1 revenue compared with the year-earlier period was primarily due to lower revenue in the maritime and land mobile markets.
- In Q1, Thrane & Thrane won a large order for delivery of Aero-HSD⁺ systems to a new government customer. The order has a total value of USD 4.4 million, equivalent to approximately DKK 27 million.
- Thrane & Thrane obtained software FAT (Factory Acceptance Test) approval from Inmarsat with respect to Thrane & Thrane's delivery of the RAN land earth stations for Inmarsat's upcoming BGAN satellite system.
- Similarly, Thrane & Thrane obtained FAT approval with respect to Thrane & Thrane's development of the EXPLORER 500 terminal for the upcoming BGAN service.
- Thrane & Thrane still expects revenue of around DKK 900-920 million (DKK 917 million) for the full 2005/06 financial year, and an operating profit of around DKK 120-130 million (DKK 105 million).

The 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 2005/06	Q1 2004/05	12 months 2004/05
Revenue	144.175	226.622	916.931
Gross profit	39.169	72.836	283.247
Operating profit	424	28.873	110.166
Profit on ordinary activities before tax	(901)	26.894	100.500
Profit on ordinary activities	4.563	23.338	63.269
Net profit for the period	4.563	23.338	63.269
Equity at end of period	439.918	426.054	469.813
Total assets	856.758	907.286	888.377
Capital employed	666.502	667.644	727.973
Development costs	37.846	35.850	144.052
Development costs as a % of revenue	26,3%	15,8%	15,7%
Cash inflow from operating activities	75.676	42.647	117.699
Cash outflow from investing activities	(33.767)	(160.576)	(249.021)
Net cash inflow/(outflow) for the period	18.362	(16.530)	(52.251)
Organic revenue growth	(36,4%)	0,7%	(2,8%)
Operating margin	0,3%	12,7%	12,0%
Return on capital employed	0,1%	6,7%	25,8%
Equity ratio	51,3%	47,0%	52,9%
Earnings per share	1,0	5,0	13,4
Cash flow from operating activities per share	16,0	9,1	24,9
Dividend per share	-	-	5,0
Net asset value per share	93	91	99
Average number of employees	646	651	651

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	=	Profit on ordinary activities / 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

Financial review

Revenue in Q1 was DKK 144.2 million (DKK 226.6 million). Operating profit was DKK 0.4 million (DKK 28.9 million), and the net profit for the period was DKK 4.6 million (DKK 23.3 million).

Cost of goods sold amounted to DKK 89.2 million (DKK 136.0 million) in Q1, equal to 61.8% of revenue (60.0%).

Development costs charged to the income statement fell from DKK 17.8 million to DKK 15.8 million due to less maintenance on Thrane & Thrane's existing product portfolio.

Sales and distribution costs fell 15.0% to DKK 18.1 million in the first three months of the year (DKK 21.3 million), while administrative expenses fell 9.3% to DKK 20.6 million (DKK 22.7 million). The lower operating expenses were primarily attributable to cost synergies in connection with the acquisition of EuroCom Industries A/S.

Thrane & Thrane had tax income of DKK 5.5 million in Q1. The reduction of the corporation tax rate from 30% to 28% impacted tax favourably in the amount of DKK 5.0 million.

Inventories rose from DKK 176.7 million (at April 30, 2005) to DKK 198.2 million, mainly because revenue fell short of expectations. In addition, Thrane & Thrane held larger inventories in order to ensure reliability of supply for certain products and because of purchases of materials for the manufacture of the upcoming EXPLORER 500 terminal.

Net funds tied up in the RAN project were DKK 36.5 million, down DKK 17.8 million from DKK 54.3 million (at April 30, 2005). The improvement was primarily driven by progress on the RAN project, including milestone payments from Inmarsat on Thrane & Thrane obtaining software FAT (Factory Acceptance Test) approval.

The company generated a cash inflow from operating activities of DKK 75.6 million (DKK 42.7 million). The cash flow was lifted by a DKK 61.8 million improvement in working capital, while it was adversely affected by a DKK 31.8 million investment in product development and distribution of dividends in respect of the 2004/05 financial year totalling DKK 23.6 million. The company reported a net cash inflow of DKK 18.4 million for the period (DKK 16.5 million).

The market

Thrane & Thrane recorded a fall in revenue of DKK 82.4 million or 36% in Q1 compared with the same period last year.

Revenue by market

(DKK million)	Q1 2005/06	Q1 2004/05	Change (%)
Maritime	100,1	151,7	(34%)
% of revenue	70%	67%	
Land mobile	19,3	34,6	(44%)
% of revenue	13%	15%	
Aeronautical	7,9	18,4	(57%)
% of revenue	5%	8%	
Systems	16,9	21,9	(23%)
% of revenue	12%	10%	
Total	144,2	226,6	(36%)

Demand in the maritime market for SSAS (Ship Security & Alert System) equipment subsided, as had been anticipated. In addition, maritime revenue was adversely affected by a drop in sales of Fleet77 terminals and radio communication equipment.

