



3RD QUARTER 2007

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- YTD growth maintained - Lower revenue in q3

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- YTD profitability maintained - Reduced margins in q3

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- Order backlog of NOK 610 million, up NOK 252 million (70%)
from the previous quarter

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- US Army's new RWS program - CROWS: Major breakthrough for
the US facility as a sub supplier to KDA for this program

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- Manufacturing at US facility commenced

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- Further sharpening of customer focus; military advisory board established

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- New corporate structure approved and taking effect from January 08
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SIMRAD OPTRONICS ASA

Q3 2007

Simrad Optronics' positive development in the second quarter slowed down in the third quarter. Revenue was down 28% compared to the third quarter last year. Also margins were lower in the third quarter. This was due to seasonality and lower sales in the electro optical product area.

However, Simrad Optronics' revenue in the first nine months of 2007 was considerably up from last year and profitability was in line with the previous year. A number of indicators suggest that Simrad Optronics is well positioned for further growth and improved profitability going forward.

The Company posted net revenue of NOK 68.5 million. Compared to the same period last year (all 2006 figures are pro forma; including Vinghøg, excluding the former Fire & Gas Division), the revenue decreased by 27%.

For the first nine months of 2007 net revenue came in at NOK 333.9 million, a 23% increase over the first nine months of 2006.

Order intake increased by NOK 252 million (70%) during the third quarter. At the end of September Simrad Optronics had an order backlog of NOK 610 million.

Profitability

Simrad Optronics reports an EBITDA of NOK 3.1 million for the third quarter, down from NOK 15.8 million in last year's third quarter. For the first nine months of the year, EBITDA was up NOK 5.0 million to NOK 48.1 million. Simrad Optronics' EBITDA margin fell slightly from 15.9% in the first nine months last year to 14.4% in the first nine months of 2007.

Profit before taxes for the third quarter was NOK -12.1 million (2006: NOK -0.4 million). For the first nine months of the year profit before taxes was NOK 3.8 million (2006: NOK -4.0 million).

Operational progress

The quarter was marked by several new contracts, Kongsberg Defence and Aerospace was awarded in the third quarter awarded a NOK 8bn/five year framework contract for US Army's new "Common Remotely Operated Weapon Station" program. Simrad Optronics supplies key components to the program and the Company will significantly increase its production in the Remote Weapon Stations product area following the contract.

Simrad Optronics' new manufacturing facility in Biddeford, Maine, USA was finalized in Q3 and the ramp up of production is in progress according to plan. As a sub supplier to KDA for the CROWS contract in addition to existing deliveries to the US market and continued high demand will provide a solid basis for the new plant, which is expected to generate a positive cash flow from the outset.

Other operational developments in the second quarter included:

Remote Weapon Systems (RWS) – The demand is high following a temporary slowdown in the third quarter. Production is currently running at full capacity.

The development of the next generation RWS in cooperation with Kongsberg Defence and Aerospace is progressing well and according to plan. A demonstrator will be delivered to the Norwegian Army in Q4.

Electro Optics – The order flow within this product area is steady. Delivery of new forward observer systems to the Norwegian and Swedish Armies will be finalized in Q4. The system is currently being tested by a number of additional countries.

Weapon Improvement Products – Simrad Optronics experiences a steady order flow and a growing order backlog also in this segment. 2007 will see record sales, and the growth is expected to continue.

Vehicle Systems – A demonstrator of the new Vintaqs II was delivered to the Norwegian Army in the third quarter. Vingtaqs I is installed in vehicles patrolling the Norwegian-Russian border. The M109 contract with the Norwegian Army develops according to plan.

New organizational structure approved

The Board of Directors has approved a new organizational structure. Simrad Optronics ASA will remain the parent company focusing on corporate functions, while all operations will be carried out by the subsidiaries Vinghøg AS, Norway and Vingtech US, Inc.

The new structure will provide a more focused organization in terms of R&D, manufacturing, marketing, sales and customer support. The new structure also creates a good basis for further growth. The new legal structure will increase Simrad Optronics' dividend capabilities from the fiscal year 2008, as it takes effect from 1 January 2008.

Military Advisory Board appointed

In order to further improve the Company's market position and customer focus, Simrad Optronics has appointed a Military Advisory Board. The MAB represents comprehensive user, military and political experience. It will provide valuable insight in political and military trends relevant to Simrad Optronics and advice on strategic matters. Among its members are former top level politicians and military officers from Norway, UK, USA and Sweden.

