Report for the second quarter of 2006/07
(October 1 - December 31, 2006)
Satair A/S

Summary

The positive trends reported by Satair in the first quarter of 2006/07 continued in the second quarter of the year, with the Group posting revenues and profit slightly above expectations. The market environments remained favorable, reflecting increases in both air traffic and manufacturing levels for aircraft and helicopters. Satair is focused on efforts to strengthen its position and exploit the opportunities arising in the wake of the acquisition of activities in the USA and Asia in the past fiscal year. The process of integrating the acquired activities is on track, and the Group is achieving the expected synergies on an ongoing basis.

Q2 2006/07 at a glance:

- Revenues came to USD 84.3 million – up 42% of which 16 percentage points were contributed by organic growth
    - Aftermarket Division: USD 57.8 million, a growth of 53% - organic growth contributing 13%
    - OEM Division: USD 26.5 million, a growth of 24%
- EBITDA came to USD 6.2 million – up 86%
- Profit before tax came to USD 3.7 million – up 89%

1H 2006/07 at a glance:

- Revenues came to USD 167.1 million – up 41% of which 16% percentage points were contributed by organic growth
    - Aftermarket Division: USD 115.0 million, a growth of 53% - organic growth contributing 13%
    - OEM Division: USD 52.1 million, a growth of 19%
- EBITDA came to USD 11.8 million USD – up 61%
- Profit before tax came to USD 6.9 million – up 50%

The outlook for 2006/07 is still forecasting revenues in the range of USD 340 million (+30%) and an EBITDA of approx. USD 24 million. In 1H 2006/07 the Group achieved approx. half of the amounts forecast in total annual revenues and profit, respectively.

Conference call

Conference call and webcast on this release will be held in Danish on Friday, 9 February, 2007, at 10.30 am Danish time. To participate, please call tel. +45 7026 5040 five minutes before the start of the conference. The conference will subsequently be made available on www.satair.com.

Satair A/S – Amager Landevej 147A – DK-2770 Kastrup – Tel. +45 3247 0100 – www.satair.com

Contact: John Stær – e-mail: jst@satair.com

***Satair** is among the world's leading distributors of spares for aircraft maintenance and hardware (bolts, rivets, etc.) for aircraft manufacturers. Headquartered in Copenhagen, the Group has subsidiaries in the UK, France, the USA, UAE, Singapore and China. Some 150 of the Group's total of around 500 employees work in Copenhagen, and together they generate annual revenues in excess of USD 300 million.*