As expected, the land mobile market also recorded lower revenue. The market awaits the upcoming introduction of the BGAN.

The lower revenue in the aeronautical market was mainly due to Q1 2004/05 revenue being favourably impacted by a delivery of antennas.

Systems revenue fell, which should be viewed against the systems department's upgrades of two Inmarsat-C land earth stations in Q1 2004/05.

In light of Inmarsat's upcoming launch of the BGAN system, Thrane & Thrane is currently reviewing with Inmarsat the potential to distribute BGAN airtime services. Thrane & Thrane wants to sell airtime in combination with its BGAN terminals. This would permit Thrane & Thrane to offer customers a communication package solution that is easy to implement, while also enabling the company to address new customers for whom one overall solution is attractive.

Maritime products

Revenue generated in the maritime market was DKK 100.1 million in Q1 (DKK 151.7 million), which was 34% lower than in Q1 2004/05.

As expected, revenue in the maritime market was adversely affected by lower demand for Thrane & Thrane's SSAS solution. SSAS revenue in Q1 was approximately DKK 6 million compared with DKK 28 million a year earlier. Thrane & Thrane is strongly positioned in the market for alarm systems on board vessels, but this type of equipment has now been fitted on a large part of the approximately 22,000 vessels initially affected by the new IMO (International Maritime Organisation) safety requirements.

The SSAS market is expected to gradually pick up over the coming year as the next implementation deadline (July 1, 2006) approaches. Some 18,000 vessels still have to be fitted with SSAS, which is an indication that the company's H2 revenue may be lifted by SSAS sales.

Maritime revenue was adversely affected by reduced sales for Fleet77 terminals and lower revenue within radio communication equipment.

Q1 2004/05 was, furthermore, favourably affected by sales of equipment for monitoring of fishing vessels. Thrane & Thrane expects that H2 will offer opportunities for winning new fisheries projects.

Land mobile products

Revenue generated in the land mobile market was DKK 19.3 million in Q1 (DKK 34.6 million), down 44% from Q1 2004/05.

The lower revenue was primarily attributable to lower demand for M4 terminals. Demand fell more than had been anticipated, but the fall is related to the introduction of the new land mobile BGAN service scheduled for late 2005. The BGAN launch will bring new, smaller and less expensive terminals for the land mobile area, and consequently, some customers are reluctant to make new investments in land mobile equipment. Thrane & Thrane still won an order worth some DKK 10 million in Q1 for the delivery of land mobile M4 terminals. This delivery to a European customer will be effected in Q2 2005/06.

Thrane & Thrane aims to ensure an effective and successful introduction of the company's EXPLORER 500 terminal when Inmarsat launches the new land mobile BGAN service. At July 31, 2005, Thrane & Thrane had signed agreements with some 30 distributors to sell and market the EXPLORER 500. This figure is expected to rise as the BGAN launch approaches. Thrane & Thrane has so far received orders for almost 1,500 EXPLORER 500 terminals. This is a satisfactory level and an indication that H2 revenue may be favourably affected by EXPLORER 500 sales.

Aeronautical products

Revenue generated in the aeronautical market was DKK 7.9 million in Q1 (DKK 18.4 million), which was 57% lower than in Q1 2004/05.

The lower revenue was primarily attributable to Q1 2004/05 being favourably affected by an antenna order, for which Thrane & Thrane delivered sourced antennas worth some DKK 7 million for aeronautical satellite communication.

In Q1, Thrane & Thrane won a large order for the delivery of Aero-HSD⁺ systems to a new government customer. The order has a total value of USD 4.4 million, equivalent to approximately DKK 27 million, and comprises 16 Aero-HSD⁺ systems including auxiliary equipment to be delivered over the next two years. The first delivery is scheduled for Q4 2005/06.

Systems

Systems generated DKK 16.9 million in revenue in Q1 (DKK 21.9 million), which was 23% lower than in Q1 2004/05. Revenue from the RAN project amounted to DKK 8.4 million (DKK 10.5 million) of total systems revenue.

The lower revenue was primarily attributable to Thrane & Thrane delivering upgrades for two European Inmarsat-C land earth stations in Q1 2004/05. The deliveries had an aggregate value of some DKK 6 million.

In Q1, the systems department won orders worth some DKK 18 million for delivery in the current financial year. These orders comprise a DKK 8 million contract to upgrade an Inmarsat-C land earth station in Japan and RAN amendment contracts from Inmarsat totalling approximately DKK 10 million. The amendment contracts relate, among other things, to a feasibility study for the introduction of aeronautical and maritime BGAN services. The study aims to chart how such new services could be implemented in the RAN land earth stations.

