Announcement no. 21 - 2007/08 November 22, 2007

# INTERIM REPORT FOR THE SIX MONTHS ENDED OCTOBER 31, 2007

The Board of Directors of Thrane & Thrane has approved the company's interim report for the six months ended October 31, 2007.

The report shows a significant improvement of both revenue (30%) and operating profit, which more than doubled relative to the first six months of last year. Thrane & Thrane maintains its full-year revenue and profit forecast.

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 OMX Copenhagen Stock Exchange, Nikolaj Plads 6, DK-1007 Copenhagen K, Denmark.

Thrane & Thrane A/S

Waldemar Schmidt
Chairman

Walther Thygesen
CEO

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*About Thrane & Thrane*
*Thrane & Thrane is the world's leading manufacturer of equipment and systems for global mobile communication based on sophisticated satellite and radio technology. Since its incorporation in 1981, the company has established a strong position within global mobile communication solutions based on the Inmarsat system, and today Thrane & Thrane provides equipment for maritime, land-based and aeronautical use. The company's communication products are sold throughout the world under the brands Thrane & Thrane, EXPLORER® and SAILOR® through distributors and business partners and as OEM products. Thrane & Thrane employs about 800 people and is listed on OMX the Nordic Exchange Copenhagen. For further information about Thrane & Thrane, see www.trane.com.*

## HIGHLIGHTS OF THE FIRST SIX MONTHS OF 2007/08

- Revenue in H1 was DKK 582.7 million (DKK 448.8 million), an improvement of 30% relative to the year-earlier period.

- Operating profit was up by 143% and amounted to DKK 79.2 million (DKK 32.6 million), equivalent to an operating margin of 13.6% (7.3%).

- Revenue in Q2 was DKK 331.3 million (DKK 251.6 million). Q2 operating profit amounted to DKK 61.8 million (DKK 20.4 million), equivalent to an operating margin of 18.6% (8.1%).

- H1 earnings per share were up from DKK 2.3 to DKK 9.0.

- Cash flows from operating activities were DKK 138.6 million (DKK 88.0 million).

- For the financial year 2007/08, Thrane & Thrane continues to expect revenue of around DKK 1,350 million (DKK 1,121 million) and an operating margin of around 15% (10.5%).

*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

| DKK '000 | H1 2007/08 | H1 2006/07 | Q2 2007/08 | Q2 2006/07 | 12 months 2006/07 |
|---|---|---|---|---|---|
| Revenue | 582,713 | 448,762 | 331,267 | 251,594 | 1,121,062 |
| Gross profit | 212,963 | 129,132 | 133,480 | 74,811 | 343,660 |
| Operating profit before integration costs | 79,232 | 32,571 | 61,758 | 20,424 | 117,512 |
| Operating profit | 79,232 | 23,385 | 61,758 | 11,238 | 78,393 |
| Profit before tax | 56,740 | 17,637 | 45,497 | 4,256 | 62,109 |
| **Net profit for the period** | **50,121** | **11,743** | **31,376** | **2,057** | **45,303** |
| Equity at end of period | 782,565 | 688,982 | 782,565 | 688,982 | 744,707 |
| Total assets | 1,785,596 | 1,710,073 | 1,785,596 | 1,710,073 | 1,847,927 |
| Capital employed | 1,344,688 | 1,206,429 | 1,344,688 | 1,206,429 | 1,307,495 |
| Development costs incurred | 105,441 | 70,045 | 60,309 | 37,531 | 167,728 |
| Development costs incurred in per cent of revenue | 18.1% | 15.6% | 18.2% | 14.9% | 15.0% |
| Cash inflow from operating activities | 138,562 | 87,953 | 48,616 | 56,249 | 150,837 |
| Cash outflow from investing activities | (102,633) | (554,080) | (59,653) | (530,405) | (472,600) |
| **Net cash inflow/(outflow) before financing** | **35,929** | **(466,127)** | **(11,037)** | **(474,156)** | **(321,763)** |
| Operating margin | 13.6% | 7.3% | 18.6% | 8.1% | 10.5% |
| Return on capital employed | 6.1% | 3.1% | 4.8% | 1.5% | 15.7% |
| Equity ratio | 43.8% | 40.3% | 43.8% | 40.3% | 40.3% |
| Earnings per share (DKK) | 9.0 | 2.3 | 5.7 | 0.4 | 8.6 |
| Cash flow from operating activities per share (DKK) | 25.0 | 16.9 | 8.8 | 10.8 | 28.8 |
| Dividend per share (DKK) | - | - | - | - | 5.5 |
| Net asset value per share (DKK) | 141 | 127 | 141 | 127 | 135 |
| Average number of employees | 760 | 613 | 756 | 604 | 698 |

