



**INTERIM FINANCIAL REPORTING  
2ND QUARTER AND 1ST HALF YEAR 2009**

# Simrad Optronics Group's mission is to help our customers with:

- Situational awareness
- Aim and hit
- Protect own troops
- Reduce collateral damage

## Board of directors report

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- Q2-2009 revenues of MNOK 159.6, up from MNOK 156.7 in Q2-2008
- Q2-2009 EBITDA of MNOK 16.1, down from MNOK 16.7 in Q2-2008
- Q2-2009 EBT of MNOK 5.8, up from MNOK 1.2 in Q2-2008
- H1-2009 revenues of MNOK 314.8, up from MNOK 253.2 in 2008
- H1-2009 EBITDA of MNOK 29.4, up from MNOK 17.9 in 2008
- H1-2009 EBT MNOK 12.3, up from MNOK -13.4 in 2008

### Operational progress

Q2-2009 is the fifth running Quarter with increased revenues and the fourth running Quarter with increased or equal EBITDA, relative to the corresponding Quarter previous year.

Q2-2009 results are according to plan. Q2-2009 revenues came to MNOK 159.6 – a 2 % increase over Q2-2008. On segment level “Operations US” reports positive progress in revenues and EBITDA relative to the corresponding Quarter previous year. Operations Norway had a decline in revenue and EBITDA.

The Group entities experienced a steady order flow in the second quarter, which resulted in an order backlog of MNOK 575, equal to end of Q1.

# SIMRAD OPTRONICS GROUP

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### Product group development highlights in Q2-2009 are:

#### • RWS

- Teamed up with the leading supplier of RWS, Kongsberg Protech System.
- Still high demand, and US budget allocations are promising for CROWS.
- Increased turnover for after sales repair and overhaul.
- Focus on further development of products and supplier chain.

#### • Electro Optics

- Basically on time with development of laser target designator for FOI.
- Teaming agreement with Thales UK for sales and marketing of laser target designator.
- New product development is currently pending for funding from Innovation Norway. Other development partners have signed and additional funding in place.

#### • Weapon Improvement Systems

- Frame agreement signed for Weapon Improvement products with FLO, first order already delivered.
- Positive outlook for second half of 2009.
- Development program for new products started. Industrial partners in place. Awaiting for additional funding from Innovation Norway.

#### • Vehicle Systems

- Important Vingpos contract signed with FMW for mortars.
- Positive market outlook.

### Financial position

At end of Q2-2009 total assets came to MNOK 563.2 and total equity to MNOK 257.5. At end of Q2-2009 the equity ratio is 45.7% relative to 39.6% at year end 2008.

Q2-2009 net financial items are affected by MNOK 3.4 as agio/gain related to financial instruments.

Q2-2009 tax on ordinary profit is affected by the fact that a major part of the taxable Q2-2009 result is made in foreign entities where there are still tax assets related to loss carry-forwards.

Long term loan is reduced with MNOK 10 in Q2-2009 and the total loan balance per end of Q2-2009 is MNOK 113, of which MNOK 44 becomes due during the next 12 months, and is reported as a short-term liability.

### Outlook / Going forward

It seems that the ongoing recession and financial crises is having little impact on military spending. The Group is experiencing a change in military procurements that is positive for the Simrad Optronics product portfolio. However, the Group is also experiencing a delay in the closing of contracts that will have an impact in the short timeline.

For the whole year, Simrad Optronics expects the same revenue as in 2008, or slightly higher. The Group also expects quarterly fluctuations in revenues going forward. With the order backlog and the newly initiated development programs, combined with further cost reductions programs, the Group has a strong platform for further growth in the years to come.

### Status for Simrad Optronics' priorities for 2009 is:

#### • Further growth in revenue – maintain margins

- Status: Managed growth in revenue during H1, but slightly down in margins.

#### • Strong focus on Working Capital items, improve financial position through cash from operating activities.

- Status: Available cash increased with MNOK 33 in Q2 and MNOK 20 in H1, including MNOK 20 as increased credit facility. Inventory reduced with MNOK 15 in Q2 and MNOK 14 in H1.

