



Agendum See Design



**INTERIM FINANCIAL REPORTING  
2ND QUARTER AND 1ST HALF YEAR 2008**

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SIMRAD OPTRONICS ASA  
2ND QUARTER AND 1ST HALF YEAR 2008

Highlights

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- 20 % growth in revenue in Q208 compared to Q207.
- Order backlog of MNOK 715, up 4 % from Q108.
- Delay in deliveries reduced 75% from Q108.
- SIT maintains the guiding from Q108 in expecting revenue of approximately MNOK 550 in 2008, with EBITDA between MNOK 70 and 80.

# SIMRAD OPTRONICS ASA

## 2ND QUARTER AND 1ST HALF YEAR 2008

### Operational progress

The main operational task in Q2 was to improve the supply chain and reduce the delay in deliveries reported in Q1. The delay has been reduced with 75 % during Q2. The work with the supplier chain has given results, but it will still have a high focus going forward.

Vingtech Corp had its second quarter of operation and delivered a satisfying result. Vingtech Corp will continue to increase its turnover and it is still expected to have a turnover of MUSD 20 and a positive EBITDA in its first full year of operation.

### Product group developments in Q2:

#### RWS

- Still growth in order intake.
- On track with deliveries.
- Strong market outlook.

#### Electro Optics

- On schedule on the development of a laser target designator Norwegian and Swedish armed forces.
- Good demand for night equipment.

#### Weapon Improvement Systems

- On time with deliveries.
- Stable but a little slow order income.

#### Vehicle Systems

- Vingtaqs II on track and high interest during the Eurosatory exhibition in June.
- Strong interest for position system for M109

### Financial position

For Q208 total revenue was MNOK 156.7, a 20 % increase from Q207. For H108 total revenue was MNOK 253.2, which is 5 % down from reported H107.

Simrad Optronics still expects growth in revenue in 2008 compared to 2007 from MNOK 458 to MNOK 550.

Simrad Optronics experienced a steady order flow also in the second quarter, which resulted in order backlog of MNOK 715, up 4% from Q108.

Simrad Optronics reports an EBITDA of MNOK 16.7 for the second quarter, down from reported MNOK 21.5 in last year's

second quarter. For H108 EBITDA is MNOK 17.9, down from reported MNOK 45.0 in H107.

EBT for the second quarter was MNOK 1.2, down from reported MNOK 6.6 in the same period last year. For H108 EBT is -MNOK 13.4 down from reported MNOK 15.9 in H107.

The company has MNOK 227.2 of equity, corresponding to an equity ratio of 38.3 %.

### Outlook / Going forward

The operational part of the organization will have focus on handling the growth in revenue and improving the supplier chain in the second half of 2008. Vinghøg has just moved into an additional 1600 m2 facility and has now the possibility to handle the growth better. Vingtech Corp is expecting to double the number of employees in the second half of 2008 and is also considering to rent more space at the current facility.

The development department is currently focusing on the development of the laser target designator, the trainer for 40mm grenade launcher, adapting the Vingmate to different guns and night vision sights, plus integrating the Vingtaqs II to different types of vehicles.

The sales and marketing department will focus on following up the huge response from potential customers.

The group will have a key focus on establishing strategic alliances with other defense suppliers to prepare for pending projects around the world and to developing the SAAB agreement further.

The group's current position and its opportunities indicate further growth. The group is maintaining the guiding from Q108 in expecting revenue of approximately MNOK 550 in 2008, with EBITDA between MNOK 70 and 80.

### Risks and uncertainties

The Board currently believes that the principal risks and uncertainties for the remainder of 2008 are similar to risks and uncertainties disclosed in the Annual Report 2007 note 17, such as credit risk, liquidity risk, interest rate risk, market risk and currency risk. The Group is also exposed to changes in political regimes and political decisions that may have impact on the demand for military equipment.