Financial highlights and key ratios

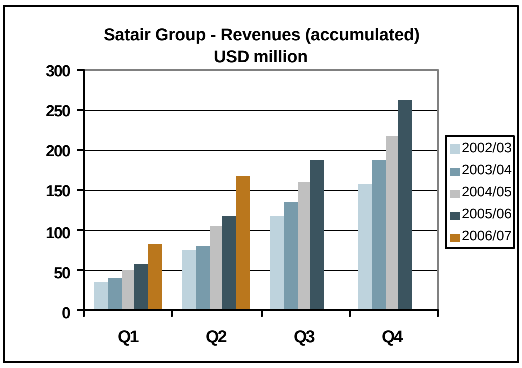
USDm	**Q2 2006/07**	Q2 2005/06	1H 2006/07	1H 2005/06	FY 2005/06
Income statement:					
Net revenues	**84.3**	59.3	167.1	118.8	261.2
Gross profit	**17.2**	12.9	34.1	25.9	56.8
Cost of staff, sales and administration	**(12.4)**	(9.3)	(23.4)	(17.9)	(37.6)
Fair value adjustments	**1.4**	(0.3)	1.1	(0.6)	0.3
Profit before depreciation and amortization (EBITDA)	**6.2**	3.3	11.8	7.4	19.5
Profit on primary operations (EBIT)	**5.2**	2.9	9.8	6.4	16.0
Profit before tax	**3.7**	2.0	6.9	4.6	12.0
Profit for the period in review	**2.6**	1.5	5.0	3.3	9.0
Share to Satair A/S of profit for the period in review	**2.6**	1.5	5.0	3.3	8.9
Balance sheet (end of period)					
Total assets	**246.8**	169.3	246.8	169.3	237.1
Share to Satair A/S of shareholders' equity	**93.6**	48.7	93.6	48.7	91.7
Interest-bearing debt, net	**89.9**	73.6	89.9	73.6	73.9
Invested capital including goodwill	**180.2**	117.1	180.2	117.1	161.8
Key ratios					
Gross profit, %	**20.4**	21.8	20.4	21.8	21.7
EBITDA margin, %	**7.3**	5.6	7.1	6.2	7.4
EBIT margin, %	**6.2**	4.9	5.9	5.4	6.1
Return on equity, %	**2.8**	3.3	5.4	7.4	13.6
Equity ratio, %	**37.8**	28.7	37.8	28.7	38.7
Share-related key ratios:					
Average no. of shares, end of period	**4.262**	2.700	4.262	2.700	4.262
Average no. of shares, adjusted	**4.262**	3.005	4.262	2.943	3.454
Earnings per share, USD	**0.62**	0.49	1.18	1.11	2.59
Book value per share, USD	**22.0**	18.0	22.0	18.0	21.5
Listed price, DKK	**254**	228	254	228	223
Market cap, USD million	**190.9**	97.5	190.9	97.5	161.6
Other indicators					
Average no. of employees	**504**	423	499	421	431

The activities acquired in 2005/06 are included effective from Q2, respectively 4Q, of 2005/06, and a comparison should take this into account. All key ratios are calculated on the basis of interim data and, accordingly, have not been annualized.

The second-quarter report for 2006/07 has been prepared in accordance with the Group's accounting policies for fiscal 2005/06 and other Danish reporting requirements for listed companies. The presentation currency is USD.

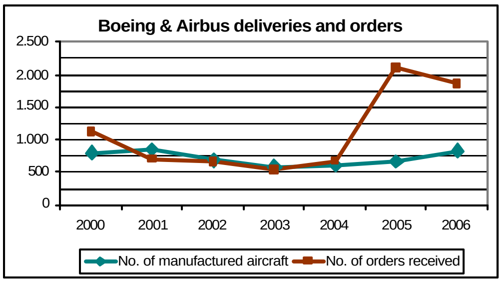
Developments in Q2 2006/07

The positive trends in Satair's business areas continued in Q2. The Group posted growth in consolidated revenues of 42% to USD 84.3 million as a reflection of favorable market conditions and the activities acquired in 2005/06.



The activities acquired in 2005/06 – PAS in the USA and TPA in Singapore – contributed 26 percentage points to second-quarter revenue growth, while second-quarter organic growth stood at 16%.

The positive developments in Satair's markets remained in Q2 2006/07. The rise in global passenger volumes continued, however at a slightly lower rate of increase in some regions. The highest growth rates occurred in Asia and the Middle East, while growth in Europe was somewhat lower and the lowest rates were reported in the USA. Also, production levels of aircraft and helicopters stayed high in the period in review. According to information supplied by Airbus and Boeing, the production output in 2006 was 434 and 398 aircraft, respectively, against 378 and 290 in 2005, and Airbus had an order intake of 824, the corresponding figure for Boeing being 1,050. Eurocopter, the world's leading manufacturer of helicopters, reported significant increases in both production levels (381 helicopters) and order intake (615 orders).



In the period in review, focus was on an integration of the new activities in the USA and Singapore as well as on efforts to forge even closer contacts with the large manufacturers.

The integration of the PAS activities were finalized as planned, and the increased sales team contributed to generating growth in all product lines in North America, where the expected sales synergies are now being achieved on an ongoing basis.

The integration of the TPA activities is on track, and TPA now uses the same IT platform as the rest of the Aftermarket Division. The physical merger of the activities in Asia is expected to be finalized by the end of the current fiscal year upon the completion of a major addition to the existing TPA building.

