



INTERIM FINANCIAL REPORTING
3RD QUARTER 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

- Order backlog up 9.6 % to MNOK 630.0
- Available cash (incl. undrawn credit facilities) up 30.0 % to MNOK 47.8
- Simrad Optronics ASA expects increase in revenues in 2009 compared with 2008
- Q3-09 revenues of MNOK 122.4, down from MNOK 132.6 in Q3-08
- Q3-09 EBITDA of MNOK 16.6, up from MNOK 15.8 in Q3-08
- YTD Q3-09 revenues of MNOK 437.2, up from MNOK 385.8 in 2008
- YTD Q3-09 EBITDA of MNOK 46.0, up from MNOK 33.7 in 2008

Operational progress

The Q3-09 results are according to plan, and the Group expects increase in revenues for 2009 compared with 2008. The Group have had a strong year-to-date growth in both revenues, EBITDA and EBT compared to the corresponding year-to-date results previous year.

Focus on productivity, capacity and efficiency, in addition to working capital, has improved Simrad Optronics' cash position and brought the Group in line with its goals and priorities for 2009.

On segment level "Operations US" reports positive progress in revenues and EBITDA relative to the corresponding Quarter previous year.

The Group entities experienced a strong order intake in the third quarter, which resulted in an order backlog of MNOK 630.0, up 9.6 % compared with Q2-09.

Product group development highlights in Q3-09 are:

- **RWS**
 - Teamed up with the world leading supplier of RWS, Kongsberg Protech Systems.
 - Increasing demand, strong order intake.
 - US budget increase for RWS in 2010.
 - Increased turnover for after sales repairs and overhauls.
 - Focus on further product development and enhancing the supply chain.
- **Electro Optics**
 - Slightly delayed with development of the laser target designator for FOI.
 - Received grants from Innovation Norway as well as other partners for funding of new product development. Start up in Q4-09.
- **Weapon Improvement Systems**
 - Frame agreement signed for Weapon Improvement products with The Norwegian Armed Forces, and first order already delivered.
 - Development program for new products started. Industrial partners in place. Received additional funding from Innovation Norway.
 - New Combi Softmount HK GMG/M2 ready for launching in Q4-09.
- **Vehicle Systems**
 - Important Vingpos contract signed with The Swedish Armed Forces in Q2-09 for their mortar systems. One more country is expected to join before year end.
 - Positive market outlook for Vingtaqs, some minor development contracts already received. Some contracts expected in 2010, but substantial growth not until a few years ahead.

Financial position

At end of Q3-09 total assets came to MNOK 530.3 and total equity to MNOK 263.9. At end of Q3-09 the equity ratio is 49.8 % relative to 39.6% at year end 2008.

YTD Q3-09 net financial items are affected by MNOK 13.2 as gain on financial instruments.

Q3-09 is the last quarter where the Group is taking the advantage of loss carry forwards in foreign entities.

At end of Q3-09 the Group had undrawn credit facilities of MNOK 36.9. Available cash (including undrawn credit facilities) came to MNOK 47.8.

Long term loan is reduced with MNOK 10.0 in Q3-09, and the total loan balance per end of Q3-09 is MNOK 103.0, of which MNOK 44.0 becomes due during the next 12 months, and is reported as a short-term liability.

Outlook / Going forward

For the whole year 2009 Simrad Optronics ASA expects a slightly increase in revenues compared to 2008. The growth in revenues is expected to continue during next year, making year 2010 the sixth consecutive year with growth in revenues.

The Group 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:

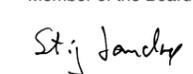
- **Further growth in revenue – maintain margins**
 - Achieved growth in year-to-date revenues, and expect growth for the whole year compared to 2008.
 - Year-to-date margins above previous years margins. FY09 margins expected to end up on level with FY08.
- **Strong focus on Working Capital items, improve financial position through cash from operating activities**
 - Working Capital reduced with MNOK 29.8 in Q3-09 and MNOK 21.8 YTD Q3-09.
 - Available cash increased with MNOK 11.0 in Q3-09 and MNOK 31.1 YTD Q3-09.
- **Further development of our subsidiaries abroad**
 - Vingtech Corp is now responsible for the Group's RWS deliveries.
- **Strong focus on product development**
 - Development programs are ongoing in all four business areas.
 - Achieved external funding for selected development programs.