The latest RAN amendment contracts lift the total contract value of the RAN project to approximately DKK 490 million, of which approximately DKK 411 million has been recognised as income.

Product development

Development costs amounted to DKK 15.8 million in Q1 2005/06 (DKK 17.8 million). Maintenance and depreciation of existing products accounted for DKK 6.1 million and DKK 9.7 million, respectively. In addition, DKK 31.8 million was invested in the development of new products.

Thrane & Thrane obtained software FAT approval from Inmarsat with respect to Thrane & Thrane's delivery of the RAN land earth stations for Inmarsat's upcoming BGAN satellite system. The approval marks the completion of Thrane & Thrane's development and testing of the software to be used in the RAN land earth stations in connection with the introduction of the BGAN. As the commercial launch of the BGAN approaches, the RAN land earth stations will be tested together with the entire BGAN system. The test phase will conclude in an OSAT (On Site Acceptance Test) approval, which marks the final hand-over of the RAN land earth stations with the initial configuration of the system.

Similarly, Thrane & Thrane obtained FAT approval from Inmarsat with respect to Thrane & Thrane's development of the EXPLORER 500 terminal for Inmarsat's upcoming BGAN service. The approval enabled Thrane & Thrane to launch the final alpha and beta tests of the EXPLORER 500 with the entire BGAN system.

Thrane & Thrane has started alpha testing of the EXPLORER 500 in a close collaboration with Inmarsat. The test is expected to continue until mid-October, at which time some six weeks of beta testing is expected to commence. The alpha test involves a small quantity of terminals being tested with the entire BGAN system, that is, Inmarsat's new I4-satellite, the RAN land earth stations and the core network. The test includes telephony calls, data transmission, dispatch and receipt of e-mails

and other features. The beta test includes a larger number of terminals and the involvement of various selected end-users, including media and government institutions.

Alpha and beta testing conclude with Inmarsat type approval, which marks the end of Thrane & Thrane's development and testing of the EXPLORER 500. Thrane & Thrane expects the first EXPLORER 500 terminals to be delivered to customers in late 2005 coinciding with Inmarsat's scheduled commercial launch of the BGAN service.

In the maritime area, Thrane & Thrane launched a mini-C terminal with a distress function in Q1. Thrane & Thrane expects that the new mini-C terminal will enable the company to address the global fishing vessel and yachting monitoring market in a more efficiently manner, as it is vital for this market to be able to transmit and receive maritime distress signals.

Furthermore, Thrane & Thrane has completed redesigning the maritime Iridium terminal. The first deliveries of the terminal are scheduled for Q2 2005/06.

Warrant programme

Thrane & Thrane employees have exercised vested warrants pursuant to article 3.B.2 of the articles of association to subscribe 17,168 shares of DKK 20 nominal value each. The exercise increased the company's share capital by a nominal amount of DKK 343,360. Thrane & Thrane received net proceeds of DKK 2.4 million from the exercise of warrants. Following the exercise, 408,064 warrants are outstanding, corresponding to 8.6% of the share capital.

Events after July 31, 2005

No events have occurred since July 31, 2005 which significantly affect the company.

Outlook

Thrane & Thrane still expects revenue of around DKK 900-920 million (DKK 917 million) for the full 2005/06 financial year, and an operating profit of around DKK 120-130 million (DKK 105 million).

Thrane & Thrane A/S

INCOME STATEMENT

The interim financial statements are unaudited

Thrane & Thrane Group

(DKK '000)	Q1 2005/06	Q1 2004/05	12 months 2004/05
Revenue	144.175	226.622	916.931
Cost of sales			
- Cost of goods sold	(89.224)	(136.018)	(549.069)
- Development costs	(15.782)	(17.768)	(84.615)
Gross profit	39.169	72.836	283.247
Distribution costs	(18.101)	(21.269)	(79.921)
Administrative expenses	(20.644)	(22.694)	(93.160)
Operating profit	424	28.873	110.166
Net financial items	(1.325)	(1.979)	(9.666)
Profit on ordinary activities before tax and extraordinary items	(901)	26.894	100.500
Tax on profit on ordinary activities	5.464	(3.556)	(37.231)
Net profit for the period	4.563	23.338	63.269

Statement of changes in equity

(DKK '000)	Share capital	Share premium	Retained earnings	Proposed dividend	Total
Equity at May 1, 2005	94.712	-	346.061	23.608	464.381
Change of accounting policies on IFRS adoption	-	-	5.432	-	5.432
Dividend distributed to shareholders	-	-	-	(23.608)	(23.608)
Net profit for the period	-	-	4.563	-	4.563
Value adjustment of hedging instruments, end of period	-	-	19.718	-	19.718
Reversal of value adjustment of hedging instruments, beginning of period	-	-	(31.205)	-	(31.205)
Other adjustments	-	-	637	-	637
Equity at July 31, 2005	94.712	-	345.206	-	439.918