# SIMRAD OPTRONICS ASA

## 2ND QUARTER AND 1ST HALF YEAR 2008

### Profit and Loss

Figures in NOK 1,000	Periodic			Year-to-date				
	Q208	Q207	Q207	Q208	Q207	Q207	31.12.07	31.12.07
	Actual	Proforma	Reported	Actual	Proforma	Reported	Proforma	Reported
Operating revenue	156 713	126 002	124 697	253 186	269 481	265 316	471 159	458 386
Operating expenses	140 047	103 665	103 183	235 300	222 441	220 311	403 636	396 320
EBITDA	16 666	22 337	21 514	17 886	47 040	45 005	67 523	62 066
Depreciation	3 099	2 941	2 930	5 962	5 485	5 433	11 289	11 125
Amortization of Excess Values	6 615	7 274	8 875	13 229	14 550	17 750	29 100	29 100
EBIT	6 952	12 122	9 709	-1 305	27 005	21 822	27 134	21 841
Net financial items	-5 764	-3 066	-3 108	-12 110	-5 825	-5 910	-14 279	-14 446
EBT	1 188	9 056	6 601	-13 415	21 180	15 912	12 855	7 395
Tax on ordinary profit	435	1 919	1 886	-2 245	4 632	4 566	-6 926	-7 057
Profit after taxes	753	7 137	4 715	-11 170	16 548	11 346	19 780	14 452

### Balance Sheet

Figures in NOK 1,000	Year-to-date				
	Q208	Q207	Q207	31.12.07	31.12.07
	Actual	Proforma	Reported	Proforma	Reported
Intangible fixed assets	312 424	338 121	329 225	320 584	318 088
Tangible fixed assets	34 985	17 924	17 668	36 176	35 920
Financial fixed assets	1 973	102	102	1 973	1 973
Total fixed assets	349 382	356 147	346 995	358 733	355 981
Inventories	101 629	74 866	74 866	87 808	87 808
Accounts receivable	129 954	137 094	135 842	88 247	86 995
Other receivables	11 258	28 306	27 988	29 371	29 052
Cash and cash equivalents	406	35 975	31 518	2 035	2 035
Total current assets	243 247	276 241	270 214	207 461	205 890
Total assets	592 629	632 388	617 209	566 194	561 871
Shareholders' equity	227 153	238 329	233 030	242 760	237 432
Long term bank borrowing	133 000	105 000	105 000	133 000	133 000
Other long term liabilities	59 130	125 005	74 109	61 362	61 402
Total long term liabilities	192 130	230 005	179 109	194 362	194 402
Bank overdraft	38 064	0	0	21 579	26 036
Accounts payables	72 829	54 503	53 933	64 099	63 529
Other short-term liabilities	62 453	109 551	151 137	43 394	40 472
Total short-term liabilities	173 346	164 054	205 070	129 072	130 037
Total liabilities and shareholders' equity	592 629	632 388	617 209	566 194	561 871

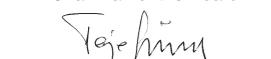
Oslo, August 18, 2008

The Board of Simrad Optronics ASA

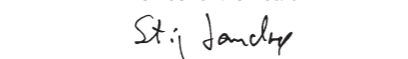
  
Ove Gusevik  
Chairman of the Board


  
Ingvild Myhre  
Member of the Board

  
Lisa Cooper  
Member of the Board

  
Terje Eidsmo  
Deputy Chairman of the Board

  
Helle Ronningen  
Member of the Board, Employee representative

  
Stig Landro  
Member of the Board, Employee representative

  
Jon Asbjørn Bø  
President and CEO

# SIMRAD OPTRONICS ASA

## 2ND QUARTER AND 1ST HALF YEAR 2008

### Cash Flow Statement

	Year-to-date				
	Q208	Q207	Q207	31.12.07	31.12.07
<i>Figures in NOK 1,000</i>	Actual	Proforma	Reported	Proforma	Reported
Cash flow from operating activities	-21 860	-68 501	-72 958	-26 118	-24 413
Cash flow from investing activities	-12 591	-7 275	-7 275	-139 515	-136 763
Cash flow from financing activities	32 822	108 305	108 305	164 222	159 765
Net change in cash and cash equivalents	-1 629	32 529	28 072	-1 411	-1 411
Cash and cash equivalents at the beginning of period	2 035	3 446	3 446	3 446	3 446
Cash and cash equivalents at the end of period	406	35 975	31 518	2 035	2 035

### Equity Reconciliation

	Year-to-date				
	Q208	Q207	Q207	31.12.07	31.12.07
<i>Figures in NOK 1,000</i>	Actual	Proforma	Reported	Proforma	Reported
Equity at the beginning of period	237 432	18 049	18 049	18 049	18 049
Discontinued operation	0	-13 099	-13 099	-13 101	-13 101
Equity issue expenses, net of tax	0	0	0	-1 606	-1 606
Paid in share capital and/or dividends paid	0	216 690	216 690	218 924	218 924
Share purchase for employees, imputed salary	0	260	260	260	260
Net income for the period	-11 170	16 548	11 346	19 780	14 452
Effect of change in exchange rates	891	-119	-216	454	454
Equity at the end of period	227 153	238 329	233 030	242 760	237 432

### Notes

#### 1. General and accounting principles

The consolidated financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting. The interim financial information for 2008 and 2007 are unaudited. Annual financial information for 2007 (column “31.12.07 Reported”) is based on audited accounts.