After the signing of a contract with Boeing in April 2006 for Satair's participation in Boeing's Integrated Materials Management program (offering package solutions to Boeing's customers in relation to aircraft maintenance), a common IT platform has been established for Boeing and the distributors participating in the program. With the common IT platform now in place, transactions with customers in Singapore and Japan have started, and Satair is selling both products that were previously bought by customers directly from Satair and new products. When the program was established, Satair took over customers' existing inventories, and so the contract will have little impact on Satair's sales until these inventories have been depleted. This explains why the effect of the IMM contract on Satair's sales in 1H 2006/07 will be modest while, in the long term, it is expected to have a significant positive effect on revenues.

In December 2006, Satair signed a contract for the group-wide implementation of SAP. The purpose of implementing SAP is to standardize business processes in the two divisions to allow a reduction of the number of IT systems applied by the Group. Implementation began in January 2007 and is scheduled for completion in fiscal 2008/09. The project is estimated to involve an investment which, on a preliminary basis, is estimated at around USD 5 million, including internal and external costs. The largest part of the investment will be capitalized and amortized in accordance with the Group's accounting policies. In the current fiscal year, only miscellaneous minor project cost items are likely to be recognized in the income statement, and they are not expected to affect the amount in earnings forecast for the year.

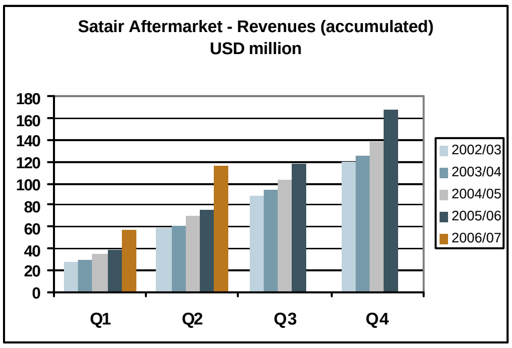
The Aftermarket Division

USDm	Q2 06/07	Q2 05/06	1H 06/07	1H 05/06
EMEA	**23.9**	19.2	46.6	38.3
Asia/Pacific	**21.2**	11.8	43.5	23.5
North and South America	**12.7**	6.8	24.9	13.3
Total	**57.8**	37.8	115.0	75.1

EMEA = Europe, the Middle East and Africa

The Aftermarket Division posted continued high revenue growth in Q2. Total revenues came to USD 57.8 million, up 53% from the year-earlier level. The activities acquired in 2005/06 made a strong contribution to growth, while the underlying organic growth amounted to 13%. Revenue growth was reported for all regions and most of the product lines. The Aftermarket Division posted total growth of 53% for 1H.

The postponement of the production of Airbus A380 will have only a modest impact on the Aftermarket Division in the current fiscal year.



Europe, the Middle East and Africa (EMEA) posted second-quarter revenues at 24% above the year-earlier level. The acquired activities contributed 6 percentage points to growth, primarily in the Middle East. In Europe growth was reported in most countries, the highest growth rates occurring in Germany and the UK. Growth remained high in the Middle East (40%), whereas Africa reported modest revenue growth.

Asia/Pacific posted second-quarter revenues at 80% above the year-earlier level. Organic growth stood at 15%, while the activities acquired from TPA contributed 65% percentage points to growth. Growth was reported by practically all countries in the region, and as in Q1 the highest growth rates occurred in China, Japan, Thailand and Singapore. Sales of the TPA product lines were slightly below expectations due to the postponement of projects and the delay in deliveries of Airbus A380 to Singapore Airlines.

North and South America returned second-quarter revenue growth at 87% above the year-earlier level. The acquisition of the PAS activities contributed 62 percentage points to growth, with organic growth amounting to 25%. Sales of the PAS products were on a par with expectations, and the expected sales synergies are being achieved. Sales in South America are generally delivering good growth. Not unexpectedly, the US organization has been strengthened after the acquisition of the PAS activities, and the fine growth in the region is forecast to continue.

