



## 2ND QUARTER 2007

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SIMRAD OPTRONICS ASA  
Q2 2007

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- Continued high revenue growth

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- Profitability further improved

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- 'Old' part of Simrad Optronics regained momentum

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- Sales organization consolidated

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- Successful private placement of 11.5% stake in Simrad Optronics

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# SIMRAD OPTRONICS ASA

## Q2 2007

Simrad Optronics' positive development, including substantial revenue growth and improved profitability, continued in the second quarter. The Company posted revenue of NOK 125.0 million. Compared to the same period last year (all 2006 figures are pro forma; including Vinghøg, excluding the former Fire & Gas Division), the revenue increased by 17%.

For the first half of 2007 revenue came in at NOK 265.7 million, a 50% increase over the first half of 2006.

### Profitability improved

Simrad Optronics reports an EBITDA of NOK 21.5 million for the second quarter, up 25% from the same quarter last year. For the first half of the year, EBITDA was up 65% to NOK 45.0 million. Simrad Optronics' EBITDA margin increased from 15.4% in the first half of last year to 17.0% in the first six months of 2007.

Profit before taxes for the second quarter was NOK 6.6 million (2006: NOK 1.5 million). For the first half of the year profit before taxes was NOK 15.9 million (2006: NOK -3.7 million).

The previous 'old' Simrad Optronics (The Company's defence activities before the merger with Vinghøg) regained momentum in the second quarter and experienced a more than 30% growth in invoiced sales.

### Operational progress

Operational performance continued to develop well in the second quarter. The Company's sales organization was consolidated. The UK subsidiary was discontinued and all international sales are now coordinated out of a joint sales force based in Norway. This move has already provided positive effects in terms of improved market penetration and cross sales. The consolidation of the international sales force is expected to provide an annual cost reduction of NOK 3 million per year from 2008.

Other operational developments in the second quarter included:

#### Remote Weapon Systems (RWS)

The development of the new RWS in cooperation with Kongsberg Defence and Aerospace announced at the Q1 presentation is progressing well and according to plan. Order income for components to Kongsberg Defence and Aerospace RWS Protector has been satisfactory in the second quarter.

#### Electro Optics

The order flow within this product area is steady and positive. In the second quarter the Slovakian Armed Forces placed a NOK 17 million order, taking delivery in the fourth quarter. Several new rounds of tenders in this product area are imminent.

#### Weapon Improvement Products

Simrad Optronics experienced a steady order flow also in this segment. New initial orders were received in Eastern Europe.

#### Vehicle Systems

A NOK 25 million order to the Norwegian Armed Forces was secured in the second quarter. Delivery of upgraded artillery systems will take place throughout 2007 and 2008. The Norwegian Armed Forces also took delivery of forward observer system Vingtaqs integrated in new vehicle for possible extended use of the system

At the end of the quarter, Simrad Optronics had an order backlog of NOK 358 million.

### US operations on track

The preparations for Simrad Optronics' manufacturing facility in Maine, USA are developing according to plan. The demand in the US market remains positive and a number of new business opportunities for the US subsidiary have been identified. The Company has therefore secured premises for a future expansion of the facilities.

Manufacturing at the new plant will commence in October. Already, the first deliveries have been made, using sub contractors.

### Strong financial position

Simrad Optronics strengthened its financial position in the second quarter. Short term liquidity is improved by NOK 112 million during the first half year of 2007. This includes the proceeds from the successful private share placement in May, with funds managed by US based Capital Group International taking a 11.5% stake in the Company. The private placement produced gross proceeds of NOK 55.8 million.

The Company has NOK 233.0 million of equity, corresponding to an equity ratio of 37.7%. This provides Simrad Optronics with a sound financial basis for further expansion.