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

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MANAGEMENT'S REVIEW

## Market trends

Revenue in H1 was DKK 582.7 million, an improvement of 30%, or DKK 134.0 million, relative to the year-earlier period.

In the six-month period, demand and thus the order inflow exceeded orders shipped, expanding the overall size of the order book.

We improved our ability to ship orders significantly in Q2, and we expect to be able to make shipments to meet demand in the remaining part of the financial year.

*Revenue by market*

| DKK million | H1 2007/08 | H1 2006/07 | Change (%) | Q2 2007/08 | Q2 2006/07 | Change (%) |
|---|---|---|---|---|---|---|
| Maritime | 342.6 | 256.8 | 33% | 181.0 | 129.5 | 40% |
| % of revenue | 59% | 57% | | 55% | 51% | |
| Land mobile | 101.9 | 108.4 | (6%) | 53.5 | 70.5 | (24%) |
| % of revenue | 17% | 24% | | 16% | 28% | |
| Aeronautical | 45.9 | 30.2 | 52% | 33.5 | 18.5 | 81% |
| % of revenue | 8% | 7% | | 10% | 7% | |
| **Total terminals** | **490.4** | **395.4** | **24%** | **268.0** | **218.5** | **23%** |
| % of revenue | 84% | 88% | | 81% | 87% | |
| **Systems** | **92.3** | **53.4** | **73%** | **63.2** | **33.1** | **91%** |
| % of revenue | 16% | 12% | | 19% | 13% | |
| **Total** | **582.7** | **448.8** | **30%** | **331.2** | **251.6** | **32%** |

### Maritime products

Revenue generated in the maritime market was up by 33% to DKK 342.6 million (H1 2006/07: DKK 256.8 million).

Revenue broke down into DKK 240 million (DKK 171 million) from satellite communication equipment and DKK 103 million (DKK 86 million) from radio equipment.

We recorded an increase in sales relative to last year of Fleet products, in particular, due to the acquisition of Nera SatCom. Revenue was higher in all product categories, that is, the Fleet 77, Fleet 55 and Fleet 33, but the Fleet 77 terminals, which offer the highest data speeds, had the strongest growth rate. Higher sales of Iridium and mini-M products also lifted revenue.

Likewise, radio equipment generated higher revenue. Q2 of the financial year, in particular, saw higher sales of VHF and MF/HF equipment. The improvement within VHF equipment was driven by higher sales of fixed VHF DSC radios to the market for professional vessels (large vessels and fishing vessels) and sales of a new handheld VHF radio. For MF/HF equipment, the main driver was the launch of our new radio in the first quarter of the year.

Land mobile products
Revenue generated in the land mobile market was DKK 101.9 million against DKK 108.4 million last year.

Sales of EXPLORER terminals were higher than in the year-earlier period. In particular, the EXPLORER 500 and EXPLORER 700 terminals experienced strong demand.

The lower H1 revenue should be seen against the backdrop that the year-earlier period was lifted by the launch of the EXPLORER 527 vehicular terminal and higher sales of M4 terminals. At the same time, we saw fairly moderate demand in the North American market in the first six months of the year and, in particular, in Q2.

At September 30, 2007, Inmarsat had recorded almost 14,000 active BGAN terminals. Thrane & Thrane estimates that 70-80% of them are EXPLORER terminals.

