

Interim report for the six months ended October 31, 2004

Thrane & Thrane A/S

The Board of Directors of Thrane & Thrane has approved the company's interim report for the six months ended October 31, 2004 as attached. The interim financial statements are unaudited. Comparative figures have not been restated to reflect the acquisitions of LandSea Systems, Inc. and EuroCom Industries A/S.

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

For further information, please contact:
Henrik Lunde, CEO
Svend Åge Lundgaard Jensen, CFO

SUMMARY OF H1 2004/05:

Please note that comparative figures have not been restated to reflect the acquisitions of LandSea Systems, Inc. and EuroCom Industries A/S.

- Revenue in H1 increased 60.5% to DKK 478.2 million (DKK 298.0 million). Operating profit increased 84.0% to DKK 52.8 million (DKK 28.7 million). The company recorded a cash inflow from operating activities of DKK 47.8 million (DKK 7.2 million).
- Revenue in Q2 increased 68.8% to DKK 251.5 million (DKK 149.0 million), while operating profit increased 48.5% to DKK 25.1 million (DKK 16.9 million).
- Thrane & Thrane experienced strong demand for the company's Fleet77 terminal in H1.
- Thrane & Thrane has won a significant share of the market for SSAS systems on board commercial vessels.
- Demand for the Aero-HSD⁺ was lower than expected in H1. This was partly because Thrane & Thrane has not yet received the production approval required to sell the Aero-HSD⁺ to owners of existing business jets in the North American market.
- In respect of the RAN project, Thrane & Thrane received Inmarsat's approval of the basic software of the RAN land earth stations.
- Thrane & Thrane's integration of EuroCom Industries is progressing as planned.
- Thrane & Thrane still expects revenue of around DKK 930-960 million (DKK 637 million) and an operating profit of around DKK 110-120 million (DKK 86 million) for the full 2004/05 financial year.

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 accounts are unaudited*

Thrane & Thrane Group

(DKK '000)	H1 2004/05	H1 2003/04	Q2 2004/05	Q2 2003/04	12 months 2003/04
Revenue	478.150	297.969	251.528	148.961	636.795
Gross profit	144.545	75.301	71.709	40.923	194.105
Operating profit	52.807	28.721	25.122	16.862	85.834
Profit on ordinary activities before tax	47.360	31.066	21.654	18.953	88.517
Profit on ordinary activities	33.397	21.691	11.247	13.240	62.239
Net profit for the period	33.397	21.691	11.247	13.240	62.239
Equity at end of period	445.081	372.800	445.081	372.800	410.261
Total assets	909.774	560.295	909.774	560.295	631.647
Capital employed	715.411	361.100	715.411	361.100	425.828
Development costs	75.376	52.772	39.526	25.793	104.015
Development costs as a % of revenue	15,8%	17,7%	15,7%	17,3%	16,3%
Cash inflow/(outflow) from operating activities	47.776	7.187	5.129	(12.095)	40.560
Cash outflow from investing activities	(182.785)	(37.434)	(22.209)	(13.022)	(109.766)
Net cash outflow for the period	(34.624)	(48.621)	(18.094)	(43.491)	(77.175)
Organic revenue growth	0,0%	5,4%	(0,7%)	(26,5%)	2,8%
Operating margin	11,0%	9,6%	10,0%	11,3%	13,5%
Return on capital employed	12,4%	9,9%	3,8%	5,3%	29,6%
Equity ratio	48,9%	66,5%	48,9%	66,5%	65,0%
Earnings per share	7,1	4,7	2,4	2,9	13,5
Cash flow from operating activities per share	10,2	1,6	1,1	(2,6)	8,8
Dividend per share	-	-	-	-	4,5
Net asset value per share	95	81	95	81	89
Average number of employees	653	379	653	384	406

Definitions of ratios

Capital employed	=	Total assets less cash and non-interest bearing debt
Development costs incurred	=	Cash applied in development before subsidies
Organic revenue growth	=	Growth by comparing same activities period-on-period
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, 1997, issued by the Danish Society of Investment Professionals.

