

STOCK EXCHANGE ANNOUNCEMENT

Announcement no. 14 - 2006/07

August 23, 2006

INTERIM REPORT FOR THE THREE MONTHS ENDED JULY 31, 2006

The Board of Directors of Thrane & Thrane has approved the company's interim report for the three months ended July 31, 2006 as attached. The interim financial statements are unaudited.

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 THE THREE MONTHS ENDED JULY 31, 2006

- Revenue in Q1 was DKK 197.2 million (DKK 144.2 million). Operating profit amounted to DKK 12.1 million (DKK 0.4 million), equivalent to an operating margin of 6.2% (0.3%). The company recorded a cash inflow from operating activities of DKK 31.7 million (DKK 75.6 million).
- Thrane & Thrane started shipping its new land mobile BGAN terminals, the EXPLORER™ 300, EXPLORER™ 700 and EXPLORER™ 527.
- The subsidiary Thrane & Thrane Airtime A/S was officially approved by Inmarsat as an Inmarsat BGAN Distribution Partner.
- In the maritime radio communications business, Thrane & Thrane began the development of a range of new VHF and MF/HF radio products.
- Thrane & Thrane received final approval from Inmarsat of the RAN satellite access stations for Inmarsat's BGAN system. After July 31, 2006, Thrane & Thrane entered into a contract with Inmarsat for implementation and testing of new maritime, aeronautical and land mobile broadband services on the RAN satellite access stations.
- On August 2, 2006, Thrane & Thrane signed an agreement to acquire Nera ASA's mobile satellite communication activities.
- After the acquisition of Nera's mobile satellite communication activities, Thrane & Thrane expects revenue of around DKK 1,200-1,250 million (DKK 919 million) for the full 2006/07 financial year, and an operating profit of around DKK 150-175 million (DKK 127 million) before integration costs.

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 2006/07	Q1 2005/06	12 months 2005/06
Revenue	197,168	144,175	918,890
Gross profit	54,321	39,169	295,552
Operating profit	12,147	424	126,897
Profit before tax	13,381	(901)	116,181
Net profit for the period	9,686	4,563	87,475
Equity at end of period	518,799	439,257	533,646
Total assets	906,407	856,097	970,442
Capital employed	750,060	658,369	747,862
Development costs incurred	32,561	37,846	146,394
Development costs as a % of revenue	16.5%	26.3%	15.9%
Cash inflow from operating activities	31,704	75,676	160,327
Cash outflow from investing activities	(23,675)	(33,767)	(108,869)
Net cash inflow/(outflow) for the period	(15,209)	18,362	941
Organic revenue growth	36.8%	(36,4%)	0.2%
Operating margin	6.2%	0.3%	13.8%
Return on capital employed	1.6%	0.1%	17.7%
Equity ratio	57.2%	51.3%	55.0%
Earnings per share	2.0	1.0	18.1
Cash flow from operating activities per share	6.4	16.0	33.2
Dividend per share	-	-	5.5
Net asset value per share	105	93	109
Average number of employees	622	646	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

Financial review

Revenue in Q1 was DKK 197.2 million (DKK 144.2 million). Operating profit amounted to DKK 12.1 million (DKK 0.4 million), equivalent to an operating margin of 6.2% (0.3%). Net profit for the period was DKK 9.7 million (DKK 4.6 million).

Cost of goods sold amounted to DKK 118.1 million (DKK 89.2 million), equal to 59.9% of revenue (61.9%). Development costs charged to the income statement amounted to DKK 24.7 million against DKK 15.8 million in the same period of last year.

Sales and distribution costs amounted to DKK 21.2 million (DKK 18.1 million), while administrative expenses were DKK 21.0 million (DKK 20.6 million).

Working capital tied up in trade receivables was reduced by DKK 48.8 million. Combined with an increase in working capital tied up in inventories of DKK 7.2 million and a fall in trade payables of DKK 45.8 million, this increased working capital in the period by DKK 4.2 million.

Thrane & Thrane generated a cash inflow from operating activities of DKK 31.7 million (DKK 75.6 million), while there was a net cash outflow for the period of DKK 15.2 million (DKK 18.4 million).

The market

Thrane & Thrane recorded a 37% increase in revenue over the year-earlier period, driven by higher revenue in all business areas. The land mobile market, in particular, drove up revenue, backed by the launch of the new EXPLORER™ terminals.

Revenue by market

(DKK million)	Q1 2006/07	Q1 2005/06	Change (%)
Maritime	127.2	100.1	27%
% of revenue	65%	70%	
Land mobile	37.9	19.3	96%
% of revenue	19%	13%	
Aeronautical	11.7	7.9	48%
% of revenue	6%	5%	
Systems	20.3	16.9	20%
% of revenue	10%	12%	
Total	197.2	144.2	37%

Maritime products

Revenue generated in the maritime market increased 27% to DKK 127.2 million (DKK 100.1 million).