The IPP program reported continued strong revenue growth in the second quarter – up 27% from the year-earlier level. Just under 200 manufacturers are now using IPP for the distribution of their products, and IPP products are being sold to practically all global customers of a certain size. One of the reasons for the continued high growth in IPP is that Adams Rite, one of the biggest suppliers under the program, has appointed Satair sole distributor in the EMEA region.

The OEM Division

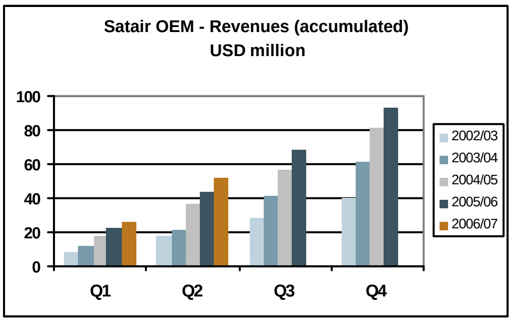
USDm	Q2 06/07	Q2 05/06	1H 06/07	1H 05/06
EMEA	**22.9**	18.1	44.8	37.5
Asia/Pacific	**1.8**	2.1	3.8	3.7
North and South America	**1.8**	1.3	3.5	2.5
Total	**26.5**	21.5	52.1	43.7
GBP/USD	**1.92**	1.75	1.90	1.77
EUR/USD	**1.29**	1.19	1.28	1.20

EMEA = Europe, the Middle East and Africa

The OEM Division is primarily a provider of hardware to manufacturers of commercial aircraft and helicopters in Europe, and it posted second-quarter revenues of USD 26.5 million, up 24% from the year-earlier level. Some 5 percentage points of revenue growth were attributable to the positive effect of changes in exchange rates following the decline of the USD rate. Revenues in 1H amounted to USD 52.1 million, up 19% of which developments in exchange rates contributed just under 5 percentage points. Revenue growth was reported in all regions.

The increase in production levels of aircraft and helicopters is affecting every link in the supply chain, and the OEM Division is reporting growth in sales to many of its customers. The biggest sales growth is seen in relation to major customers that typically have signed outsourcing contracts with Satair as service provider. In the period in review the OEM Division focused strongly on forging closer relationships with existing customers and on efforts to follow customers that have decided to relocate production activities to low-wage countries outside Europe.

The postponement in production of the A380 by Airbus is expected to have only a modest impact on the OEM Division in the current fiscal year.



Europe, the Middle East and Africa (EMEA) reported revenues of USD 22.9 million, up 27% from the year-earlier level. Approx. 5%- percentage points were attributable to the positive effect of developments in exchange rates.

France reported second-quarter revenue growth of 67%, and in the UK revenue increased 23% from the year-earlier level. The differences in performance are still considerable from one market to the next due to factors such as intensified competition.

Asia/Pacific posted revenues of USD 1.8 million, down 14% from the year-earlier level. The main markets are China, Korea, Japan and India. The period in review saw a decline in the number of major deliveries to customers in China, mainly as a result of delayed deliveries from suppliers, but this is expected to change in the course of 2H.

North and South America posted revenue growth of 38% to USD 1.8 million. Efforts were made to forge closer relations with Raytheon, the biggest customer in the region, resulting in good revenue growth. The customer base is also expanding on a regular basis.

Streamlining the corporate structure

The Satair Group is now taking the last step in its efforts to reorganize the OEM Division by merging two of its Danish companies, Satair Hardware A/S and Satair A/S (the parent company). The two companies will be merged effective from July 1, 2006, with Satair Hardware A/S as the discontinuing company. The current management structure of the OEM Division and the financial reporting relating to the Division remain unaffected by the merger.

Comments to the accounts for Q2 2006/07 and 1H 2006/07

Second-quarter revenues totaled USD 84.3 million, up 42% from the year-earlier level. Organic growth contributed 16%.