FINANCIAL REVIEW**Revenue and profit**

Thrane & Thrane's revenue in H1 increased 60.5% to DKK 478.2 million (DKK 298.0 million). Operating profit increased 84.0% to DKK 52.8 million (DKK 28.7 million), equivalent to an operating margin of 11.0% (9.6%). Net profit for the period was DKK 33.4 million (DKK 21.7 million), lifting earnings per share from DKK 4.7 to DKK 7.1.

Revenue in Q2 increased 68.8% to DKK 251.5 million (DKK 149.0 million), while operating profit increased 48.5% to DKK 25.1 million (DKK 16.9 million).

The cash flow for the period was negative at DKK 34.6 million (DKK (48.6) million). The negative cash flow for the period reflected a cash outflow from investing activities of DKK 182.8 million (DKK 37.4 million) due to the acquisition of EuroCom Industries. The acquisition of EuroCom Industries, investments in intangible assets and property, plant and equipment, and the raising of DKK 223.2 million in bank debt to finance the acquisition involved total net financing of DKK 34.6 million.

Market

Thrane & Thrane recorded revenue growth of DKK 180.2 million in H1 relative to H1 2003/04. The significant increase in revenue was primarily attributable to Thrane & Thrane's acquisition of EuroCom Industries, a leading global supplier of maritime radio communication equipment, with effect to the accounts as from May 1, 2004.

Table 1: Revenue by market

(DKK million)	H1 2004/05	H1 2003/04	Change (%)	Q2 2004/05	Q2 2003/04	Change (%)
Land mobile	83,9	65,0	29%	49,2	38,4	28%
% of revenue	18%	22%		19%	26%	
Maritime	296,6	103,6	186%	144,9	49,9	190%
% of revenue	62%	35%		58%	33%	
Aeronautical	47,9	13,6	252%	29,5	8,4	251%
% of revenue	10%	4%		12%	6%	
Systems	49,8	115,8	(57%)	27,9	52,3	(47%)
% of revenue	10%	39%		11%	35%	
Total	478,2	298,0	60%	251,5	149,0	69%

In order to further strengthen the company's access to large shipyards and shipowners in China, Korea and Japan, Thrane & Thrane seconded a sales employee to Shanghai at the end of H1. The secondment is the first step in the establishment of a sales office to handle sales in the Far East.

Land mobile products

Revenue generated in the land mobile market increased 29% to DKK 83.9 million (DKK 65.0 million) in H1.

The higher sales were primarily derived from the acquisition of the former LandSea Systems, Inc. (USA), now Thrane & Thrane, Inc., whose air-time sales (Inmarsat services) are recognised as land mobile revenue. In addition, Thrane & Thrane gets a higher sales price after the acquisition for the land mobile products that are sold directly to US Government.

Maritime products

Revenue generated in the maritime market was DKK 296.6 million in H1 (DKK 103.6 million), which was 186% higher than in H1 2003/04. The acquisition of EuroCom Industries accounted for 164% of the increase of 186%.

H1 revenue in the maritime market consisted of DKK 105 million from radio equipment and DKK 191.6 million from satellite communication equipment. Radio equipment revenue was lower than in H1 of last year due to a drop in sales of AIS (Automatic Identification System) equipment for vessels and weaker demand for VHF and MF/HF equipment.

In the area of satellite communication, Thrane & Thrane started Q2 2004/05 with a large order backlog of Fleet77 terminals due to strong demand in the early months of the financial year. The strong demand for Fleet77 terminals continued in Q2 with a positive impact on the company's maritime revenue. The strong demand for the Fleet77 was driven by a preference among an increasing number of shipping companies and shipowners for the new Fleet77 terminals rather than the existing Inmarsat-B terminals. However, along with the strong demand, Thrane & Thrane is also experiencing some degree of price pressure in the market for Fleet products.