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 2007. The consolidated financial statements should be read in conjunction with the 2007 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 2007 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).

In proforma figures Nauteknik Defence and Security AS is included. Simrad Optronics Ltd (liquidated in 2007) and Vinghøg Obsima AS (sold in 2007) are excluded. Proforma figures Q207 are also adjusted for change in amortization of excess values revised in Q407, ref. Q407 report.

#### 2. Revenue per geographical segments

Simrad Optronics products are exported to approximately 40 countries world wide through a network of agents and distributors. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers.

	Periodic			Year-to-date				
	Q208	Q207	Q207	Q208	Q207	Q207	31.12.07	31.12.07
<i>Figures in NOK 1,000</i>	Actual	Proforma	Reported	Actual	Proforma	Reported	Proforma	Reported
Norway	112 467	69 625	67 235	181 369	148 908	143 056	260 350	247 157
Europe	34 797	45 381	46 276	55 834	97 055	98 462	169 602	170 022
Americas	4 901	4 567	4 646	9 052	9 768	9 885	17 079	17 079
Other	4 547	6 428	6 539	6 931	13 749	13 913	24 038	24 038
Other revenue, unallocated	0	0	0	0	0	0	90	90
Total external revenue	156 713	126 002	124 697	253 186	269 481	265 316	471 159	458 386

# SIMRAD OPTRONICS ASA

## 2ND QUARTER AND 1ST HALF YEAR 2008

### 3. Operating Expenses

	Periodic			Year-to-date				
	Q208	Q207	Q207	Q208	Q207	Q207	31.12.07	31.12.07
<i>Figures in NOK 1,000</i>	Actual	Proforma	Reported	Actual	Proforma	Reported	Proforma	Reported
Cost of materials	88 085	63 677	61 595	135 699	135 892	132 273	233 496	226 436
Payroll and related costs	30 672	26 832	27 665	62 710	52 582	53 151	109 546	105 115
Other operating expenses	21 290	13 156	13 923	36 891	33 967	34 887	60 594	64 769
Total operating expenses	140 047	103 665	103 183	235 300	222 441	220 311	403 636	396 320

### 4. Restructurings and Business combinations

With effect from 1 January 2008 Simrad Optronics Group restructured its operating activities by transferring the operational activities in Simrad Optronics ASA to the subsidiary Vinghøg AS. Simrad Optronics ASA is from 1 January 2008 a pure holding company. The headquarter address is during first half year 2008 moved from Oslo to Nøtterøy.

With effect from 1 January 2008 Simrad Optronics ASA acquired Nauteknik Defence & Security AS (“NDS”). The company is a sales representative company within the defence sector. The company has been renamed to Nordic Defence Supply AS. The company was during first half year 2008 merged with Vinghøg’s sales representative company Vingtech AS. Vinghøg’s other sales representative company, Servo Kontroll AS, became a subsidiary of NDS.

### 5. Credit facility status

External financing is according to Annual report 2007 note 14. The Group has received waivers for Q108, Q208 and Q308 for temporarily breaching two of the main covenants related to the Group’s loans and credit facilities; (1) EBITDA / Net Financial Expenses Ratio, and (2) Total Debt / EBITDA.

### 6. Related Parties


During first half year 2008 there are no major changes in related parties compared to what is described in Annual report 2007 note 11. There have been no significant transactions with related parties during first half year 2008.


### 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 2008 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.


Oslo, August 18, 2008  
The Board of Simrad Optronics ASA

  
Ove Gusevik  
Chairman of the Board

  
Terje Eidsmo  
Deputy Chairman of the Board

  
Ingvild Myhre  
Member of the Board

  
Helle Rønningen  
Member of the Board, Employee representative

  
Jon Asbjørn Bo  
President and CEO

  
Lisa Cooper  
Member of the Board

  
Stig Landro  
Member of the Board, Employee representative