



4TH QUARTER 2006

Simrad Optronics ASA

Kabelgata 4B, Økern Næringspark
P. O. Box 174, Økern
N-0509 Oslo, Norway
Telephone: +47 2266 6000
Fax: +47 2266 6001

Vinghøg AS

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

Simrad Optronics Ltd

Hever, 7 Amberley Court, County Oak Way
Crawley, West Sussex, RH11 7XL, UK
Telephone: +44 1293 560 413
Fax: +44 1293 560 418

P&L AND BALANCE SHEET

SIMRAD OPTRONICS GROUP

Profit and Loss Account (NOK 1,000)	Q406			Q405			31.12.06			31.12.05		
	D&S	F&G	Group	D&S	F&G	Group	D&S	F&G	Group	D&S	F&G	Group
Operating income	35 985	20 668	56 653	58 772	20 793	79 565	147 740	77 347	225 087	185 713	51 633	237 346
Operating expenses	54 129	21 399	75 528	56 908	20 418	77 326	166 880	79 727	246 607	170 419	53 300	223 719
Depreciation	-1 424	509	-915	-33	507	474	3 772	2 080	5 852	3 757	1 720	5 477
Operating profit	-16 720	-1 240	-17 960	1 897	-132	1 765	-22 912	-4 460	-27 372	11 537	-3 387	8 150
Net financial items	-2 555	-716	-3 271	-2 657	-428	-3 085	-6 357	-1 745	-8 102	-2 048	-551	-2 599
Profit before tax	-19 275	-1 956	-21 231	-760	-560	-1 320	-29 269	-6 205	-35 474	9 489	-3 938	5 551
Tax on ordinary profit			4 617			298			7 896			-2 074
Profit after taxes			-16 614			-1 022			-27 578			3 477
Earnings per share			-0,40			-0,03			-0,69			0,09
Balance Sheet (NOK 1,000)							31.12.06	31.12.06	31.12.06			31.12.05
Intangible fixed assets							45 076	13 786	58 862			48 166
Tangible fixed assets							8 027	1 863	9 890			10 493
Financial fixed assets							-	207	207			189
Total fixed assets							53 103	15 856	68 959			58 848
Inventories							14 538	15 484	30 022			29 707
Accounts receivable							55 709	18 884	74 593			55 337
Accrued, not invoiced revenue - net							79 882	-	79 882			106 928
Other receivables							7 076	2 816	9 892			11 946
Cash and cash equivalents							2 081	1 365	3 446			2 042
Total current assets							159 286	38 549	197 835			205 960
Total assets							212 389	54 405	266 794			264 808
Shareholders' equity							46 213	13 099	59 312			80 477
Long term bank borrowing							17 340	20 000	37 340			
Other long term liabilities							520	4 913	5 433			15 519
Total long term liabilities							17 860	24 913	42 773			15 519
Bank overdraft							38 485	-	38 485			34 662
Accounts payables							91 538	10 872	102 410			95 369
Other short-term liabilities							18 293	5 521	23 814			38 781
Total short-term liabilities							148 316	16 393	164 709			168 812
Total liabilities and shareholders' equity							212 389	54 405	266 794			264 808
Cash Flow Statement									31.12.06			31.12.05
Cash flow from operating activities									-16 919			-49 288
Cash flow from investing activities									-17 341			-29 357
Cash flow from financing activities									35 663			23 691
Net change in cash and cash equivalents									1 403			-54 954
Cash and cash equivalents at the beginning of period									2 043			56 997
Cash and cash equivalents at the end of period									3 446			2 043
Equity reconciliation									31.12.06			31.12.05
Equity at the beginning of period									80 477			77 081
Allocated earned share option 1)									367			
Paid in share capital and/or dividends paid									5 900			
Net income for the period									-27 578			3 477
Effect of change in exchange rates									146			-81
Equity at the end of period									59 312			80 477

1) 200.000 shares to Chairman of the board of directors

SIMRAD OPTRONICS ASA

Q4 2006

- **Successful completion of Vinghøg acquisition.**
- **Simrad – Vinghøg combined delivered in 2006 EBITDA MNOK 53.6 vs previously expected MNOK 45 – 50.**
- **Order backlog per 31.12.06 MNOK 350**
- **Delays in new orders for night vision and laser equipment – stronger order intake than expected for Remote Weapon Station business.**
- **F&G business de-merged 04.01.07 and listed on OSE.**

On 11 November 2006 Simrad Optronics ASA agreed to acquire 100% of the shares in Vinghøg AS. Through the acquisition of Vinghøg Simrad Optronics is creating a world class defence products company. The two companies serve the same customers; have complementary products and a similar resource and expertise base.