Nøtterøy, October 28th, 2009
The Board of Simrad Optronics ASA

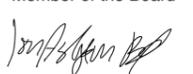

Terje Eidsmo
Chairman of the Board


Helle Rønningen
Member of the Board, Employee representative


Ingvild Myhre
Member of the Board


Stig Landro
Member of the Board, Employee representative


Lisa Cooper
Member of the Board


Jon Asbjørn Bø
President and CEO

SIMRAD OPTRONICS GROUP
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Profit and Loss Account

	Note	Period		Year to date		FY-08 Audited
		Q3-09 Unaudited	Q3-08 Unaudited	Q3-09 Unaudited	Q3-08 Unaudited	
<i>NOK 1 000</i>						
Operating income	2	122 363	132 642	437 173	385 828	602 406
Operating expenses	3	105 727	116 855	391 130	352 155	526 377
EBITDA		16 636	15 787	46 043	33 673	76 029
Depreciation		3 150	3 622	9 517	9 708	12 247
Amortization of Excess Values		6 551	6 552	19 652	19 656	26 662
EBIT		6 935	5 613	16 874	4 309	37 120
Net financial items		-75	3 009	2 272	-9 101	-18 726
EBT		6 860	8 622	19 146	-4 792	18 394
Tax on ordinary profit		596	1 923	881	-322	7 629
Profit after taxes		6 264	6 699	18 265	-4 470	10 765
Earnings per share (NOK 1)		0,09	0,09	0,26	-0,06	0,15
Earnings per share, diluted (NOK 1)		0,09	0,09	0,26	-0,06	0,15

Other Comprehensive Income

	Period		Year to date		FY-08 Audited
	Q3-09 Unaudited	Q3-08 Unaudited	Q3-09 Unaudited	Q3-08 Unaudited	
<i>NOK 1 000</i>					
Profit (loss) after tax	6 265	6 700	18 265	-4 470	10 765
Foreign exchange translation differences	132	-1 647	1 296	-756	-3 843
Net profit (loss) recognized directly in equity	132	-1 647	1 296	-756	-3 843
Total recognized income and expense for the period	6 397	5 053	19 561	-5 226	6 922

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Balance Sheet

	30.09.09	30.09.08	31.12.08
<i>NOK 1 000</i>	Unaudited	Unaudited	Audited
Intangible fixed assets	268 691	304 602	291 393
Tangible fixed assets	36 166	38 521	44 943
Financial fixed assets	5 164	1 973	5 614
Total fixed assets	310 021	345 096	341 949
Inventories	111 094	121 691	133 702
Accounts receivable	86 835	123 468	124 914
Other receivables	11 478	28 005	14 328
Cash and cash equivalents	10 871	1 562	1 908
Total current assets	220 278	274 726	274 852
Total assets	530 299	619 822	616 801
Total equity	263 859	232 206	244 298
Long term bank borrowing	59 000	103 000	89 000
Other long term liabilities	61 049	61 054	60 168
Total long term liabilities	120 049	164 054	149 168
Bank overdraft	33 110	50 547	35 237
Accounts payables	40 710	88 237	79 599
Other short-term liabilities	72 571	84 778	108 499
Total short-term liabilities	146 391	223 562	223 335
Total equity and liabilities	530 299	619 822	616 801