Second-quarter gross profit came to USD 17.2 million, up from the year-earlier level of USD 12.9 million. Overall, gross profit developed on a par with expectations.

Staff costs and other costs aggregated USD 12.4 million in Q2, up from USD 9.3 million last year, or 34%.

Including USD 1.4 million in income from foreign exchange, second-quarter EBITDA came to USD 6.2 million, up 86%. The EBITDA margin came to 7.3% in Q2, up from 5.6% last year.

Second-quarter profit before tax totaled USD 3.7 million against USD 2.0 million in the same quarter last year. The actual amount in profit before tax was on a par with expectations.

First-half revenues totaled USD 167.1 million, up 41%. Organic growth contributed 16%. The total contribution of the acquired activities was on a par with expectations.

First-half gross profit came to USD 34.1 million against USD 25.9 million last year. Overall, the amount in gross profit was on a par with expectations.

Both divisions reported declining gross margins, primarily as a result of supplier pressure on prices in a combination with a contribution from the acquired activities below average. The decline in gross margin is in keeping with the previously announced expectations.

Staff costs and other costs aggregated USD 23.4 million in 1H, up 30% mainly as a result of the acquired activities, which were not included in 1H 2005/06, and the addition of new employees, etc., in this fiscal year. Also, costs have grown as a result of the decline of the USD rate.

Satair arranges forward sales, etc., of USD to hedge its net costs, primarily in DKK and EUR. As the

Group does not apply hedge accounting, the total value of forward contracts is recognized in the income statement at the balance sheet date. Due to the decline of the USD rate in Q2, the forward contracts resulted in an overall net income of USD 1.1 million in 1H.

First-half profit before depreciation and amortization (EBITDA) came to USD 11.8 million, up from USD 7.4 million last year. The EBITDA margin came to 7.1% in 1H against 6.2% last year.

The accounting item 'amortization' consists mainly of amortization of acquired distribution rights and IT software which are recognized in accordance with the adopted accounting policies.

Profit on primary operations (EBIT) for 1H came to USD 9.8 million, up from the year-earlier level of USD 6.4 million.

Interest income and expense and similar items totaled a net amount of USD 2.9 million in 1H compared to USD 1.8 million in the same period last year, reflecting the effect of USD 0.4 million in overall net foreign exchange adjustments. Net interest expenses came to USD 2.3 million in 1H against USD 1.7 million the year before.

First-half profit before tax totaled USD 6.9 million against USD 4.6 million in the same period last year. The actual level of profit before tax was slightly above expectations.

The balance sheet total at the closing of Q2 came to USD 246.8 million against USD 242.1 million at the closing of Q1. The total amount in working capital at the closing of Q2 stood at USD 126 million against USD 117 million at the closing of Q1, the increase reflecting a combination of growing inventory levels and an increase in trade receivables in the period before the new year, when many of Satair's suppliers and customers are closing their annual accounts. It frequently happens in connection with the closing of annual accounts that Satair is offered favorable quantity discounts, and this explains the increase in inventory levels. Also, some of the Group's customers postpone their payments in connection with the closing of their annual accounts. The amount is expected to move back to normal in the course of 2H.

The total amount in invested capital including goodwill at the closing of Q2 stood at USD 180.2 million, up from USD 169.2 million at the end of Q1 due to movements in working capital.

Outlook for fiscal 2006/07

The outlook for the remaining part of fiscal 2006/07 includes expectations of continued positive market developments for both divisions. The Aftermarket Division still expects revenue growth in the range of 40% most of which will be contributed by the acquired activities. The acquired activities are still expected to contribute some 30 percentage points of growth.

The OEM Division still expects revenue growth of 12%.

The Group expects total revenue growth for 2006/07 in the range of 30%, corresponding to consolidated revenues of approx. USD 340 million.