Simrad Optronics and Vinghøg had a combined revenue of NOK 400.2 million in 2006 (pro forma) and a combined EBITDA of NOK 53.6 million (Simrad Optronics Fire & Gas division not included). Both companies have grown considerably in recent years and the trend is expected to continue. The merger of the companies' activities creates substantial synergies, primarily within marketing and product development, but also in manufacturing.

Simrad Optronics operating revenues during the fourth quarter of 2006 were NOK 56.7 million (79.6). 2005 figures in brackets.

Defence & Security (D&S) contributed with revenues of NOK 36.0 million (58.8) in the quarter. Fire & Gas (F&G) delivered revenues of NOK 20.7 million (20.8). The decreased revenue in D&S is due to a slump in order intake and delayed deliveries. Notably the delay of the expected contract for development and supply of a laser target designator to Norway and Sweden

In D&S, gross margins are down due to reduced revenues from new orders, delays in the FOI and IS2000 contracts as well as an increase in the overall cost level of the group due to an investment in support of further developing the business, a need for activities to meet new accounting standards and to cover increased future pension costs.

Operating profit was NOK -18.0 million (1.8) in the fourth quarter. Profit from D&S was NOK -16.7 million (1.9) and NOK -1.2 million (-0.1) stems from F&G. EBITDA was NOK -18.9 million (2.2) in the period.

Net profit after financial items was NOK -21.2 million (-1.3) and profit after taxes was NOK -16.6 million (-1.0).

Market trends and future prospects

Simrad Optronics has experienced an increased interest in its products and services, particularly for the FOI2000 system and IS2000 laser gunsight. Important contract opportunities are now being pursued in the Middle East, Canada, USA and Finland.

In the FOI contract 130 systems were delivered this year. The remaining 81 of the total 234 systems will be delivered in 2007. The system has already been used in international operations and is now battle proven. The development work has started in co-operation with Thales Optronics in the UK on the laser target designator module for the FOI system. The final contract for the development and deliveries of modules is expected to be signed in April. Simrad Optronics expects that the new module to be ready early in 2008 and will increase the general interest in the FOI system.

Deliveries of the IS2000 system to the Netherlands commenced in the fourth quarter and will be completed during 2Q07. The final deliveries of night vision goggles were made to Venezuela and payment received.

De-merger and acquisition

The plan to de-merge Simrad Optronics' Fire & Gas Business approved by the General Assembly on 9 October 2006 was completed by registration of the de-merger at the Register of Business Enterprises (foretaksregistert) on 4 January 2007. The de-merged business is registered under the name Simtronics ASA and listed on the Oslo Stock Exchange.

Accounting policies

The financial statements are prepared and presented based upon the International Financial Reporting Standards (IFRS). The financial statements of the second quarter of 2006 have been prepared in accordance with IAS 34 "Interim Financial Reporting", and follow the same accounting policies and methods of computation as in the 2005 annual accounts.

Oslo, 12 January 2007

The Board of Simrad Optronics ASA

Ove Gusevik
Chairman of the Board

Terje Eidsmo
Vice Chairman of the Board

Ingvild Myhre
Member of the Board

Lisa Cooper
Member of the Board

Stig Landrø
Member of the Board, Employee Representative

Tore Amundsen
President and CEO

Tove Steen
Member of the Board, Employee Representative

Acquisition of Vinghøg

With effect 4 January 2007, Simrad Optronics ASA acquired 100% of the shares in Vinghøg AS. Vinghøg AS was established in 1950 and represents experience and solid expertise in the development and manufacturing of systems and products combining electro-optics and mechanical engineering. The company has a strong and long-lasting position as a partner and supplier to the Norwegian armed forces and defence contractors. Vinghøg is well positioned for further growth both in Norway and internationally.

The purchase price was 320 MNOK, of which 160 MNOK was settled in cash and 160 MNOK was settled by issuance of 21,422,965 shares in Simrad Optronics ASA. Based on a fair value adjustment of the share issue, and the addition of directly attributable transaction costs of 4.1 MNOK, the acquisition cost was 322.9 MNOK.

A thorough analysis and allocation of the purchase price has been performed in accordance with IFRS 3. Excess value has been allocated to identifiable assets based on fair value assessments. Residual value has been recorded as goodwill.

	Acquiree's carrying amount before combination	Fair value adjustments	Fair value
	MNOK	MNOK	MNOK
Net assets acquired:			
Commercialized technology	-	55,6	55,6
Non-commercialized technology		11,8	11,8
Agencies	-	9,1	9,1
Client relations	-	106,3	106,3
Goodwill	7,0	113,4	120,4
Licenses, rights and patents	0,5	(0,5)	-
Tangible and financial fixed assets	7,6	-	7,6
Current assets other than bank and cash	84,4		84,4
Bank and cash balances	62,1	-	62,1
Current liabilities other than deferred tax	(68,1)		(68,1)
Deferred tax liability	(15,2)	(51,2)	(66,4)
	78,4	244,5	322,9