BALANCE SHEET

The interim financial statements are unaudited

Thrane & Thrane Group

(DKK '000)	July 31, 2005	July 31, 2004	April 30, 2005
ASSETS			
Fixed assets			
Intangible assets			
Software	8.051	2.168	8.284
Completed development projects	100.810	65.362	110.525
Development projects in progress	141.992	120.321	110.213
Goodwill	125.481	125.940	125.034
	376.334	313.791	354.056
Property, plant and equipment			
Land and buildings	20.035	20.734	20.318
Airplanes	2.934	5.134	3.484
Plant and machinery	27.338	26.503	30.047
Other fixtures and fittings, tools and equipment	9.765	12.841	10.564
Plant and equipment in progress	1.159	335	-
	61.231	65.547	64.413
Total fixed assets	437.565	379.338	418.469
Current assets			
Inventories			
Raw materials and consumables	71.390	60.801	67.114
Work in progress	69.193	59.255	59.687
Manufactured goods and goods for resale	57.606	48.321	49.920
	198.189	168.377	176.721
Receivables			
Trade receivables	118.729	147.755	172.840
Contract work in progress	36.534	83.883	54.289
Other receivables	9.793	23.530	31.219
Prepayments	9.341	12.413	8.573
Income taxes	2.976	-	2.976
Deferred tax asset	8.339	39.339	6.360
	185.712	306.920	276.257
Cash	35.292	52.651	16.930
Total current assets	419.193	527.948	469.908
TOTAL ASSETS	856.758	907.286	888.377

BALANCE SHEET - CONTINUED

The interim financial statements are unaudited

Thrane & Thrane Group

(DKK '000)	July 31, 2005	July 31, 2004	April 30, 2005
EQUITY AND LIABILITIES			
Equity			
Share capital	94.712	94.116	94.712
Share premium	-	10.998	-
Retained earnings	345.206	320.940	351.493
Dividend	-	-	23.608
Total equity	439.918	426.054	469.813
Provisions			
Deferred tax	62.998	78.866	72.706
Other provisions	7.472	18.182	8.999
	70.470	97.048	81.705
Long-term debt			
Mortgage credit institutions	-	1.691	-
Other credit institutions	150.104	223.161	150.104
	150.104	224.852	150.104
Short-term debt			
Short-term portion of long-term debt	50.000	1.496	50.000
Prepayments from customers re. development projects	-	6.300	-
Prepayments from customers	7.179	4.711	3.454
Trade payables	71.865	76.114	82.298
Income taxes	2.617	10.184	2.617
Other payables	58.029	51.016	39.561
Deferred income	6.576	9.511	8.825
	196.266	159.332	186.755
Total debt	346.370	384.184	336.859
TOTAL EQUITY AND LIABILITIES	856.758	907.286	888.377

CASH FLOW STATEMENT

The interim financial statements are unaudited

Thrane & Thrane Group			
(DKK '000)	Q1 2005/06	Q1 2004/05	12 months 2004/05
Revenue	144.175	226.622	916.931
Costs	(129.022)	(188.423)	(745.298)
Cash generated from operating activities before change in working capital	15.153	38.199	171.633
Change in inventories	(21.468)	(7.050)	(16.032)
Change in receivables	75.331	42.524	28.866
Change in trade payables, etc.	7.984	(29.047)	(42.585)
Change in working capital	61.847	6.427	(29.751)
Cash generated from operating activities	77.000	44.626	141.882
Net financial items	(1.324)	(1.979)	(9.667)
Cash generated from ordinary activities	75.676	42.647	132.215
Income tax paid	-	-	(14.516)
Cash flow from operating activities	75.676	42.647	117.699
Investments			
Intangible assets	(32.608)	(25.178)	(101.983)
Property, plant and equipment	(1.159)	(3.000)	(15.139)
Acquisition of activities	-	(132.398)	(131.899)
Cash flow from investing activities	(33.767)	(160.576)	(249.021)
Cash flow before financing	41.909	(117.929)	(131.322)
Financing			
Repayment of debt	-	(111.811)	(113.502)
Loan proceeds	-	223.161	200.104
Subscription of new shares through exercise of warrants	-	10.881	11.627
Subscription of new employee shares	-	-	1.310
Dividend paid	(23.608)	(20.787)	(20.787)
Other adjustments	61	(45)	319
Cash flow from financing activities	(23.547)	101.399	79.071
Net cash flow	18.362	(16.530)	(52.251)
Cash, beginning of period	16.930	69.181	69.181
Cash, end of period	35.292	52.651	16.930