Oslo, 13 August 2007  
The Board of Simrad Optronics ASA

  
Ove Gusevik  
Chairman of Board

  
Terje Eidsmo  
Deputy Chairman of the Board

  
Ingvild Myhre  
Member of the Board

  
Tove Steen  
Member of the Board, Employee representative

  
Jon Asbjørn Bø  
President and CEO

  
Lisa Cooper  
Member of the Board

  
Stig Landrø  
Member of the Board,  
Employee representative

# P&L AND BALANCE SHEET

## SIMRAD OPTRONICS GROUP

Profit and Loss Account (NOK 1,000)	Q207		Q206		Q206	
	Group	Group 2)	Group	Group 2)	Group 2)	Group 2)
Operating income	124 697	106 174	265 316	176 733	381 640	
Operating expenses	103 183	89 004	220 311	149 445	342 862	
EBITDA	21 514	17 170	45 005	27 288	38 778	
Depreciation	2 930	2 581	5 433	5 359	7 905	
Amortization of Excess Values	8 875	8 762	17 750	17 958	34 281	
EBIT	9 709	5 827	21 822	3 971	-3 408	

Net financial items	-3 108	-4 299	-5 910	-7 633	-17 772	
EBT	6 601	1 528	15 912	-3 662	-21 180	
Tax on ordinary profit	1 886	13	4 566	-1 782	7 455	
Profit after taxes	4 715	1 515	11 346	-1 880	-28 635	

Balance Sheet (NOK 1,000)	30.06.07	30.06.06	31.12.06
Intangible fixed assets	329 225	365 548	348 142
Tangible fixed assets	17 668	17 318	15 074
Financial fixed assets	102	348	141
Total fixed assets	346 995	383 214	363 357

Inventories	74 866	72 186	66 113
Accounts receivable	135 842	104 249	92 179
Other receivables	27 988	132 017	60 987
Cash and cash equivalents	31 518		25 689
Total current assets	270 214	308 452	244 968
Assets related to discontinued operations			
Total assets	617 209	691 666	608 325

Shareholders' equity	233 030	192 018	163 689
Long term bank borrowing	105 000	102 366	77 340
Other long term liabilities	74 109	75 922	69 206
Total long term liabilities	179 109	178 288	146 546

Bank overdraft		58 778	
Accounts payables	53 933	106 183	114 165
Other short-term liabilities	151 137	156 399	183 925
Total short-term liabilities	205 070	321 360	298 090
Liabilities related to discontinued operations			
Total liabilities and shareholders' equity	617 209	691 666	608 325

Cash Flow Statement	30.06.07	31.12.06
Cash flow from operating activities	-72 958	82 389
Cash flow from investing activities	-7 275	-18 304
Cash flow from financing activities	86 062	-40 607
Net change in cash and cash equivalents	5 829	23 478
Cash and cash equivalents at the beginning of period	25 689	2 211
Cash and cash equivalents at the end of period	31 518	25 689

Equity reconciliation	30.06.07	31.12.06
Equity at the beginning of period	18 049	183 694
Estimated cost		9 880
Allocated earned share option 1)		367
Pro-forma equity movements		14 374
F&G discontinued operation 2)	-13 099	-15 573
Paid in share capital and/or dividends paid	216 690	-564
Share purchase for employees, estimated cost	260	
Net income for the period	11 346	-28 635
Effect of change in exchange rates	-216	146
Equity at the end of period	233 030	163 689

This report is prepared according to IAS 34 applying the same principles as the annual report of 2006

1) 200.000 shares to Chairman of the board of director

2) Pro forma figures includes restated Defense & Security division of SOASA, Vinghøg and pro forma adjustments

