



INTERIM FINANCIAL REPORTING  
4TH 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

- Q4-2009 revenues came to MNOK 186.7, down from MNOK 216.6 in Q4-2008.
- Q4-2009 EBITDA of MNOK 40.6, down from MNOK 42.4 in Q4-2008. Q4-2009 EBITDA margin of 21.7 %, up from 19.6 % in Q4-2008.
- 2009 revenues of MNOK 623.9, up from MNOK 602.4 in 2008. 2009 EBITDA of MNOK 86.6 (13.9 %), compared with MNOK 76.0 (12.6 %) in 2008.
- 2009 EBT of MNOK 48.7, up from MNOK 18.4 in 2008.
- Strong order backlog of MNOK 700.0, up 16.6 % from year end 2008.

#### Operational progress

Improved operational performance in terms of high utilization of the Group's manufacturing capacity, combined with high productivity and efficiency, has contributed to actual Q4-09 results that are exceeding the in advance estimated results.

Despite a Q4-09 revenue slightly below the record high Q4-08, the results of Q4-09 is contributing to a 2009 EBITDA margin 1.3 %-points above previous year.

On segment level the Q4-09 revenues of "Operations Norway" are below the corresponding quarter last year, but with increased margins. "Operations Norway" has been a significant sub supplier to the US operations, and 44.4 % of the Q4-09 revenues was internal sales. On the contrary, "Operations US" revenues are above the corresponding quarter last year, but with decreased margins.

#### Product group development in Q4-09:

- **RWS**
  - Increased demand, considerable order intake.
  - Increased turnover for after sales repairs and overhauls.
  - Further development and enhancing of the supplier chain.
- **Electro Optics**
  - Slightly delayed with development of the laser target designator for the FOI.
  - New development programs started.
  - Vingmate sold to one more country.
- **Weapon Improvement Systems**
  - Demand below expectations.
  - New development program started. External funding and industrial partners in place.
- **Vehicle Systems**
  - Positive marked outlook for Vingtaqs, some minor development contracts received.
  - The Vingpos contract signed with the Swedish Armed Forces in Q2-09 is on track.

#### Financial position

The Group's revenues in the fourth quarter came to MNOK 186.7, 14 % below the record high fourth quarter of 2008 (Q4-08: MNOK 216.6). The Group reports an EBITDA of MNOK 40.6 for the fourth quarter, MNOK 1.8 below Q4-2008 (Q4-08: MNOK 42.4). Profit before taxes in Q4-09 came to MNOK 29.6, an increase of MNOK 6.4 compared to the previous year's fourth quarter (Q4-08: MNOK 23.2).

Due to efficiency improvements, as well as cost cutting programs implemented over the last year, the Group has been able to increase the EBITDA margin with 1.3 %-points during 2009.

Simrad Optronics experienced a considerable order intake in the fourth quarter, which resulted in a strong order backlog of MNOK 700, up 11 % from Q3-09.

At end of Q4-09 the Group had undrawn credit facilities of MNOK 68.0. Available cash (including undrawn credit facilities) came to MNOK 92.3.

Long term loan is reduced with MNOK 10.0 in Q4-09, and the total loan balance per end of Q4-09 is MNOK 93.0, of which MNOK 40.0 becomes due during the next 12 months, and is reported as a short-term liability. Net interest bearing debt per end of Q4-09 is MNOK 70.7.

There are no longer any covenants restrictions for share dividends. In connection with the adoption of the 2009 annual report and allocation of the profit for the year, the Board of directors expects to put forward a proposal for share dividends.


#### Outlook / Going forward

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


Simrad Optronics ASA expects the growth in revenues to continue during next year, making year 2010 the sixth consecutive year with growth in (proforma) revenues. The revenue growth rate in 2010 is expected to be above 2009 level.

In addition to increased revenues and maintained margins, Simrad Optronics' priorities for 2010 will be to improve the Group's distribution power, to maintain a strong focus on product development, and to increase its focus on human capital.