Aeronautical products
Revenue generated in the aeronautical market was up 52% to DKK 45.9 million (DKK 30.2 million).

While the revenue improvement was mainly driven by higher sales of Aero-HSD$^+$ solutions, sales to business jet owners under partnership agreements with service and installation centres also contributed to the increase. One such service centre is US-based Midcoast Aviation, which besides replacing communication equipment in existing aircraft also install equipment in new aircraft.

Efforts in H1 also focused on introducing the various broadband solutions (SwiftBroadband) we expect to offer in future. In this context, we signed an agreement with US company AirCell, a leading provider of aeronautical communication solutions to the North American market, to develop a product (Aero-SB Lite) tailored to the specific requirements of AirCell based on our upcoming broadband solution (Aero-SB$^+$).

Systems
Revenue generated by systems increased 73% to DKK 92.3 million (DKK 53.4 million), DKK 51 million of which was attributable to Thrane & Thrane Norge.

One of the system team's assignments was to update the aeronautical land earth stations of Norwegian company Telenor. This DKK 40 million contract is scheduled for completion by the end of 2007.

In addition, we continued to work on delivering a land earth station to KDDI, a leading Japanese provider of Inmarsat services. This contract is worth DKK 17 million and is scheduled for completion by the end of the financial year.

As previously announced, Thrane & Thrane won a contract worth DKK 20 million with Inmarsat at the beginning of the financial year for the delivery, installation and commissioning of two RAN stations in Hawaii. The two stations will be used in connection with Inmarsat's third and final Inmarsat-4 satellite, which is scheduled for launch in March/April 2008. We have begun work on this contract and expect to finalise the installation in the current financial year. The stations are expected to be integrated and tested in the 2008/09 financial year.

## Strategy implementation

### Technology leadership

A key element of Thrane & Thrane's strategy is to extend our technology leadership by retaining our high level of activity in new product development.

In the maritime area, our efforts during the reporting period focused on developing terminals for Inmarsat's new FleetBroadband service, which was launched on November 19, 2007. We expect to start shipping SAILOR 500 FleetBroadband, Thrane & Thrane's first maritime broadband terminal, in mid-December 2007.

In December 2007, we also expect to introduce SAILOR 250 FleetBroadband, a smaller terminal which is the first terminal to incorporate a tracking antenna developed by Thrane & Thrane.

In maritime radio communication, we continued the development of a range of new, exciting VHF and MF/HF products, including variants of our handheld VHF radio to meet different, specific communication requirements, and an extension of our MF/HF range.

Our efforts in the land mobile area included the successor to the current EXPLORER 527 (EXPLORER 727), which is scheduled for launch in the spring of 2008.

As already mentioned, we are developing a new aeronautical terminal, the Aero-SB+, for Inmarsat's SwiftBroadband service. The development of this terminal is organised in a way that will facilitate upgrading of our existing Aero-HSD+ terminals to SwiftBroadband. Development of the new Aero-SB+ is scheduled for completion in the summer of 2008. A smaller solution called the Aero-SB Lite will be developed based on the Aero-SB+. It is tailored to the specific requirements of US company AirCell, but can also be marketed to other customers.

In the period, we also worked on completing a new IP-based handset for our product portfolio. Offering an attractive design and a very user-friendly interface, the handset will initially be provided with SAILOR 500 FleetBroadband.

### Market proximity

A second key element of Thrane & Thrane's strategy is to be close to the users of our products. We achieve this primarily through our extensive network of business partners and distributors.

Our new distribution model will be finally implemented by the end of November as regards selection of business partners and distributors. The next step is to develop the collaboration in the new structure and accelerate sales.

The US is the world's largest market for aeronautical solutions for business jets. In Q2, we decided to strengthen our presence in this market by restructuring our sales organisation. In future, Thrane & Thrane Inc., our US company, will therefore directly handle a larger part of our sales efforts in the aeronautical market.

In September, we completed the divestment of the distribution company European Satellite Link GmbH (ESL), which will continue as a Certified Partner to source products, services and support from Thrane & Thrane.