# P&L AND BALANCE SHEET PER QUARTER

## SIMRAD OPTRONICS GROUP

Profit and Loss Account (NOK 1,000)	Restated		Restated		Proforma	Restated		Proforma	Restated	Restated		Proforma	Restated	Proforma	Restated	Restated		Proforma	Restated	Restated	Proforma	Restated	Proforma			
	Q207	Q206	Q206	Q206	Q206	30.06.07	30.06.06	30.06.06	Q306	Q306	Q306	Q306	30.09.06	30.09.06	Q406	Q406	Q406	Q406	31.12.06	31.12.06	31.12.06	31.12.06	31.12.06	31.12.06		
	Group	D&S 2)	F&G 3)	Group 4)	Group 5)	Group	Group 4)	Group 5)	D&S 2)	F&G 3)	Group 4)	Group 5)	Group 4)	Group 5)	D&S 2)	F&G 3)	Group 4)	Group 5)	D&S 2)	F&G 3)	Group 4)	Group 5)	D&S 2)	F&G 3)	Group 4)	Group 5)
Operating income	124 697	43 439	20 304	63 743	106 174	265 316	114 368	176 733	15 785	20 600	36 385	94 364	150 753	271 097	35 025	20 700	55 725	110 543	129 131	77 347	206 478	381 640				
Operating expenses	103 183	45 947	20 953	66 900	89 004	220 311	122 824	149 445	23 564	19 000	42 564	78 570	165 388	228 015	56 355	21 125	77 480	114 847	163 141	79 727	242 868	342 862				
EBITDA	21 514	-2 508	-649	-3 157	17 170	45 005	-8 456	27 288	-7 779	1 600	-6 179	15 794	-14 635	43 082	-21 330	-425	-21 755	-4 304	-34 010	-2 380	-36 390	38 778				
Depreciation	2 930	1 525	838	2 363	2 581	5 433	4 669	5 359	1 900	200	2 100	2 873	6 769	8 232	-1 753	826	-927	-327	3 762	2 080	5 842	7 905				
Amortization of Excess Values	8 875				8 762	17 750		17 958				8 354		26 312			7 969					34 281				
EBIT	9 709	-4 033	-1 487	-5 520	5 827	21 822	-13 125	3 971	-9 679	1 400	-8 279	4 567	-21 404	8 538	-19 577	-1 251	-20 828	-11 946	-37 772	-4 460	-42 232	-3 408				
Net financial items	-3 108	-1 394	-399	-1 793	-4 299	-5 910	-2 720	-7 633	-1 700	-400	-2 100	-4 952	-4 820	-12 585	-2 602	-680	-3 282	-5 187	-6 357	-1 745	-8 102	-17 772				
EBT	6 601	-5 427	-1 886	-7 313	1 528	15 912	-15 845	-3 662	-11 379	1 000	-10 379	-385	-26 224	-4 047	-22 179	-1 931	-24 110	-17 133	-44 129	-6 205	-50 334	-21 180				
Tax on ordinary profit	1 886				13	4 566		-1 782				6 566		4 784	1 054		1 054	2 672	1 054		1 054	7 455				
Profit after taxes	4 715	-5 427	-1 886	-7 313	1 515	11 346	-15 845	-1 880	-11 379	1 000	-10 379	-6 951	-26 224	-8 831	-23 233	-1 931	-25 164	-19 805	-45 183	-6 205	-51 388	-28 635				
<b>Balance Sheet (NOK 1,000)</b>						<b>30.06.07</b>	<b>30.06.06</b>	<b>30.06.06</b>	<b>Q306</b>	<b>Q306</b>			<b>30.09.06</b>	<b>30.09.06</b>					<b>31.12.06</b>	<b>31.12.06</b>	<b>31.12.06</b>	<b>31.12.06</b>				
Intangible fixed assets						329 225	45 926	365 548	38 726	12 541			38 726	349 927					44 977	13 786	58 763	348 142				
Tangible fixed assets						17 668	10 249	17 318	7 900	1 920			7 900	14 787					8 027	1 863	9 890	15 074				
Financial fixed assets						102	198	348		207				102					4 126	207	4 333	141				
Total fixed assets						346 995	56 373	383 214	46 626	14 668			46 626	364 816					57 130	15 856	72 986	363 357				
Inventories						74 866	56 849	72 186	44 637	13 505			44 637	60 609					45 512	15 484	60 996	66 113				
Accounts receivable						135 842	59 945	104 249	33 800	24 535			33 800	79 549					55 709	18 884	74 593	92 179				
Other receivables						27 988	82 814	132 017	72 401	3 240			72 401	141 420					31 564	2 816	34 380	60 987				
Cash and cash equivalents						31 518	2 471	600	600	1 902			600						2 081	1 365	3 446	25 689				
Total current assets						270 214	202 079	308 452	151 438	43 182			151 438	281 578					134 866	38 549	173 415	244 968				
Assets related to discontinued operations													57 900													
Total assets						617 209	258 452	691 666	198 064	57 850			255 964	646 394					191 996	54 405	246 401	608 325				