#### • Further development of our subsidiaries abroad

- Vingtech US is now responsible for the Group's deliveries for CROWS RWS.

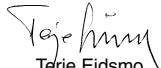
#### • Strong focus on product development

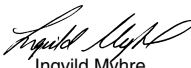
- Status: Initiated new development programs for both Electro optical products and Weapon Improvement products. Industrial partners and users in place. Currently pending for additional funding from Innovation Norway.

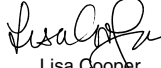
### Risks and uncertainties

The Board currently believes that the principal risks and uncertainties for the remainder of 2009 are similar to risks and uncertainties disclosed in the Annual Report 2008 note 17, such as credit risk, liquidity risk and market risk. The Group is also exposed to changes in political regimes and political decisions that may have impact on the demand for military equipment.

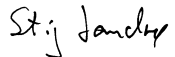
Nøtterøy, August 26th, 2009  
The Board of Simrad Optronics ASA


  
Terje Eidsmo  
Chairman of the Board

  
Ingvild Myhre  
Member of the Board

  
Lisa Cooper  
Member of the Board

  
Helle Rønningen  
Member of the Board, Employee representative

  
Stig Landrø  
Member of the Board, Employee representative

  
Jon Asbjørn Bø  
President and CEO

## SIMRAD OPTRONICS GROUP

## 2ND QUARTER AND 1ST HALF YEAR 2009

<b>Profit and Loss Account</b>		<b>Q2-09</b>	<b>Q2-08</b>	<b>H1-09</b>	<b>H1-08</b>	<b>FY-08</b>
<i>NOK 1 000</i>	Note	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Operating income	2	159 592	156 713	314 810	253 186	602 406
Operating expenses	3	143 493	140 047	285 403	235 300	526 377
EBITDA		16 099	16 666	29 407	17 886	76 029
Depreciation		3 173	3 099	6 367	5 962	12 247
Amortization of Excess Values		6 551	6 615	13 102	13 229	26 662
EBIT		6 375	6 952	9 938	-1 305	37 120
Net financial items		-537	-5 764	2 347	-12 110	-18 726
EBT		5 838	1 188	12 285	-13 415	18 394
Tax on ordinary profit		331	435	285	-2 245	7 629
Profit after taxes		5 507	753	12 000	-11 170	10 765
Earnings per share (NOK 1)		0,08	0,01	0,17	-0,16	0,15
Earnings per share, diluted (NOK 1)		0,08	0,01	0,17	-0,16	0,15
<b>Other Comprehensive Income</b>		<b>Q2-09</b>	<b>Q2-08</b>	<b>H1-09</b>	<b>H1-08</b>	<b>FY-08</b>
<i>NOK 1 000</i>		Unaudited	Unaudited	Unaudited	Unaudited	Audited
Profit (loss) after tax		5 507	751	12 000	-11 170	10 765
Foreign exchange translation differences		1 079	-93	1 164	891	-3 843
Net profit (loss) recognized directly in equity		1 079	-93	1 164	891	-3 843
Total comprehensive income		6 586	658	13 164	-10 279	6 922