Thrane & Thrane's distribution model aims to increase sales to existing as well as new customer groups. The model operates with three partner categories:

- Master Distributors, dedicated to serving a regional network of Registered Resellers. Products, services and support are supplied by Thrane & Thrane.
- Registered Resellers, dedicated to serving end-users and usually operating in a delimited geographical market. Products, services and support are supplied by Master Distributors.
- Certified Partners, which are close to their customer groups and individual customers. They are market specialists and have strong capabilities in developing solutions that match customer requirements. Products, services and support are sourced from Thrane & Thrane.

### New business areas

A third key element of our strategy is to develop new business areas that are closely related to our existing ones.

In this context we have begun to develop, among other products, tracking antennas for maritime use and electronic antennas for the land mobile market. Developing antennas enables us to provide more complete solutions while also reducing our dependency on existing antenna suppliers within significant strategic product areas. In the reporting period, our primary focus was on developing an antenna for our upcoming FleetBroadband product, SAILOR 250 FleetBroadband.

We have also decided to enter the market for Ku-band equipment for maritime satellite communication. Ku-band-based solutions offer significantly higher data speeds at lower prices than Inmarsat-based equipment. The market for maritime Ku-band systems is growing rapidly because this technology makes it possible for vessels to offer crews Internet access, enabling them to communicate with their families. We finalised a business plan in the reporting period, under which we will work to implement an overall Ku-band solution. Our target is to install some ten test systems during the current financial year.

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In the reporting period, we continued the work to implement our new e-business model which allows us to market and sell BGAN airtime together with our EXPLORER terminals. In Q2, Verizon Business, a business unit under Verizon Communications of the US, was the first of our business partners to introduce comprehensive BGAN hardware and airtime packages based exclusively on Thrane & Thrane hardware and airtime. Our e-business model was a prerequisite for setting up this partnership. Through this model we aim to attract new customers outside the traditional Inmarsat markets and to turn BGAN airtime into an independent business area.

## Financial review

As already stated, revenue in H1 was DKK 582.7 million, an improvement of 30% relative to the year-earlier period (DKK 448.8 million).

H1 operating profit was up by 143% and amounted to DKK 79.2 million against DKK 32.6 million last year, equivalent to an operating margin of 13.6% (7.3%). Net profit for the period after tax was DKK 50.1 million (DKK 11.7 million).

Revenue in Q2 was DKK 331.3 million (DKK 251.6 million). Q2 operating profit amounted to DKK 61.8 million (DKK 20.4 million), equivalent to an operating margin of 18.6% (8.1%).

Sales of *terminals* at DKK 490.4 million (DKK 395.4 million) were 24% higher, while *systems* revenue was up 73% from DKK 53.4 million to DKK 92.3 million.

Cost of goods sold in the reporting period amounted to DKK 313.5 million (DKK 266.3 million), equivalent to 53.8% of revenue (59.3%). An improved product mix and cost synergies from the Nera SatCom acquisition contributed to the improvement.

Development costs incurred at DKK 105.4 million were DKK 35.4 million higher than the DKK 70.0 million recorded last year. Development costs accounted for 18.1% (15.6%) of revenue. Capitalised development costs were DKK 86.7 million against DKK 47.9 million last year. Maintenance of existing products amounted to DKK 18.8 million (DKK 22.2 million).

Amortisation of development costs at DKK 37.5 million was DKK 6.3 million higher than the DKK 31.2 million recorded last year, primarily because we began amortising the EXPLORER product family and the new VHF products after Q1 2006/07. Furthermore, some DKK 2.8 million of the amortisation charges was attributable to the purchase price allocation in connection with the acquisition of Nera SatCom.

Net development costs charged to the income statement amounted to DKK 56.3 million against DKK 53.4 million last year.

Sales and distribution costs amounted to DKK 75.1 million (DKK 46.2 million), including DKK 5.0 million in amortisation of the customer portfolio taken over in connection with the acquisition of Nera SatCom. Administrative expenses rose from DKK 50.3 million to DKK 58.6 million.