Nøtterøy, February 26th, 2010  
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

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**Profit and Loss Account**

NOK 1 000	Note	Period		Full Year	
		Q4-09	Q4-08	2009	2008
Operating income	2	186 695	216 578	623 868	602 406
Operating expenses	3	146 091	174 222	537 221	526 377
EBITDA		40 604	42 356	86 647	76 029
Depreciation		4 066	2 539	13 583	12 247
Amortization of Excess Values		6 551	7 006	26 203	26 662
EBIT		29 987	32 811	46 861	37 120
Net financial items		-413	-9 625	1 859	-18 726
EBT		29 574	23 186	48 720	18 394
Tax on ordinary profit		8 806	7 951	9 687	7 629
Profit after taxes		20 767	15 235	39 032	10 765
Earnings per share (NOK 1)		0,29	0,21	0,55	0,15
Earnings per share, diluted (NOK 1)		0,29	0,21	0,55	0,15

**Other Comprehensive Income**

NOK 1 000	Period		Full Year	
	Q4-09	Q4-08	2009	2008
Profit (loss) after tax	20 767	15 235	39 032	10 765
Foreign exchange translation differences	532	-3 087	1 828	-3 843
Net profit (loss) recognized directly in equity	532	-3 087	1 828	-3 843
Total recognized income and expense for the period	21 299	12 148	40 860	6 922

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**Balance Sheet**

NOK 1 000	31.12.09	31.12.08
Intangible fixed assets	264 448	291 393
Tangible fixed assets	35 704	44 943
Financial fixed assets	3 272	5 614
Total fixed assets	303 423	341 950
Inventories	118 229	133 702
Accounts receivable	79 957	124 914
Other receivables	20 796	14 327
Cash and cash equivalents	24 365	1 908
Total current assets	243 347	274 851
Total assets	546 771	616 801
Total equity	285 158	244 298
Long term bank borrowing	53 000	89 000
Other long term liabilities	27 715	60 168
Total long term liabilities	80 715	149 168
Bank overdraft	2 034	35 237
Accounts payables	62 369	79 599
Other short-term liabilities	116 495	108 499
Total short-term liabilities	180 898	223 335
Total equity and liabilities	546 771	616 801

**Cash Flow Statement**

NOK 1 000	Period		Full Year	
	Q4-09	Q4-08	2009	2008
Cash flow from operating activities	61 067	8 279	104 323	10 979
Cash flow from investing activities	-6 436	-1 828	-8 603	-20 307
Cash flow from financing activities	-41 136	-6 105	-73 263	9 201
Net change in cash and cash equivalents	13 495	346	22 457	-127
Cash and cash equivalents at the beginning of period	10 870	1 562	1 908	2 035
Cash and cash equivalents at the end of period	24 365	1 908	24 365	1 908

**Statement of changes in Equity**

NOK 1 000	Period		Full Year	
	Q4-09	Q4-08	2009	2008
Equity at the beginning of period	263 859	232 150	244 298	237 432
Total recognized income and expense for the period	21 299	12 148	40 860	6 922
Reversal of share option plan	0	0	0	-367
Merger difference from merger subsidiary	0	0	0	311
Equity at the end of period	285 158	244 298	285 158	244 298

## 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. All figures in the profit and loss, and in the balance sheet, are audited figures.

The interim report does not include all information required for a complete annual report.

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 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 4th 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

NOK 1 000

	Period		Full Year	
	Q4-09	Q4-08	2009	2008
Operations Norway, total revenue	159 567	202 679	530 399	566 846
Internal revenue	-70 813	-25 239	-170 566	-70 966
Operations Norway, external revenue	88 754	177 440	359 833	495 880
Operations US	92 647	33 894	246 233	87 360
Operations other	6 734	6 479	19 242	20 402
Other / eliminations	-1 440	-1 235	-1 440	-1 235
<b>Total revenue</b>	<b>186 695</b>	<b>216 578</b>	<b>623 868</b>	<b>602 407</b>

### EBITDA per segment

NOK 1 000

	Period		Full Year	
	Q4-09	Q4-08	2009	2008
Operations Norway	33 150	37 428	52 752	66 679
Operations US	5 396	3 680	28 198	3 395
Operations other	3 178	2 462	7 206	7 171
Other / eliminations	-1 120	-1 215	-1 509	-1 216
<b>Total EBITDA</b>	<b>40 604</b>	<b>42 355</b>	<b>86 647</b>	<b>76 029</b>

### Total assets per segment

NOK 1 000

	31.12.09	31.12.08
Operations Norway	193 067	320 165
Operations US	127 227	49 838
Operations other	8 565	5 302
Other / eliminations	217 913	241 496
<b>Total assets</b>	<b>546 771</b>	<b>616 801</b>

### 3. Operating Expenses

NOK 1 000

	Period		Full Year	
	Q4-09	Q4-08	2009	2008
Cost of materials	87 156	116 035	327 889	326 708
Payroll and related cost	35 496	31 754	129 918	117 422
Other operating expenses	23 439	26 433	79 414	82 247
<b>Total operating expenses</b>	<b>146 091</b>	<b>174 222</b>	<b>537 221</b>	<b>526 377</b>



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