Strong financial position

The Company has NOK 225.5 million of equity, corresponding to an equity ratio of 42.5%. This provides Simrad Optronics with a sound financial basis for further expansion.

Oslo, 1 November 2007
The Board of Simrad Optronics ASA

P&L AND BALANCE SHEET

SIMRAD OPTRONICS GROUP

Profit and Loss Account (NOK 1,000)	Proforma		Proforma		Proforma
	Q307	Q306	30-09-07	30-09-06	31-12-06
	Group	Group 2)	Group	Group 2)	Group 2)
Operating income	68 548	94 364	333 864	271 097	381 640
Operating expenses	65 456	78 570	285 767	228 015	342 862
EBITDA	3 092	15 794	48 097	43 082	38 778
Depreciation	2 902	2 873	8 335	8 232	7 905
Amortization of Excess Values	8 875	8 354	26 625	26 312	34 281
EBIT	-8 685	4 567	13 137	8 538	-3 408
Net financial items	-3 453	-4 952	-9 363	-12 585	-17 772
EBT	-12 138	-385	3 774	-4 047	-21 180
Tax on ordinary profit	-4 566	6 566	0	4 784	7 455
Profit after taxes	-7 572	-6 951	3 774	-8 831	-28 635

Balance Sheet (NOK 1,000)	30-09-07	30-09-06	31-12-06
Intangible fixed assets	319 375	349 927	348 142
Tangible fixed assets	26 502	14 787	15 074
Financial fixed assets	2 073	102	141
Total fixed assets	347 950	364 816	363 357
Inventories	81 239	60 609	66 113
Accounts receivable	55 137	79 549	92 179
Other receivables	44 580	141 420	60 987
Cash and cash equivalents	985	0	25 689
Total current assets	181 941	281 578	244 968
Assets related to discontinued operations			
Total assets	529 891	646 394	608 325
Shareholders' equity	225 529	179 620	163 689
Long term bank borrowing	105 000	79 294	77 340
Other long term liabilities	69 543	70 026	69 206
Total long term liabilities	174 543	149 320	146 546
Bank overdraft		64 926	0
Accounts payables	35 753	95 640	114 165
Other short-term liabilities	94 066	156 888	183 925
Total short-term liabilities	129 819	317 454	298 090
Liabilities related to discontinued operations			
Total liabilities and shareholders' equity	529 891	646 394	608 325

Cash Flow Statement	30-09-07	31-12-06
Cash flow from operating activities	-97 392	82 389
Cash flow from investing activities	-20 008	-18 304
Cash flow from financing activities	92 696	-40 607
Net change in cash and cash equivalents	-24 704	23 478
Cash and cash equivalents at the beginning of period	25 689	2 211
Cash and cash equivalents at the end of period	985	25 689

Equity reconciliation	30-09-07	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 3)	-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	3 774	-28 635
Effect of change in exchange rates	-145	146
Equity at the end of period	225 529	163 689

This report is prepared according to IAS34 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 Defense & Security division of SOASA, Vinghøg and pro forma adjustments