Tax for the period was an expense of DKK 6.6 million. The reduction from 28% to 25% of the Danish corporate income tax rate had a favourable effect in the amount of DKK 9.6 million due to a lower value of deferred tax.

Financial income amounted to DKK 5.6 million and financial expenses were DKK 24.8 million, resulting in net financial expenses of DKK 19.2 million for the reporting period. In addition to DKK 14.8 million interest on EUR loans, financial expenses were adversely impacted by net exchange losses with respect to USD of DKK 6.7 million and of DKK 2.5 million with respect to EUR.

The company reported a net cash inflow from operating activities of DKK 138.6 million in H1 against DKK 88.0 million in the year-earlier period. Working capital improved by DKK 18.8 million during the period. We invested DKK 88.7 million in new products and DKK 13.9 million in machinery and equipment. The resulting cash flows before financials were DKK 35.9 million.

Former and present employees exercised warrants during the first half-year resulting in proceeds totalling DKK 8 million. The sale of the distribution company ESL generated income of DKK 18.0 million, while DKK 124.5 million was repaid on debt. After payment of DKK 30 million in dividend (DKK 5.5 per share), the company reported a net cash outflow for H1 of DKK 89.0 million (inflow of DKK 139.5 million).

## Outlook

Thrane & Thrane still expects revenue of around DKK 1,350 million for the full 2007/08 financial year (2006/07: DKK 1,121 million) and an operating margin of around 15% (10.5%).

## Changes to the Board of Directors and the Management Board

As previously announced, Walther Thygesen was appointed CEO of Thrane & Thrane A/S and joined the company on September 1, 2007. At the same time, he resigned from the company’s Board of Directors. Jim Hagemann Snabe, Corporate Officer of SAP Group AG, was appointed to replace Walther Thygesen on the Board of Directors. Following this change, the Management Board consists of Walther Thygesen (CEO), Svend Åge Lundgaard Jensen (CFO) and Lars Thrane.

## Warrants and share capital

At its meeting on November 21, 2007, the Board of Directors granted 85,000 warrants to 21 employees. The warrants can be exercised to subscribe 85,000 new shares in Thrane & Thrane A/S. The warrants granted can be exercised at the earliest three years after the date of grant and for a period of three years thereafter.

Based on the Black-Scholes formula, the plan has a market value of DKK 9.1 million. Following the grant of the above warrants, the company has 355,162 outstanding warrants, equal to 6.4% of the share capital.

At October 31, 2007, Thrane & Thrane's share capital amounted to DKK 111,060,240 divided into 5,553,012 shares of DKK 20 each.

## Accounting policies

The accounting policies are unchanged from those applied in the 2006/07 Annual Report.

## Statement by the Board of Directors and the Management Board

The Board of Directors and the Management Board today considered and approved the interim report as of and for the six months ended October 31, 2007, the first half of the current financial year.

The interim report has been presented in accordance with the recognition and measurement requirements of the International Financial Reporting Standards as adopted by the EU, and additional interim financial reporting requirements for Danish listed companies. The interim report is unaudited.

We consider the accounting policies used to be appropriate. Accordingly, the interim report gives a true and fair view of the group's assets, liabilities and financial position at October 31, 2007 and of the results of the group's operations and cash flows for the period May 1 - October 31, 2007.

Kgs. Lyngby, November 22, 2007

**Management Board**

| | | |
|---|---|---|
| Walther Thygesen<br>CEO | Svend Åge Lundgaard Jensen<br>CFO | Lars Thrane |

**Board of Directors**

| | | |
|---|---|---|
| Waldemar Schmidt<br>(Chairman) | Morten Jagd Christensen | Gert Hejne Jensen |
| Morten Eldrup-Jørgensen | Jim Hagemann Snabe | Lars Thrane |