The 2006/07 gross margin ratio is forecast to drop slightly below the level attained in 2005/06. Also, the EBITDA margin is forecast to drop slightly below the level attained in 2005/06, the reason being that the cost synergies from the acquired companies are not likely to be achieved in full in the current fiscal year.

EBITDA is expected to remain unchanged in the range of USD 24 million

Interest income and expense and similar items are still forecast at a level of approx. USD 5.0 million with addition of fair value adjustments of interest rate hedging contracts and foreign exchange adjustments.

Overall, the Group expects no changes in the previous forecast for a profit before tax of around USD 14 million for the current fiscal year.

The cash flows from operating activities are expected to be positive in 2006/07.

Forward-looking statements

The above forward-looking statements, in particular those that relate to future sales and operating profit., are subject to risks and uncertainties as various factors, many of which are outside Satair's control, may cause the actual development to differ materially from the expectations contained in this report. Factors that might affect such expectations include, among others, major changes in the market environment, the product portfolio, the customer portfolio, exchange rates or company acquisitions or divestments

Financial diary

May 16, 2006	Report for Q3 2006/07
June 30, 2006	Closing of fiscal 2006/07

Statement by Board of Directors and Executive Committee

The Board of Directors and the Executive Committee today discussed and approved the report for the period October 1 - December 30, 2006 of Satair A/S.

The interim report, which is unaudited, has been presented in accordance with the Group's accounting policies for 2005/06 and other Danish reporting requirements for listed companies.

We consider the chosen accounting policies to be appropriate, and in our opinion the interim report gives a true and fair picture of the Group's assets and liabilities, its financial position, profit and cash flows.

Kastrup, February 9, 2007

Executive Committee

John Stær *CEO*	Morten Olsen *COO*

Board of Directors

N.E. Nielsen, *(Chairman)*	Dorte Sonne Ekner	Christian Haas
W. Nicholas Howley	Per Iversen	Anja Kongsted
Chan Nyuk Lin	Finn Rasmussen	Carsten L. Sørensen

This is a translation into English of the original stock exchange release in Danish. In case of discrepancies between the two texts, the Danish text shall be considered final and conclusive.

Income statement

USD '000	**Q2 2006/07**	Q2 2005/06	1H 2006/07	1H 2005/06	FY 2005/06
Revenues	**84,302**	59,267	167,117	118,765	261,208
Cost of goods sold	**(67,086)**	(46,336)	(133,028)	(92,828)	(204,417)
Gross profit	**17,216**	12,931	34,089	25,937	56,791
Staff costs	**(8,136)**	(6,016)	(15,326)	(11,891)	(25,408)
Other costs	**(4,244)**	(3,251)	(7,986)	(6,057)	(12,191)
Fair value adjustments of certain hedging instruments	**1,356**	(326)	1,050	(632)	258
Profit before depreciation and amortization (EBITDA)	**6,192**	3,338	11,827	7,357	19,450
Amortization	(726)	(262)	(1,407)	(561)	(2,547)
Depreciation and amortization	(285)	(205)	(590)	(410)	(922)
Profit on primary operations (EBIT)	**5,181**	2,871	9,830	6,386	15,981
Interest income and expense and similar items, net	**(1,464)**	(903)	(2,896)	(1,764)	(3,937)
Profit before tax	**3,717**	1,968	6,934	4,622	12,044
Tax	**(1,094)**	(489)	(1,908)	(1,358)	(3,088)
Profit for the period in review	**2,623**	1,479	5,026	3,264	8,956
To be distributed as follows:					
Share in profit to the parent company's shareholders	**2,603**	1,479	5,006	3,264	8,943
Minorities	**20**	-	20	-	13
Profit for the year	**2,623**	1,479	5,026	3,264	8,956
Earnings per share	**0.62**	0.49	1.18	1.11	2.59