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


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 PER QUARTER

SIMRAD OPTRONICS GROUP

Profit and Loss Account (NOK 1,000)	Q307					Q306					Q406					
	Q307	Restated Q306	Q306	Restated Q306	Proforma Q306	30-09-07	Restated 30-09-06	Proforma 30-09-06	Restated Q406	Q406	Restated Q406	Proforma Q406	Restated 31-12-06	31-12-06	Restated 31-12-06	Proforma 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)	D&S 2)	F&G 3)	Group 4)	Group 5)
Operating income	68 548	15 785	20 600	36 385	94 364	333 864	150 753	271 097	35 025	20 700	55 725	110 543	129 131	77 347	206 478	381 640
Operating expenses	65 456	23 564	19 000	42 564	78 570	285 767	165 388	228 015	56 355	21 125	77 480	114 847	163 141	79 727	242 868	342 862
EBITDA	3 092	-7 779	1 600	-6 179	15 794	48 097	-14 635	43 082	-21 330	-425	-21 755	-4 304	-34 010	-2 380	-36 390	38 778
Depreciation	2 902	1 900	200	2 100	2 873	8 335	6 769	8 232	-1 753	826	-927	-327	3 762	2 080	5 842	7 905
Amortization of Excess Values	8 875				8 354	26 625		26 312				7 969				34 281
EBIT	-8 685	-9 679	1 400	-8 279	4 567	13 137	-21 404	8 538	-19 577	-1 251	-20 828	-11 946	-37 772	-4 460	-42 232	-3 408
Net financial items	-3 453	-1 700	-400	-2 100	-4 952	-9 363	-4 820	-12 585	-2 602	-680	-3 282	-5 187	-6 357	-1 745	-8 102	-17 772
EBT	-12 138	-11 379	1 000	-10 379	-385	3 774	-26 224	-4 047	-22 179	-1 931	-24 110	-17 133	-44 129	-6 205	-50 334	-21 180
Tax on ordinary profit	-4 566				6 566			4 784	1 054		1 054	2 672	1 054		1 054	7 455
Profit after taxes	-7 572	-11 379	1 000	-10 379	-6 951	3 774	-26 224	-8 831	-23 233	-1 931	-25 164	-19 805	-45 183	-6 205	-51 388	-28 635
Balance Sheet (NOK 1,000)		Q306	Q306			30-09-07	30-09-06	30-09-06					31-12-06	31-12-06	31-12-06	31-12-06
Intangible fixed assets		38 726	12 541			319 375	38 726	349 927					44 977	13 786	58 763	348 142
Tangible fixed assets		7 900	1 920			26 502	7 900	14 787					8 027	1 863	9 890	15 074
Financial fixed assets			207			2 073		102					4 126	207	4 333	141
Total fixed assets		46 626	14 668			347 950	46 626	364 816					57 130	15 856	72 986	363 357
Inventories		44 637	13 505			81 239	44 637	60 609					45 512	15 484	60 996	66 113
Accounts receivable		33 800	24 535			55 137	33 800	79 549					55 709	18 884	74 593	92 179
Other receivables		72 401	3 240			44 580	72 401	141 420					31 564	2 816	34 380	60 987
Cash and cash equivalents		600	1 902			985	600						2 081	1 365	3 446	25 689
Total current assets		151 438	43 182			181 941	151 438	281 578					134 866	38 549	173 415	244 968
Assets related to discontinued operations							57 900									
Total assets		198 064	57 850			529 891	255 964	646 394					191 996	54 405	246 401	608 325
Shareholders' equity		30 416	12 100			225 529	42 516	179 620					4 950	13 099	18 049	163 689
Long term bank borrowing		17 800	20 000			105 000	17 800	79 294					17 340	20 000	37 340	77 340
Other long term liabilities		3 749	5 208			69 543	3 749	70 026					2 750	4 913	7 663	69 206
Total long term liabilities		21 549	25 208			174 543	21 549	149 320					20 090	24 913	45 003	146 546
Bank overdraft		37 000	6 637				37 000	64 926					38 485	-	38 485	
Accounts payables		76 900	9 580			35 753	76 900	95 640					91 537	10 872	102 409	114 165
Other short-term liabilities		32 199	4 325			94 066	32 199	156 888					36 934	5 521	42 455	183 925
Total short-term liabilities		146 099	20 542			129 819	146 099	317 454					166 956	16 393	183 349	298 090
Liabilities related to discontinued operations							45 800									
Total liabilities and shareholders' equity		198 064	57 850			529 891	255 964	646 394					191 996	54 405	246 401	608 325
Cash Flow Statement						30-09-07							31-12-06	31-12-06	31-12-06	31-12-06
Cash flow from operating activities						-97 392							-9 134	-8 300	-17 434	82 389
Cash flow from investing activities						-20 008							-15 425	-1 400	-16 825	-18 304
Cash flow from financing activities						92 696							35 663		35 663	-40 607
Net change in cash and cash equivalents						-24 704							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						985							2 081	1 365	3 446	25 689
Equity reconciliation		Q306	Q306	Q306	Q306	30-09-07		Q406	Q406	Q406	Q406		31-12-06	31-12-06	31-12-06	31-12-06
Equity at the beginning of period		53 229		53 229	192 050	18 049		30 650	12 100	42 750	179 954		63 025		183 694	
Estimated cost					2 470			367		367	2 837				9 880	
Allocated earned share option 1)													367		367	
Pro-forma equity movements					3 485						3 293				14 374	
F&G discontinued operation 3)		-11 100	11 100	-11 100		-13 099		-2 587	2 587		-2 587				-15 573	
Paid in share capital and/or dividends paid						216 690							5 900		-564	
Share purchase for employees, estimated cost					260											
Net income for the period		-11 379	1 000	-10 379	-6 951	3 774		-23 601	-1 563	-25 164	-19 805		-51 388		-28 635	
Effect of change in exchange rates		-100		-100		-145		96		96	-3		145		146	
Equity at the end of period		30 650	12 100	42 750	179 954	225 529		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