## INCOME STATEMENT

| DKK '000 | H1 2007/08 | H1 2006/07 | Change (%) | Q2 2007/08 | Q2 2006/07 | Change (%) | 12 months 2006/07 |
|---|---|---|---|---|---|---|---|
| **Revenue** | **582,713** | **448,762** | **30%** | **331,267** | **251,594** | **32%** | **1,121,062** |
| Cost of sales | | | | | | | |
| - Cost of goods sold | (313,454) | (266,264) | 18% | (168,379) | (148,123) | 14% | (654,483) |
| - Development costs | (56,296) | (53,366) | 5% | (29,408) | (28,660) | 3% | (122,919) |
| **Gross profit** | **212,963** | **129,132** | **65%** | **133,480** | **74,811** | **78%** | **343,660** |
| Distribution costs | (75,100) | (46,215) | 63% | (40,207) | (25,018) | 61% | (123,081) |
| Administrative expenses | (58,631) | (50,346) | 16% | (31,515) | (29,369) | 7% | (103,067) |
| **Operating profit before integration costs** | **79,232** | **32,571** | **143%** | **61,758** | **20,424** | **202%** | **117,512** |
| Integration costs | - | (9,186) | (100%) | - | (9,186) | (100%) | (39,119) |
| **Operating profit (EBIT)** | **79,232** | **23,385** | **239%** | **61,758** | **11,238** | **450%** | **78,393** |
| Value adjustment of assets held for sale | (3,339) | - | 100% | (3,339) | - | 100% | 7,000 |
| Financial income | 5,604 | 8,812 | (36%) | 2,942 | 2,838 | 4% | 15,786 |
| Financial expenses | (24,757) | (14,560) | 70% | (15,864) | (9,820) | 62% | (39,070) |
| **Profit before tax** | **56,740** | **17,637** | **222%** | **45,497** | **4,256** | **969%** | **62,109** |
| Tax on profit | (6,619) | (5,894) | 12% | (14,121) | (2,199) | 542% | (16,806) |
| **Net profit for the period** | **50,121** | **11,743** | **327%** | **31,376** | **2,057** | **1425%** | **45,303** |

## BALANCE SHEET

| DKK '000 | Oct. 31, 2007 | Oct. 31, 2006 | Apr. 30, 2007 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| **Intangible assets** | | | |
| Software | 11,960 | 10,946 | 8,255 |
| Customer portfolio | 189,167 | - | 194,167 |
| Completed development projects | 155,401 | 139,010 | 192,335 |
| Development projects in progress | 195,674 | 137,944 | 108,813 |
| Goodwill | 461,241 | 590,297 | 461,147 |
| | **1,013,443** | **878,197** | **964,717** |
| **Property, plant and equipment** | | | |
| Land and buildings | 17,605 | 18,864 | 18,148 |
| Airplanes | 92 | 300 | 105 |
| Plant and machinery | 20,021 | 19,826 | 23,770 |
| Other fixtures and fittings, tools and equiment | 17,384 | 16,248 | 16,006 |
| Plant and equipment in progress | 6,446 | 2,556 | 3,687 |
| | **61,548** | **57,794** | **61,716** |
| **Financial assets** | | | |
| Deposits | 7,192 | 7,007 | 7,105 |
| Deferred tax asset | 31,772 | 26,455 | 32,560 |
| | **38,964** | **33,462** | **39,665** |
| **Total non-current assets** | **1,113,955** | **969,453** | **1,066,098** |
| **Current assets** | | | |
| **Inventories** | **253,654** | **268,894** | **226,245** |
| **Receivables** | | | |
| Trade receivables | 261,967 | 266,988 | 290,158 |
| Contract work in progress | 1,326 | 13,659 | 7,529 |
| Other receivables | 59,356 | 3,238 | 48,033 |
| Prepayments | 23,660 | 15,743 | 19,094 |
| | **346,309** | **299,628** | **364,814** |
| **Cash** | **71,630** | **157,343** | **160,610** |
| **Assets classified as held for sale** | **48** | **14,755** | **30,160** |
| **Total current assets** | **671,641** | **740,620** | **781,829** |
| **TOTAL ASSETS** | **1,785,596** | **1,710,073** | **1,847,927** |