Revenue was made up of DKK 81 million (DKK 62 million) from satellite communication equipment and DKK 46 million (DKK 38 million) from radio equipment.

Sales of Fleet products were 50% higher than in the year-earlier period, while VHF and MF/HF radios generated revenue growth of 40% and 30%, respectively.

For both product areas the increase in revenue was primarily due to a weak Q1 last year, where problems with implementation of a new ERP-system had a negative impact on revenue. Thrane & Thrane's extensive product offering within maritime radio and satellite communication also had a favourable impact on demand for communication equipment for both existing vessels and newbuildings.

Land mobile products

Revenue in the land mobile market was DKK 37.9 million (DKK 19.3 million), up 96% on the same period of 2005/06.

Q1 revenue was lifted by the introduction of the new EXPLORER™ 700, EXPLORER™ 300 and EXPLORER™ 527 BGAN terminals. Following receipt of approval from Inmarsat, Thrane & Thrane began shipping the first new terminals in June 2006.

Thrane & Thrane's BGAN product portfolio

	EXPLORER™ 300	EXPLORER™ 500	EXPLORER™ 527	EXPLORER™ 700
Data speed	Up to 385 kbps	Up to 464 kbps	Up to 464 kbps	Up to 492 kbps
Guaranteed speed	32 & 64 kbps	32, 64 & 128 kbps	32, 64 & 128 kbps	32, 64, 128 & 256 kbps
Weight	1.2 kgs	1.3 kgs	3.0 kgs	3.2 kgs
Size	170 x 217 x 52 mm	218 x 217 x 52 mm	300 x 300 x 40 mm	290 x 399 x 51 mm
Application	Individual users	Individual users	Vehicles	Multiple users

The introduction of the new BGAN terminals makes Thrane & Thrane the only BGAN terminal manufacturer to offer a full product range. At the same time, Thrane & Thrane consolidated its already strong position as the world's leading manufacturer of mobile high-speed terminals.

In Q1, Thrane & Thrane's subsidiary Thrane & Thrane Airtime A/S became an officially approved Inmarsat BGAN Distribution Partner, which enabled Thrane & Thrane Airtime to begin marketing BGAN airtime in combination with the EXPLORER™ terminals.

Going forward, Thrane & Thrane Airtime intends to focus on signing agreements with distribution partners to market solutions comprising EXPLORER™ terminals and BGAN airtime. The company's efforts will also be on finalising and implementing its new e-business model, including the payment system.

Aeronautical products

Revenue generated in the aeronautical market increased 48% to DKK 11.7 million (DKK 7.9 million).

The higher revenue was attributable to increased sales of Aero-HSD⁺ equipment to aircraft manufacturer Dassault Falcon Jet Corp. and some minor new accounts.

The company will continue to focus on marketing the Aero-HSD⁺ to other business jet manufacturers and also aims to increase sales to owners of existing business jets and military customers.

Systems

Systems generated DKK 20.3 million in revenue (DKK 16.9 million), up 20% on the same period of 2005/06.

In the period, Thrane & Thrane received final approval of the RAN satellite access stations for Inmarsat's BGAN satellite system. The RAN satellite access stations support BGAN IP services and circuit-switched services, which in addition to telephony offer a range of advanced broadband services, including Internet access, video conferencing, LAN access and other services at speeds up to 492 kbps.

Under the BGAN Extension contract with Inmarsat, Thrane & Thrane completed the work of preparing specifications and design for the further development of the RAN satellite access stations, enabling them to provide broadband services for maritime (FleetBroadband) and aeronautical (SwiftBroadband) use and for land vehicular use (BGAN). Following completion of this work, Thrane & Thrane has recognised revenue equivalent to some DKK 12 million (USD 1.9 million) from the BGAN Extension contract.

The BGAN Extension contract also included Inmarsat's intention to implement and test the new broadband services on the RAN satellite access stations. After July 31, 2006, Thrane & Thrane entered into a contract with Inmarsat in this respect. The contract has a value of some DKK 45 million (USD 7.45 million) and is scheduled for completion in the second quarter of the calendar year 2007.

Product development

Development costs amounted to DKK 24.7 million in the period (DKK 15.8 million). Maintenance and depreciation of existing products accounted for DKK 9.0 million and DKK 15.7 million, respectively. In addition, DKK 23.5 million was invested in the development of new products. Thrane & Thrane received DKK 4.0 million in funding from Inmarsat, lifting the net investment in new products to DKK 19.5 million.

In Q1, Thrane & Thrane completed the development of the new land mobile EXPLORER™ 700, EXPLORER™ 300 and EXPLORER™ 527 BGAN terminals.