# SIMRAD OPTRONICS GROUP

## 2ND QUARTER AND 1ST HALF YEAR 2009

<b>Balance Sheet</b>	<b>30.06.09</b>	<b>30.06.08</b>	<b>31.12.08</b>
<i>NOK 1 000</i>	Unaudited	Unaudited	Audited
Intangible fixed assets	276 258	312 424	291 393
Tangible fixed assets	39 621	34 985	44 943
Financial fixed assets	5 542	1 973	5 614
<b>Total fixed assets</b>	<b>321 421</b>	<b>349 382</b>	<b>341 949</b>
Inventories	119 574	101 629	133 702
Accounts receivable	113 482	129 954	124 914
Other receivables	4 592	11 258	14 328
Cash and cash equivalents	4 096	406	1 908
<b>Total current assets</b>	<b>241 744</b>	<b>243 247</b>	<b>274 852</b>
<b>Total assets</b>	<b>563 165</b>	<b>592 629</b>	<b>616 801</b>
<b>Total equity</b>	<b>257 462</b>	<b>227 153</b>	<b>244 298</b>
Long term bank borrowing	69 000	133 000	89 000
Other long term liabilities	60 454	59 130	60 168
<b>Total long term liabilities</b>	<b>129 454</b>	<b>192 130</b>	<b>149 168</b>
Bank overdraft	37 368	38 064	35 237
Accounts payables	46 041	72 829	79 599
Other short-term liabilities	92 840	62 453	108 499
<b>Total short-term liabilities</b>	<b>176 249</b>	<b>173 346</b>	<b>223 335</b>
<b>Total equity and liabilities</b>	<b>563 165</b>	<b>592 629</b>	<b>616 801</b>

<b>Cash Flow Statement</b>	<b>Q2-09</b>	<b>Q2-08</b>	<b>H1-09</b>	<b>H1-08</b>	<b>FY-08</b>
<i>NOK 1 000</i>	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Cash flow from operating activities	23 568	541	21 102	-21 860	10 979
Cash flow from investing activities	-865	-2 911	-1 045	-12 591	-20 307
Cash flow from financing activities	-21 576	2 248	-17 869	32 822	9 201
<b>Net change in cash and cash equivalents</b>	<b>1 127</b>	<b>-122</b>	<b>2 188</b>	<b>-1 629</b>	<b>-127</b>
Cash and cash equivalents at the beginning of period	2 969	528	1 908	2 035	2 035
Cash and cash equivalents at the end of period	4 096	406	4 096	406	1 908

<b>Statement of changes in Equity</b>	<b>Q2-09</b>	<b>Q2-08</b>	<b>H1-09</b>	<b>H1-08</b>	<b>FY-08</b>
<i>NOK 1 000</i>	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Equity at the beginning of period	250 876	226 495	244 298	237 432	237 432
Total comprehensive income	6 586	658	13 164	-10 279	6 922
Reversal of share option plan	0	0	0	0	-367
Merger difference from merger subsidiary	0	0	0	0	311
<b>Equity at the end of period</b>	<b>257 462</b>	<b>227 153</b>	<b>257 462</b>	<b>227 153</b>	<b>244 298</b>

# SIMRAD OPTRONICS GROUP

## 2ND QUARTER AND 1ST HALF YEAR 2009

### Notes

#### 1. General and accounting principles

The consolidated financial statements have been prepared in accordance with IAS 34 (interim financial reporting). All figures are actual figures. The 2nd Quarter and 1st Half Year interim financial information for 2009 and 2008 are unaudited.

The accounting policies used in the preparation of the financial statements are consistent with those disclosed in the annual financial statements for the year ended 31 December 2008. Effective Q1-09 also the following standards were adopted; revised IAS 1 (presentation of financial statements), IFRS 2 (share-based payments), IFRS 8 (segment reporting) and revised IAS 23 (borrowing costs).

The consolidated financial statements should be read in conjunction with the 2008 annual financial statements which include a full description of the Group's accounting policies.

The consolidated financial statements of the Group for the year ended 31 December 2008 is available upon request from the company's registered office at Lindholmveien 14, 3106 Nøtterøy, Norway, or at [www.simrad-optronics.com](http://www.simrad-optronics.com).

#### 2. Segment information

Disclosure of segment information is prepared under the approach required by IFRS 8 and based on the internal reports regularly reviewed by the Group's Chief Operating Decision Makers in order to assess each segment's performance and to allocate resources to them. Effective Q1-09 Simrad Optronics has divided its primary reporting format into three segments; 'Operations Norway', 'Operations US' and 'Operations other'. The split is based upon the risk- and return profile of the Group's operations, also taking into consideration the Group's internal reporting structure.