In the market for SSAS systems on board vessels, Thrane & Thrane had delivered some 7,000 terminals by the end of H1, gaining an estimated market share of around 40%. As anticipated, demand for SSAS equipment subsided in Q2 as the first phase of the 40,000 vessels estimated to be affected by the new IMO (International Maritime Organisation) safety requirements approaches completion. Thrane & Thrane expects the SSAS market to subside gradually over the coming year and then pick up again as the second phase approaches with the implementation deadline for SSAS equipment being the first safety radio survey after July 1, 2006.

Thrane & Thrane won a fisheries project in England in Q2 for fitting 18-24 metre vessels with monitoring equipment. Around 900 mini-C terminals are to be delivered under the project.

Aeronautical products

Revenue generated in the aeronautical market was DKK 47.9 million in H1 (DKK 13.6 million), which was 252% higher than in H1 2003/04.

Revenue in the aeronautical market continued to be favourably affected in Q2 by an order for antennas, for which Thrane & Thrane delivered sourced antennas for aeronautical satellite

communication. This order lifted Q2 aeronautical revenue by some DKK 16 million. The order for sourced antennas has lifted H1 revenue by a total of approximately DKK 22 million. All shipments under the antenna order have now been completed.

Thrane & Thrane focuses strongly on marketing the company's Aero-HSD⁺ solution to manufacturers of business jets, owners of existing business jets and military customers. Nevertheless, H1 revenue failed to meet expectations. This was because of the time consuming process of marketing the Aero-HSD⁺ direct to large aircraft manufacturers. In addition, Thrane & Thrane still has not received the PMA (product manufacturing approval) for the US market. This approval is required to sell the Aero-HSD⁺ to owners of existing business jets through selected installation centres. Thrane & Thrane expects to obtain the PMA in Q3 2004/05.

Thrane & Thrane signed a contract with US-based aircraft manufacturer Dassault Falcon Jet Corp. in Q2, becoming the primary supplier of aeronautical high-speed systems to Dassault. The contract continues the close partnership that started with Dassault's first Aero-HSD⁺ order in December 2003.

In the market for existing business jets Thrane & Thrane aims to build a network of installation centres that can help market its Aero-HSD⁺ solution. For this purpose, Thrane & Thrane signed initial agreements with US service and installation centres Duncan Aviation and JetCorp. in Q2. After October 31, Thrane & Thrane hosted a seminar in Florida, USA, for the service and installation centres Thrane & Thrane expects to sign collaboration agreements with.

Finally, Thrane & Thrane signed a collaboration agreement in Q2 with Lufthansa Technik AG of Germany. This agreement aims to achieve even better and closer integration of Thrane & Thrane's Aero-HSD⁺ and Lufthansa Technik's cabin solutions for business jets.

Systems

Systems generated DKK 49.8 million in revenue in H1 (DKK 115.8 million), which was 57% lower than in H1 2003/04. The lower systems revenue was in line with expectations and a result of lower activity on the RAN project. Revenue on the RAN project amounted to DKK 24.1 million (DKK 93.0 million) of total systems revenue.

In Q2, Thrane & Thrane's systems department won a contract to extend a Russian Inmarsat-C land earth station, worth some DKK 5 million. In addition, the systems department delivered new hardware for four Inmarsat SBS land earth stations, which handle Inmarsat's MPDS packet data service and are being prepared for the next generation of Inmarsat satellites. The deliveries had a total value of some DKK 9 million.

Product development

Development costs were DKK 41.1 million in H1 2004/05 (DKK 25.5 million). Maintenance and depreciation of existing products accounted for DKK 22.6 million and DKK 18.5 million, respectively.

In respect of the RAN project, Thrane & Thrane received Inmarsat's approval of the basic software of the RAN land earth stations in Q2. An updated project plan has been prepared together with Inmarsat, which is to contribute to ensuring that the RAN project is delivered on time in the summer of 2006.