## BALANCE SHEET - CONTINUED

| DKK '000 | Oct. 31, 2007 | Oct. 31, 2006 | Apr. 30, 2007 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | 111,060 | 108,248 | 110,131 |
| Reserve for hedge transactions | 7,598 | 11,706 | 8,475 |
| Exchange adjustment reserve | 7,771 | (1,346) | 914 |
| Retained earnings | 656,136 | 570,374 | 594,901 |
| Proposed dividend | - | - | 30,286 |
| **Total equity** | **782,565** | **688,982** | **744,707** |
| | | | |
| Pension and similar obligations | 74,620 | - | 74,587 |
| Deferred tax | 122,669 | 71,206 | 129,177 |
| Provisions | - | 9,371 | - |
| Loans | 463,084 | 498,640 | 461,803 |
| **Non-current liabilities** | **660,373** | **579,217** | **665,567** |
| | | | |
| **Current liabilities** | | | |
| Loans | 50,814 | 125,800 | 176,578 |
| Provisions | 23,419 | 35,460 | 26,978 |
| Prepayments on contract work in progress | 2,432 | - | - |
| Prepayments from customers | 16,574 | 25,180 | 13,977 |
| Trade payables | 156,470 | 143,749 | 152,666 |
| Income taxes | 29,006 | 20,354 | 18,560 |
| Other payables | 58,135 | 77,083 | 45,082 |
| Deferred income | 5,808 | 14,248 | 3,812 |
| **Current liabilities** | **342,658** | **441,874** | **437,653** |
| | | | |
| **Total liabilities** | **1,003,031** | **1,021,091** | **1,103,220** |
| | | | |
| **TOTAL EQUITY AND LIABILITIES** | **1,785,596** | **1,710,073** | **1,847,927** |

## STATEMENT OF CHANGES IN EQUITY

| DKK '000 | Share capital | Exchange adjustment reserve | Reserve for hedge transactions | Retained earnings | Proposed dividend | Total |
|---|---|---|---|---|---|---|
| **Equity at May 1, 2006** | **98,090** | **(220)** | **15,235** | **393,566** | **26,975** | **533,646** |
| Fair value adjustment of hedge instruments before tax | - | - | 552 | - | - | 552 |
| Hedging of cash flows | - | - | (4,081) | - | - | (4,081) |
| Exchange adjustment of subsidiaries | - | (1,126) | - | - | - | (1,126) |
| Share-based payment | - | - | - | 4,969 | - | 4,969 |
| Tax on equity entries | - | - | - | 986 | - | 986 |
| **Net gain/(loss) recognised directly in equity** | **-** | **(1,126)** | **(3,529)** | **5,955** | **-** | **1,300** |
| Net profit for the period | - | - | - | 11,743 | - | 11,743 |
| **Total recognised gains and losses** | **-** | **(1,126)** | **(3,529)** | **17,698** | **-** | **13,043** |
| Dividend to shareholders | - | - | - | 54 | (26,975) | (26,921) |
| Capital increases | 10,158 | - | - | 159,056 | - | 169,214 |
| **Equity at October 31, 2006** | **108,248** | **(1,346)** | **11,706** | **570,374** | **-** | **688,982** |
| | | | | | | |
| **Equity at May 1, 2007** | **110,131** | **914** | **8,475** | **594,901** | **30,286** | **744,707** |
| Fair value adjustment of hedge instruments before tax | - | - | 969 | - | - | 969 |
| Hedging of cash flows | - | - | (1,846) | - | - | (1,846) |
| Exchange adjustment of subsidiaries | - | 6,857 | - | - | - | 6,857 |
| Share-based payment | - | - | - | 2,914 | - | 2,914 |
| Tax on equity entries | - | - | - | 856 | - | 856 |
| **Net gain/(loss) recognised directly in equity** | **-** | **6,857** | **(877)** | **3,770** | **-** | **9,750** |
| Net profit for the period | - | - | - | 50,121 | - | 50,121 |
| **Total recognised gains and losses** | **-** | **6,857** | **(877)** | **53,891** | **-** | **59,871** |
| Dividend to shareholders | - | - | - | 72 | (30,286) | (30,214) |
| Capital increases | 929 | - | - | 7,272 | - | 8,201 |
| **Equity at October 31, 2007** | **111,060** | **7,771** | **7,598** | **656,136** | **-** | **782,565** |