- 'Operations Norway' consists of operating activities in Vinghøg AS which is development, manufacturing and sales of remote-controlled weapon station (RWS) equipment, electro-optical equipment, weapon improvement products and vehicle systems for military use.
- 'Operations US' consists of operating activities in Vingtech Corp, which is manufacturing and sales of military equipment to the North American market.
- 'Operations other' consists of sales agencies (Nordic Defence Supply AS and Servo Kontroll AS), and other emerging activities (Vingtech Saab AS, Vingtech AUS Pty Ltd).

Internal revenue between segments is presented explicit. A major part of corporate overhead costs are divided and included in each segment's operating expenses.

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During the 2nd Quarter and 1st Half Year there are no major changes in related parties compared to what is described in the Annual report 2008 note 11. There have been no significant transactions with related parties during the period other than regular transactions such as sales/purchase of goods and royalty, as described in the Annual report 2008 note 11.

<b>Revenue per segment</b>	<b>Q2-09</b>	<b>Q2-08</b>	<b>H1-09</b>	<b>H1-08</b>	<b>FY-08</b>
<i>NOK 1 000</i>	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Operations Norway, total revenue	145 836	150 612	271 286	249 320	566 846
Internal revenue	-40 231	-18 093	-62 492	-27 446	-70 966
Operations Norway, external revenue	105 605	132 519	208 794	221 874	495 880
Operations US	51 644	19 994	100 328	23 028	87 360
Operations other	2 344	4 201	5 688	8 284	20 402
Other / eliminations	0	0	0	0	-1 235
Total revenue	159 593	156 714	314 810	253 186	602 407

# SIMRAD OPTRONICS GROUP

## 2ND QUARTER AND 1ST HALF YEAR 2009

<b>EBITDA per segment</b> <i>NOK 1 000</i>	<b>Q2-09</b> Unaudited	<b>Q2-08</b> Unaudited	<b>H1-09</b> Unaudited	<b>H1-08</b> Unaudited	<b>FY-08</b> Audited
Operations Norway	6 883	14 765	13 142	19 107	66 679
Operations US	6 126	448	14 548	-4 080	3 395
Operations other	581	1 423	1 731	2 927	7 171
Other / eliminations	2 509	30	-14	-68	-1 216
<b>Total EBITDA</b>	<b>16 099</b>	<b>16 666</b>	<b>29 407</b>	<b>17 886</b>	<b>76 029</b>

<b>Total assets per segment</b> <i>NOK 1 000</i>	<b>30.06.09</b> Unaudited	<b>30.06.08</b> Unaudited	<b>31.12.08</b> Audited
Operations Norway	372 205	369 670	394 899
Operations US	101 352	54 197	88 831
Operations other	11 563	16 045	20 499
Other / eliminations	78 045	152 718	112 572
<b>Total assets</b>	<b>563 165</b>	<b>592 629</b>	<b>616 801</b>


### 3. Operating Expenses


<i>NOK 1 000</i>	<b>Q2-09</b> Unaudited	<b>Q2-08</b> Unaudited	<b>H1-09</b> Unaudited	<b>H1-08</b> Unaudited	<b>FY-08</b> Audited
Cost of materials	86 392	88 085	176 286	135 699	326 708
Payroll and related cost	37 277	31 129	71 067	62 710	117 422
Other operating expenses	19 824	20 833	38 050	36 891	82 247
<b>Total operating expenses</b>	<b>143 493</b>	<b>140 047</b>	<b>285 403</b>	<b>235 300</b>	<b>526 377</b>


## Responsibility Statement

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period 1 January to 30 June 2009 has been prepared in accordance with IAS 34 – Interim Financial Reporting, and gives a true and fair view of the Group's assets, liabilities, financial position and profit/loss as a whole. We also confirm, to the best of our knowledge, that the interim management report includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year, and major related parties transactions.

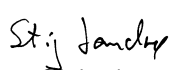
Nøtterøy, August 26th, 2009  
The Board of Simrad Optronics ASA


  
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Chairman of the Board

  
Ingvild Myhre  
Member of the Board

  
Lisa Cooper  
Member of the Board

  
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Member of the Board, Employee representative

  
Stig Landrø  
Member of the Board, Employee representative

  
Jon Asbjørn Bø  
President and CEO



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