The development of Thrane & Thrane's BGAN terminal continued to progress according to plan. Two analogue ASICs have been put into production, while the digital ASIC, which is also to be incorporated in the upcoming BGAN terminal, is almost ready for production.

Development of a 128 kbps Aero-HSD⁺ solution, in which Dassault and others have expressed interest, was completed in Q2, and the solution has received type approval from Inmarsat. The solution complements Thrane & Thrane's existing 64 kbps Aero-HSD⁺, and 64 kbps Aero-HSD⁺ systems that have already been installed can easily be upgraded to the 128 kbps Aero-HSD⁺.

In the maritime area, Thrane & Thrane began developing a Fleet77 terminal capable of transmitting data at speeds up to 128 kbps. The new 128 kbps Fleet77 terminal will target the market for commercial vessels as well as large pleasure craft. Launch is scheduled for the spring of 2005.

Furthermore, Thrane & Thrane has started redesigning the maritime Iridium terminal. Development of the terminal is expected to be completed around the summer of 2005.

In the area of maritime radio communication, Thrane & Thrane is developing a new VHF platform, which will facilitate the introduction of a range of new and more modern VHF products. Thrane & Thrane installed a VHF test terminal on board a vessel in Q2 and expects the first new VHF radio prototypes to be ready in Q3 2004/05.

Integration of EuroCom Industries

At the beginning of the financial year, Thrane & Thrane acquired EuroCom Industries A/S, which develops, manufactures and markets terminals and equipment for maritime radio communication (MF/HF and VHF based) and satellite communication.

The integration of EuroCom Industries progresses as planned and is expected to be finalised before the end of the 2004/05 financial year. EuroCom Industries was delisted from the Copenhagen Stock Exchange on August 19, 2004, and changed its name to Thrane & Thrane Aalborg effective September 27, 2004.

Thrane & Thrane's future maritime product marketing strategy will centre on the SAILOR brand, which enjoys strong international recognition. Thrane & Thrane has furthermore decided to phase out the SKANTI brand. The company presented the initial results of this strategy in September 2004 at the SMM international maritime trade fair in Hamburg, Germany. At the fair, Thrane & Thrane launched a mini-M terminal and a Fleet33 terminal under the SAILOR brand together with a new handheld SAILOR GMDSS VHF terminal.

At October 31, 2004, Thrane & Thrane had identified cost synergies within sales and administration of some DKK 10 million in relation to the integration. The necessary measures have been taken to ensure that these synergies materialise as from the coming financial year. Thrane & Thrane furthermore expects the total integration costs to be lower than DKK 10 million compared to DKK 15-20 million as previously announced.

Employee shares

More than 250 new employees have joined Thrane & Thrane over the past year following the acquisitions of LandSea Systems and EuroCom Industries. The large intake of new staff means that a large part of the company's employees do not hold shares in Thrane & Thrane.

Based on the wish that as many employees as possible hold shares in Thrane & Thrane, the company will grant 15,150 new free bonus shares of DKK 20 nominal value each to a total of 606 employees pursuant to the authorisation in article 3.A.2 of the company's articles of association. Thrane & Thrane will furthermore offer each employee to purchase 25 bonus shares of DKK 20 nominal value at a special price of DKK 100 per share. The shares are eligible for 50% dividend for the 2004/05 financial year and subject to lock-up periods of seven (free bonus shares) and five (shares at special price) years, respectively. The allocation of employee shares is equivalent to an increase of the company's share capital of DKK 606,000 nominal value or approximately 0.6%. This is equal to a 0.4% dilution of the current shareholders when included the tax value for Thrane & Thrane and the net proceed from the sale of shares at special price.

Warrant programme

The Board of Directors has decided to issue an additional 45,000 warrants to 22 management employees and key employees under Thrane & Thrane's warrant programme. Of these warrants, 42,750 were granted to employees, who had not previously received warrants. The Management Board does not receive warrants in connection with the grant. The warrants entitle the employees to subscribe up to DKK 915,000 nominal value of shares in Thrane & Thrane. After the issue of warrants 104 current management employees and key employees in Thrane & Thrane have a total of 468.863 open warrants.