The development department also focused on developing new broadband terminals for maritime and aeronautical use and for land vehicular use, basing the new terminals on the technology developed for the EXPLORER™ terminals.

In the maritime radio communications business, Thrane & Thrane started developing a new portfolio of VHF and MF/HF radios that will enhance the company's competitive strength and expertise within VHF and MF/HF equipment. Thrane & Thrane expects to introduce the first new VHF and MF/HF products in the second quarter of 2007.

Increase of share capital

Thrane & Thrane increased the share capital by DKK 545,400 nominal value in the period following exercise of warrants.

The warrants were exercised as follows: 9,000 warrants by members of the Board of Directors and 18,270 warrants by employees. The average subscription price of the warrants exercised was DKK 147, resulting in proceeds to Thrane & Thrane of DKK 4,013,664. Following the exercise, 249,294 warrants remain outstanding, corresponding to 5.1% of the share capital.

Following the capital increase, Thrane & Thrane's share capital has a nominal value of DKK 98,635,340, equivalent to 4,931,767 shares.

Acquisition of Nera's mobile satellite communication activities

On August 2, 2006, Thrane & Thrane signed an agreement to acquire the mobile satellite communication activities of Nera ASA, comprising the Norwegian subsidiary Nera SatCom AS and its German subsidiary European Satellite Link GmbH.

The acquisition is consistent with COURSE 2011, Thrane & Thrane's five-year growth strategy, as it makes Thrane & Thrane the world's leading manufacturer of equipment for the Inmarsat satellite system. At the same time, the acquisition provides Thrane & Thrane with an even stronger platform for expanding the company's business and moving into closely related business areas within global mobile satellite communication solutions.

The acquisition price on a debt-free, cash-fee basis has been agreed at DKK 385 million in cash and 472,000 new Thrane & Thrane shares, corresponding to 8.8% of Thrane & Thrane's share capital after the capital increase. Based on the closing price for Thrane & Thrane shares on August 1, 2006, this corresponds to a total enterprise value of some DKK 523 million before transaction costs.

Nera ASA's corporate assembly approved the transaction on August 10, 2006, and the acquisition is subject only to the approval of the relevant competition authorities. These approvals are expected to be obtained so that the transaction may be closed in the period September to October 2006.

Outlook

After the acquisition of Nera's mobile satellite communication activities, Thrane & Thrane expects revenue of around DKK 1,200-1,250 million (DKK 919 million) for the full 2006/07 financial year, and an operating profit of around DKK 150-175 million (DKK 127 million) before integration costs.

This guidance is subject to some uncertainty as the distribution of the purchase price on assets acquired pursuant to IFRS 3 has not been finally established and the final date of acquisition is not yet known.

Thrane & Thrane A/S

INCOME STATEMENT

The interim financial statements are unaudited

Thrane & Thrane Group

(DKK '000)	Q1 2006/07	Q1 2005/06	12 months 2005/06
Revenue	197,168	144,175	918,890
Cost of sales			
- Cost of goods sold	(118,141)	(89,224)	(547,980)
- Development costs	(24,706)	(15,782)	(75,358)
Gross profit	54,321	39,169	295,552
Distribution costs	(21,197)	(18,101)	(84,102)
Administrative expenses	(20,977)	(20,644)	(84,553)
Operating profit	12,147	424	126,897
Financial income	5,974	1,672	2,820
Financial expenses	(4,740)	(2,997)	(13,536)
Profit on ordinary activities before tax and extraordinary items	13,381	(901)	116,181
Tax on profit on ordinary activities	(3,695)	5,464	(28,706)
Net profit for the period	9,686	4,563	87,475

Statement of changes in equity

(DKK'000)	Share capital	Exchange adjustment reserve	Retained earnings	Proposed dividend	Total
Equity at April 30, 2005	94,712	(715)	349,531	23,608	467,136
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
Net gain/(loss) recognised directly in equity	-	495	(17,010)	-	(16,515)
Net profit for the year	-	-	60,500	26,975	87,475
Total recognised gains and losses	-	495	43,490	26,975	70,960
Dividend to shareholders	-	-	-	(23,608)	(23,608)
Capital increases	3,378	-	15,780	-	19,158
Equity at April 30, 2006	98,090	(220)	408,801	26,975	533,646
Fair value adjustment of hedge instruments before tax	-	-	1,011	-	1,011
Hedging of cash flows	-	-	(4,447)	-	(4,447)
Exchange adjustment of subsidiaries	-	(175)	-	-	(175)
Share-based payment	-	-	1,024	-	1,024
Other income	-	-	-	-	-
Tax on equity entries	-	-	962	-	962
Net gain/(loss) recognised directly in equity	-	(175)	(1,450)	-	(1,625)
Net profit for the period	-	-	9,686	-	9,686
Total recognised gains and losses	-	(175)	8,236	-	8,061
Dividend to shareholders	-	-	54	(26,975)	(26,921)
Capital increases	545	-	3,468	-	4,013
Equity at July 31, 2006	98,635	(395)	420,559	-	518,799