Shareholders' equity						233 030	53 197	192 018	30 416	12 100			42 516	179 620					4 950	13 099	18 049	163 689				
Long term bank borrowing						105 000	39 306	102 366	17 800	20 000			17 800	79 294					17 340	20 000	37 340	77 340				
Other long term liabilities						74 109	8 663	75 922	3 749	5 208			3 749	70 026					2 750	4 913	7 663	69 206				
Total long term liabilities						179 109	47 969	178 288	21 549	25 208			21 549	149 320					20 090	24 913	45 003	146 546				
Bank overdraft							29 959	58 778	37 000	6 637			37 000	64 926					38 485	-	38 485					
Accounts payables						53 933	89 204	106 183	76 900	9 580			76 900	95 640					91 537	10 872	102 409	114 165				
Other short-term liabilities						151 137	38 123	156 399	32 199	4 325			32 199	156 888					36 934	5 521	42 455	183 925				
Total short-term liabilities						205 070	157 286	321 360	146 099	20 542			146 099	317 454					166 956	16 393	183 349	298 090				
Liabilities related to discontinued operations													45 800													
Total liabilities and shareholders' equity						617 209	258 452	691 666	198 064	57 850			255 964	646 394					191 996	54 405	246 401	608 325				
<b>Cash Flow Statement</b>						<b>30.06.07</b>													<b>31.12.06</b>	<b>31.12.06</b>	<b>31.12.06</b>	<b>31.12.06</b>				
Cash flow from operating activities						-72 958													-9 134	-8 300	-17 434	82 389				
Cash flow from investing activities						-7 275													-15 425	-1 400	-16 825	-18 304				
Cash flow from financing activities						86 062													35 663		35 663	-40 607				
Net change in cash and cash equivalents						5 829													11 104	-9 700	1 404	23 478				
Cash and cash equivalents at the beginning of period						25 689													-9 023	11 065	2 042	2 211				
Cash and cash equivalents at the end of period						31 518													2 081	1 365	3 446	25 689				
<b>Equity reconciliation</b>		<b>Q206</b>	<b>Q206</b>	<b>Q206</b>	<b>Q206</b>	<b>30.06.07</b>			<b>Q306</b>	<b>Q306</b>	<b>Q306</b>	<b>Q306</b>			<b>Q406</b>	<b>Q406</b>	<b>Q406</b>	<b>Q406</b>			<b>31.12.06</b>	<b>31.12.06</b>				
Equity at the beginning of period		54 525		54 525	186 709	18 049			53 229	53 229	192 050			30 650	12 100	42 750	179 954				63 025	183 694				
Estimated cost					2 470						2 470			367		367	2 837					9 880				
Allocated earned share option 1)																					367	367				
Pro-forma equity movements					3 689						3 485						3 293					14 374				
F&G discontinued operation 2)		-1 886	1 886		-1 886	-13 099			-11 100	11 100	-11 100			-2 587	2 587		-2 587					-15 573				
Paid in share capital and/or dividends paid		5 900		5 900	-564	216 690															5 900	-564				
Share purchase for employees, estimated cost					260																					
Net income for the period		-5 427	-1 886	-7 313	1 515	11 346			-11 379	1 000	-10 379	-6 951		-23 601	-1 563	-25 164	-19 805				-51 388	-28 635				
Effect of change in exchange rates		85		85	85	-216			-100		-100			96		96	-3				145	146				
Equity at the end of period		53 197		53 197	192 018	233 030			30 650	12 100	42 750	179 954		4 925	13 124	18 049	163 689				18 049	163 689				

This report is prepared according to IAS 34 applying the same principles as the annual report of 2006

1) 200.000 shares to Chairman of the board of director

2) Restated 2006 accounts of Defence & Security division of SOASA, ref. annual report 2006

3) Fire & Gas discontinued operation part of SOASA in 2006 and de-merged from 1 jan 2007, and excluded in pro forma figures

4) Restated 2006 accounts of total SOASA including de-merged Fire & Gas division, ref annual report 2006

5) Pro forma figures includes Defense & Security division of SOASA, Vinghog and pro forma adjustments