Events after October 1, 2004

No events have occurred since October 31, 2004 which significantly affect the company.

Outlook

Thrane & Thrane still expects revenue of around DKK 930-960 million (DKK 637 million) for the full 2004/05 financial year, and an operating profit of around DKK 110-120 million (DKK 86 million).

Thrane & Thrane A/S

INCOME STATEMENT*The interim accounts are unaudited*

(DKK '000)	H1 2004/05	H1 2003/04	Q2 2004/05	Q2 2003/04	12 months 2003/04
Revenue	478.150	297.969	251.528	148.961	636.795
Cost of sales					
- Cost of goods sold	(292.557)	(197.132)	(156.539)	(94.585)	(389.620)
- Development costs	(41.048)	(25.536)	(23.280)	(13.453)	(53.070)
Gross profit	144.545	75.301	71.709	40.923	194.105
Distribution costs	(45.278)	(23.735)	(22.821)	(14.094)	(54.578)
Administrative expenses	(46.460)	(22.845)	(23.766)	(9.967)	(53.693)
Operating profit	52.807	28.721	25.122	16.862	85.834
Net financial items	(5.447)	2.345	(3.468)	2.091	2.683
Profit on ordinary activities before tax and extraordinary items	47.360	31.066	21.654	18.953	88.517
Tax on profit on ordinary activities	(13.963)	(9.375)	(10.407)	(5.713)	(26.278)
Net profit for the period	33.397	21.691	11.247	13.240	62.239

STATEMENT OF CHANGES IN EQUITY

(DKK '000)	Share capital	Share premium	Other reseves	Retained earnings	Proposed dividend	Total
Equity at May 1, 2004	92.388	1.843	(449)	295.692	20.787	410.261
Capital increase	1.728	9.155	-	-	-	10.883
Dividend distributed to shareholders	-	-	-	-	(20.787)	(20.787)
Net profit for the period	-	-	-	33.397	-	33.397
Value adjustment of hedging instruments, end of period	-	-	-	39.783	-	39.783
Reversal of value adjustment of hedging instruments, beginning of period	-	-	-	(31.167)	-	(31.167)
Value adjustment of foreign group enterprises	-	-	(742)	-	-	(742)
Redemption of treasury shares Thrane & Thrane Aalborg	-	-	761	-	-	761
Estimated tax on deduction for exercise of warrants	-	-	-	2.692	-	2.692
Equity at October 31, 2004	94.116	10.998	(430)	340.397	-	445.081

BALANCE SHEET*The interim accounts are unaudited*

Thrane & Thrane Group

(DKK '000)	Oct. 31, 2004	Oct. 31, 2003	April 30, 2004
ASSETS			
Fixed assets			
Intangible assets			
Software	2.203	2.016	2.047
Completed development projects	126.472	59.338	45.994
Development projects in progress	65.591	84.150	108.653
Goodwill	122.659	-	25.769
	316.925	145.504	182.463
Property, plant and equipment			
Land and buildings	20.839	1.136	1.070
Airplanes	4.584	6.785	5.685
Plant and machinery	25.416	21.255	25.343
Other fixtures and fittings, tools and equipment	12.907	7.179	8.141
Plant and equipment in progress	2.108	3.739	37
	65.854	40.094	40.276
Total fixed assets	382.779	185.598	222.739
Current assets			
Inventories			
Raw materials and consumables	61.809	34.058	37.951
Work in progress	61.381	33.238	32.866
Manufactured goods and goods for resale	60.792	22.017	23.848
	183.982	89.313	94.665
Receivables			
Trade receivables	163.522	77.096	129.942
Contract work in progress	72.405	81.746	77.980
Other receivables	33.676	21.389	17.088
Prepayments	5.501	7.419	13.328
Deferred tax asset	33.352	-	6.724
	308.456	187.650	245.062
Securities	-	50.660	1
Cash	34.557	47.074	69.180
Total current assets	526.995	374.697	408.908
TOTAL ASSETS	909.774	560.295	631.647