BALANCE SHEET

The interim financial statements are unaudited

Thrane & Thrane Group

(DKK '000)	July 31, 2006	July 31, 2005	April 30, 2006
ASSETS			
Fixed assets			
Intangible assets			
Software	11,708	8,051	11,975
Completed development projects	99,645	100,810	111,804
Development projects in progress	168,437	141,992	152,670
Goodwill	124,820	124,820	124,820
	404,610	375,673	401,269
Property, plant and equipment			
Land and buildings	18,962	20,035	19,233
Airplanes	733	2,934	1,284
Plant and machinery	22,122	27,338	21,680
Other fixtures and fittings, tools and equipment	9,988	9,765	11,863
Plant and equipment in progress	243	1,159	324
	52,048	61,231	54,384
Financial assets			
Deposits	6,980	7,100	7,214
Deferred tax asset	4,811	8,339	4,959
	11,791	15,439	12,173
Total non-current assets	468,449	452,343	467,826
Current assets			
Inventories	228,491	198,189	221,385
Receivables			
Trade receivables	187,137	118,729	244,459
Contract work in progress	6,296	36,534	1,854
Other receivables	4,700	2,693	4,464
Prepayments	8,672	9,341	7,553
Income taxes	-	2,976	5,030
	206,805	170,273	263,360
Cash	2,662	35,292	17,871
Total current assets	437,958	403,754	502,616
TOTAL ASSETS	906,407	856,097	970,442

BALANCE SHEET - CONTINUED

The interim financial statements are unaudited

Thrane & Thrane Group

(DKK '000)	July 31, 2006	July 31, 2005	April 30, 2006
EQUITY AND LIABILITIES			
Equity			
Share capital	98,635	94,712	98,090
Exchange adjustment reserve	(395)	-	(220)
Retained earnings	420,559	344,545	408,801
Proposed dividend	-	-	26,975
Total equity	518,799	439,257	533,646
Deferred tax	70,371	62,998	89,658
Provisions	18,348	-	19,556
Credit institutions	101,230	150,104	101,429
Non-current liabilities	189,949	213,102	210,643
Current liabilities			
Credit institutions	50,800	50,000	50,800
Provisions	15,388	7,472	15,388
Prepayments from customers	1,153	7,179	1,207
Trade payables	73,441	71,865	103,790
Income taxes	16,333	2,617	189
Other payables	36,508	58,029	50,383
Deferred income	4,036	6,576	4,396
Current liabilities	197,659	203,738	226,153
Total liabilities	387,608	416,840	436,796
TOTAL EQUITY AND LIABILITIES	906,407	856,097	970,442

CASH FLOW STATEMENT

The interim financial statements are unaudited

Thrane & Thrane Group

(DKK '000)	Q1 2006/07	Q1 2005/06	12 months 2005/06
Revenue	197,168	144,175	918,890
Costs	(162,543)	(129,022)	(726,240)
Cash generated from operations (operating activities) before change in working capital	34,625	15,153	192,650
Change in inventories	(7,106)	(21,468)	(44,664)
Change in receivables	48,797	75,331	(23,319)
Change in trade payables, etc.	(45,846)	7,984	51,175
Change in working capital	(4,155)	61,847	(16,808)
Cash generated from operations (operating activities)	30,470	77,000	175,842
Financial income	5,974	1,673	2,820
Financial expenses	(4,740)	(2,997)	(13,536)
Cash generated from operations (ordinary activities)	31,704	75,676	165,126
Income tax paid	-	-	(4,799)
Cash inflow from operating activities	31,704	75,676	160,327
Investments			
Intangible assets	(21,543)	(32,608)	(101,310)
Property, plant and equipment	(2,132)	(1,159)	(7,559)
Acquisition of activities	-	-	-
Cash outflow from investing activities	(23,675)	(33,767)	(108,869)
Cash inflow before financing	8,029	41,909	51,458
Financing			
Debt repayment	(199)	-	(50,306)
Proceeds from borrowings	-	-	2,431
Subscription of new shares upon exercise of warrants	4,014	-	19,157
Subscription of new employee shares	-	-	-
Dividend paid	(26,921)	(23,608)	(23,608)
Other adjustments	(82)	(320)	1,684
Cash outflow from financing activities	(23,188)	(23,928)	(50,642)
Net cash inflow/(outflow)	(15,159)	17,981	816
Exchange adjustment of cash and cash equivalents at beginning of period	(50)	381	125
Cash inflows/(outflow) for the period	(15,209)	18,362	941
Cash and cash equivalents at beginning of period	17,871	16,930	16,930
Cash and cash equivalents at end of period	2,662	35,292	17,871