Cash Flow Statement

	Period		Year to date		FY-08 Audited
	Q3-09 Unaudited	Q3-08 Unaudited	Q3-09 Unaudited	Q3-08 Unaudited	
<i>NOK 1 000</i>					
Cash flow from operating activities	22 154	24 560	43 256	2 700	10 979
Cash flow from investing activities	-1 122	-5 888	-2 167	-18 479	-20 307
Cash flow from financing activities	-14 258	-17 516	-32 127	15 306	9 201
Net change in cash and cash equivalents	6 774	1 156	8 962	-473	-127
Cash and cash equivalents at the beginning of period	4 096	406	1 908	2 035	2 035
Cash and cash equivalents at the end of period	10 870	1 562	10 870	1 562	1 908

Statement of changes in Equity

	Period		Year to date		FY-08 Audited
	Q3-09 Unaudited	Q3-08 Unaudited	Q3-09 Unaudited	Q3-08 Unaudited	
<i>NOK 1 000</i>					
Equity at the beginning of period	257 462	227 153	244 298	237 432	237 432
Total recognized income and expense for the period	6 397	5 053	19 561	-5 226	6 922
Reversal of share option plan	0	0	0	0	-367
Merger difference from merger subsidiary	0	0	0	0	311
Equity at the end of period	263 859	232 206	263 859	232 206	244 298

Notes

1. General and accounting principles

The consolidated financial statements have been prepared in accordance with IAS 34 (interim financial reporting). The 3rd Quarter 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.

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 equipment for remotely controlled weapon stations (RWS), 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.

During the 3rd Quarter 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.

Revenue per segment

	Period		Year to date		FY-08 Audited
	Q3-09 Unaudited	Q3-08 Unaudited	Q3-09 Unaudited	Q3-08 Unaudited	
<i>NOK 1 000</i>					
Operations Norway, total revenue	99 546	114 847	370 832	364 167	566 846
Internal revenue	-37 261	-18 282	-99 753	-45 728	-70 966
Operations Norway, external revenue	62 285	96 565	271 079	318 439	495 880
Operations US	53 258	30 438	153 586	53 466	87 360
Operations other	6 820	5 639	12 508	13 923	20 402
Other / eliminations	0	0	0	0	-1 235
Total revenue	122 363	132 642	437 173	385 828	602 407

EBITDA per segment

	Period		Year to date		FY-08 Audited
	Q3-09 Unaudited	Q3-08 Unaudited	Q3-09 Unaudited	Q3-08 Unaudited	
<i>NOK 1 000</i>					
Operations Norway	6 460	10 144	19 602	29 251	66 679
Operations US	8 254	3 795	22 802	-285	3 395
Operations other	2 297	1 782	4 028	4 709	7 171
Other / eliminations	-375	67	-389	-1	-1 216
Total EBITDA	16 636	15 788	46 043	33 674	76 029

Total assets per segment

	30.09.09 Unaudited	30.09.08 Unaudited	31.12.08 Audited
<i>NOK 1 000</i>			
Operations Norway	348 923	469 531	394 899
Operations US	81 148	40 637	88 831
Operations other	8 364	15 956	20 499
Other / eliminations	91 864	93 699	112 572
Total assets	530 299	619 822	616 801

3. Operating Expenses

	Period		Year to date		FY-08 Audited
	Q3-09 Unaudited	Q3-08 Unaudited	Q3-09 Unaudited	Q3-08 Unaudited	
<i>NOK 1 000</i>					
Cost of materials	64 447	74 974	240 733	210 673	326 708
Payroll and related cost	23 355	22 958	94 422	85 668	117 422
Other operating expenses	17 925	18 923	55 975	55 814	82 247
Total operating expenses	105 727	116 855	391 130	352 155	526 377



Simrad Optronics ASA
Lindholmveien 14
P.O. Box 143, Teie
N-3106 Nøtterøy, Norway
Telephone: +47 3338 2350
Fax: +47 3338 2351

Vinghøg AS
Lindholmveien 14
P.O. Box 143, Teie
N-3106 Nøtterøy, Norway
Telephone: +47 3338 2350
Fax: +47 3338 2351

VingTech Corporation
15 Morin Street
Biddeford, ME 04050
USA
Telephone: +1 207-571-5850
Fax: +1 207-282-2767

www.simrad-optronics.com