BALANCE SHEET - CONTINUED*The interim accounts are unaudited*

Thrane & Thrane Group

(DKK '000)	Oct. 31, 2004	Oct. 31, 2003	April 30, 2004
EQUITY AND LIABILITIES			
Equity			
Share capital	94.116	92.088	92.388
Share premium	10.998	284	1.843
Other reserves	(430)	-	(449)
Retained earnings	340.397	280.428	295.692
Dividend	-	-	20.787
Total equity	445.081	372.800	410.261
Provisions			
Deferred tax	83.752	73.853	75.846
Other provisions	18.332	5.619	5.442
	102.084	79.472	81.288
Debt			
Long-term debt			
Debt to mortgage credit institutions	1.314	-	-
Other credit institutions	223.161	-	-
	224.475	-	-
Short-term debt			
Short-term portion of long-term debt	1.496	-	-
Prepayments from customers re. development projects	-	-	6.300
Prepayments from customers	2.532	4.891	9.613
Trade payables	68.958	53.315	68.350
Income taxes	10.184	6.562	10.184
Other payables	47.959	40.820	32.952
Deferred income	7.005	2.435	12.699
	138.134	108.023	140.098
Total debt	362.609	108.023	140.098
TOTAL EQUITY AND LIABILITIES	909.774	560.295	631.647

CASH FLOW STATEMENT*The interim accounts are unaudited*

Thrane & Thrane Group

(DKK '000)	H1 2004/05	H1 2003/04	Q2 2004/05	Q2 2003/04	12 months 2003/04
Revenue	478.150	297.969	251.528	148.961	636.795
Costs	(395.067)	(249.279)	(206.644)	(122.069)	(508.860)
Cash generated from operating activities before change in working capital	83.083	48.690	44.884	26.892	127.935
Change in inventories	(23.165)	4.311	(16.115)	1.497	6.024
Change in receivables	30.825	(49.014)	(11.699)	(41.746)	(82.355)
Change in trade payables, etc.	(37.520)	(676)	(8.473)	(829)	(7.384)
Change in working capital	(29.860)	(45.379)	(36.287)	(41.078)	(83.715)
Cash generated from operating activities	53.223	3.311	8.597	(14.186)	44.220
Net financial items	(5.447)	2.345	(3.468)	2.091	2.682
Cash generated from ordinary activities	47.776	5.656	5.129	(12.095)	46.902
Income tax paid	-	1.531	-	-	(6.342)
Cash flow from operating activities	47.776	7.187	5.129	(12.095)	40.560
Investments					
Intangible assets	(43.010)	(30.103)	(17.832)	(9.518)	(59.878)
Property, plant and equipment	(7.991)	(7.331)	(4.991)	(3.504)	(13.723)
Acquisition of activities	(131.784)	-	614	-	(36.165)
Cash flow from investing activities	(182.785)	(37.434)	(22.209)	(13.022)	(109.766)
Cash flow before financing	(135.009)	(30.247)	(17.080)	(25.117)	(69.206)
Financing					
Takeover of cash upon acquisition	-	-	-	-	8.546
Repayment of debt	(112.188)	-	(377)	-	-
Loan proceeds	223.161	-	-	-	-
New subscription of shares through exercise of warrants	10.883	-	-	-	1.859
Dividend paid	(20.787)	(18.374)	-	(18.374)	(18.374)
Other adjustments	(684)	-	(637)	-	-
Cash flow from financing activities	100.385	(18.374)	(1.014)	(18.374)	(7.969)
Net cash flow	(34.624)	(48.621)	(18.094)	(43.491)	(77.175)
Cash and securities, beginning of period	69.181	146.355	52.651	141.225	146.356
Cash and securities, end of period	34.557	97.734	34.557	97.734	69.181