Balance sheet – assets

USD '000	Dec 31, 2006	Dec. 31, 2005	June 30, 2006
Intangible fixed assets	**48,133**	21,731	49,487
Tangible fixed assets	**8,751**	6,812	8,861
Investments in associates	**1,056**	-	907
Deferred tax	**4,087**	6,423	5,045
Long-term assets, total	**62,027**	**34,966**	**64,300**
Inventories	**110,670**	84,053	96,327
Receivables from sales	**63,260**	42,583	55,682
Receivable in corporate tax	**84**	-	163
Other receivables and prepayments	**2,850**	2,665	5,870
Cash and cash equivalents	**7,872**	5,042	14,779
Short-term assets, total	**184,736**	**134,343**	**172,821**
Total assets	**246,763**	**169,309**	**237,121**

Balance sheet - liabilities

Share capital	**12,668**	7,496	12,668
Reserves and retained earnings	**80,961**	41,156	79,061
Shareholders' equity belonging to the parent company's shareholders	**93,629**	**48,652**	**91,729**
Minorities	77	-	211
Total shareholders' equity	**93,706**	**48,652**	**91,940**
Pension liabilities, etc.	**359**	346	466
Credit institutions, etc.	**49,814**	35,154	28,150
Long-term financial liabilities	**50,173**	**35,500**	**28,616**
Credit institutions	**47,917**	43,482	60,537
Payable to suppliers	**47,648**	35,118	46,699
Payable in corporate tax	**1,662**	1,318	2,025
Other short-term liabilities and prepayments	**5,657**	5,239	7,304
Short-term financial liabilities	**102,884**	**85,157**	**116,565**
Total financial liabilities	**153,057**	**120,657**	**145,181**
Total liabilities	**246,763**	**169,309**	**237,121**

Statement of shareholders' equity

USD '000	**Q2 2006/07**	Q2 2005/06	FY 2005/06
Shareholders' equity at opening of period	**91,940**	40,057	40,057
Foreign exchange adjustments of foreign subsidiaries, etc.	**180**	(575)	549
Value adjustments of financial contracts	**99**	(240)	417
Paid in dividend	**(3,539)**	(1,975)	(1,975)
Share issues	**-**	8,121	43,936
Profit for the period in review	**5,026**	3,264	8,956
Shareholders' equity at end of period	**93,706**	**48,652**	**91,940**

Quarterly performance of the Satair Group in 2006/07 and 2005/06

	2006/07		2005/06			
USD '000	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	84,302	82,815	74,771	67,672	59,267	59,498
Aftermarket Division	57,772	57,225	50,201	42,939	37,811	37,264
OEM Division	26,530	25,590	24,570	24,733	21,456	22,234
Cost of goods sold	(67,086)	(65,942)	(59,183)	(52,405)	(46,336)	(46,493)
Gross profit	17,216	16,873	15,588	15,267	12,931	13,005
Gross margin	20.4%	20.4%	20.8%	22.6%	21.8%	21.9%
Cost of staff	(8,136)	(7,190)	(7,091)	(6,426)	(6,016)	(5,875)
Other costs	(4,244)	(3,742)	(2,780)	(3,354)	(3,251)	(2,806)
Fair value adjustments of certain hedging instruments	1,356	(306)	695	195	(326)	(306)
Profit before depreciation (EBITDA)	6,192	5,635	6,412	5,682	3,338	4,018
EBITDA margin	7.3%	6.8%	8.6%	8.4%	5.6%	6.8%
Amortization	(726)	(681)	(1,455)	(531)	(262)	(299)
Depreciation and amortization	(285)	(305)	(312)	(200)	(205)	(205)
Profit on primary operations (EBIT)	5,181	4,649	4,645	4,951	2,871	3,514
EBIT margin	6.1%	5.6%	6.2%	7.3%	4.8%	5.9%
Interest income and expense and similar items, net	(1,464)	(1,432)	(1,372)	(801)	(903)	(861)
Profit before tax	3,717	3,217	3,273	4,150	1,968	2,653
Tax	(1,094)	(814)	(575)	(1,155)	(489)	(869)
Profit for the period in review	2,623	2,403	2,698	2,995	1,479	1,784