## CASH FLOW STATEMENT

| DKK '000 | H1 2007/08 | H1 2006/07 | Q2 2007/08 | Q2 2006/07 | 12 months 2006/07 |
|---|---|---|---|---|---|
| Revenue | 582,713 | 448,762 | 331,267 | 251,594 | 1,121,062 |
| Costs | (443,796) | (375,266) | (240,051) | (212,723) | (927,784) |
| **Cash generated from operations (operating activities) before change in working capital** | **138,917** | **73,496** | **91,216** | **38,871** | **193,278** |
| | | | | | |
| Change in inventories | (27,409) | (3,939) | (2,189) | 3,167 | 39,729 |
| Change in receivables | 25,851 | 33,472 | (32,258) | (15,325) | 4,954 |
| Change in trade payables, etc. | 20,356 | (9,327) | 4,769 | 36,519 | (62,637) |
| **Change in working capital** | **18,798** | **20,206** | **(29,678)** | **24,361** | **(17,954)** |
| **Cash generated from operations (operating activities)** | **157,715** | **93,702** | **61,538** | **63,232** | **175,327** |
| Financial income | 5,604 | 8,812 | 2,942 | 2,838 | 15,786 |
| Financial expenses | (24,757) | (14,561) | (15,864) | (9,821) | (39,070) |
| **Cash generated from operations (ordinary activities)** | **138,562** | **87,953** | **48,616** | **56,249** | **152,040** |
| Income tax paid | - | - | - | - | (1,203) |
| **Cash inflow from operating activities** | **138,562** | **87,953** | **48,616** | **56,249** | **150,837** |
| | | | | | |
| **Investments** | | | | | |
| Intangible assets | (93,607) | (46,140) | (53,774) | (24,597) | (109,098) |
| Property, plant and equipment | (8,932) | (6,690) | (5,879) | (4,558) | (19,402) |
| Net acquisition of activities | (94) | (631,949) | - | (631,949) | (344,100) |
| Cash taken over on acquisition of Nera SatCom | - | 130,699 | - | 130,699 | - |
| **Cash outflow from investing activities** | **(102,633)** | **(554,080)** | **(59,653)** | **(530,405)** | **(472,600)** |
| | | | | | |
| **Cash inflow/(outflow) before financing** | **35,929** | **(466,127)** | **(11,037)** | **(474,156)** | **(321,763)** |
| | | | | | |
| **Financing** | | | | | |
| Sales of shares in ESL | 17,989 | - | 17,989 | - | - |
| Debt repayment | (124,484) | - | (99,199) | 199 | - |
| Proceeds from borrowings | - | 464,326 | - | 464,326 | 478,082 |
| Subscription of new shares upon exercise of warrants | 8,201 | 4,014 | - | - | 15,413 |
| Capital increase on acquisition of Nera SatCom | - | 165,200 | - | 165,200 | - |
| Dividend paid | (30,214) | (26,921) | - | - | (26,921) |
| Other adjustments | (1,763) | (905) | (1,240) | (823) | (1,656) |
| **Cash inflow/(outflow) from financing activities** | **(130,271)** | **605,714** | **(82,450)** | **628,902** | **464,918** |
| | | | | | |
| **Net cash inflow/(outflow)** | **(94,342)** | **139,587** | **(93,487)** | **154,746** | **143,155** |
| Exchange adjustment of cash at beginning of period | 5,362 | (115) | 5,201 | (65) | (416) |
| | | | | | |
| **Cash inflow/(outflow) for the period** | **(88,980)** | **139,472** | **(88,286)** | **154,681** | **142,739** |
| | | | | | |
| Cash and securities at beginning of period | 160,610 | 17,871 | 159,916 | 2,662 | 17,871 |
| **Cash and securities at end of period** | **71,630** | **157,343** | **71,630** | **157,343** | **160,610** |