

Orolia announces FY 2007 annual results

A growth of the consolidated turnover of 47% compared to the 2006 consolidated reconstituted ^[1]turnover

Paris, on April 30, 2008 - Orolia SA (NYSE Euronext Paris - FR0010501015 - ALORO), group specialized in high precision time-frequency systems, published today its 2007 consolidated financial results. In 2007, the Orolia Group achieved a rate of sustained high growth of 47% compare to 2006 ^[2] (25% with constant perimeter excluding acquisitions^[3]) thanks to a strong progression of activity on all its market segments and to the acquisition of the American company Spectracom.

This growth is reaching 34% in the Spatial and Navigation domain, with a notable contribution of the Chinese program of navigation "Compass" compensating for the delays of the Galileo program.

It reaches 57% in Defense and Safety under the effect of the external growth and the strong growth of the atomic clocks sales in the United States and in Asia.

The growth is 56% in Telecom and Broadcast thanks to the dynamics of deployment of terrestrial digital television in European countries.

Each one of these three market segments exceeded the objectives of the management, allowing the pro forma sales including 12 months of Spectracom company to reach 22,8M€, in spite of the fall of the dollar.

	31 12 2006 ^(*)	31 12 2007	Reconstituted consolidated financial data 2006 ^(**)
Sales	3 503	17 442	11 860
Income from Operations	590	1 855	1 608
Financial result	-78	-54	-124
Current result	512	1 801	1 484
Exceptional result	-63	-88	-63
Depreciation of goodwill	-45	-401	-180
Net income	516	1 459	1 305

(*) Spectratime, Temex Sync, T4 Science and Orolia over 4 months, except activity of Spectracom

(**) Reconstituted consolidated financial Data integrating the activity of the companies Spectratime, Temex Sync, T4 Science over 12 months

A profitability with two digits: the consolidated income from operations reached 10,6% of the sales just like the net income after taxes and before amortization of the goodwill

Income from operations

The consolidated income from operations reached 1.854 K€ therefore 10,6% of the sales in relation to the sharp progression of profitability of the Broadcast activity and the ground space segment (hydrogen maser), and in spite of the following unfavorable elements:

- ✦ Although in line with the plan of improvement envisaged, the profitability of Spectracom Corp. has been weaker than that of the remainder of the Group (6,6% in contribution to the consolidated income from operations),
- ✦ Times of ageing of the atomic clocks on the Chinese program Compass higher than envisaged

Net income after taxes and before amortization of the goodwill

The net income after taxes and before amortization of the goodwill reaches 1.860K€ and 10,6% of the sales taking into account the high level of expenditure in Research and Development benefiting from the mechanism of tax credit in France, and from tax exemption in Switzerland during 5 years related to the incorporation of the company T4 Science in 2006.

Evolution by segment

Space and Navigation (37% of the sales of the Group)

1. Embarked clocks

The growth of this segment was boosted by the growing activity on the program In-Orbit Validation (IOV) from the Galileo system, by the start of the scientific project GAIA of the European space agency, and by the Chinese program of navigation Compass, at the moment when the phase of technological development of Galileo arrived at its end.

2007 marked a crucial stage in the development of Orolia space atomic clocks:

- ✦ Entry in the production in series phase
- ✦ Tests in flight of the clocks with Rubidium embarked on the experimental satellite Giove A of the Galileo program showed performances on line with specifications
- ✦ The development of the passive hydrogen maser, single technology in the world developed by Orolia, which will give the Galileo system exceptional performances

2. Segment ground

The active maser activity carried out its first complete exercise after the creation of the company T4 Science in the first semester of 2006. This activity has

benefited from a very strong growth related to the deployment of the ground infrastructures from the various satellite systems of navigation in Europe and Asia.

Defense and Safety (40% of the sales turnover of the Group)

1. Defense

The development of the Defense activity has benefited from the entry on the American military market (the first world market for military time-frequency equipments) through the acquisition of Spectracom. On a constant perimeter, the activity is stable, the end of the large contract of development for the time reference of the last strategic nuclear submarine of the French Army being compensated by the starting of contracts for the Swiss and Israeli armies, and the development of the atomic clock activities in Europe and Asia.

2. Safety

The entry of Orolia in this very promising market is related to the acquisition of Spectracom (leader in this field in the United States). The relatively mature market of the time servers for 911 call centers has been growing steadily. The market for time stamping equipments and for traceability of the financial transactions continued its growth with two digits, benefiting from the increased sophistication from the trading operations and the emphasis put on the internal audit in the banks. Lastly, the efforts engaged in the healthcare market have given good results with a sharp progression of the sales in the United States.

Telecom and Broadcast (23% of the sales turnover of the Group)

1. Telecom

The activity of Orolia in this sector consists mainly of the supply of atomic clocks to manufacturers of equipment of synchronization. Because of the success of the customers of Orolia who continue to gain market shares on this segment in spite of his relative maturity, this activity did a good progression, in particular on the Asian market. The sales of telecom products however were penalized by the weakening of the dollar.

2. Broadcast

As in 2006, the very sharp growth on this segment where Orolia estimates to be n°1 worldwide was mainly carried by the equipment of synchronization for the transmitters of terrestrial digital TV. As expected, the continuation of the deployment of the infrastructures of digital TV in all the countries of Europe and in particular in France and Norway, led to a new year of sales record. 2007 also saw the first deployments of systems of digital mobile TV, which brought new opportunities to us.

Geographical distribution of activities

Europe, Middle East, Africa

Sales in EMEA reached 11,3 M€, in progression of 36% compared to 2006^[4]. This growth was mainly due to the terrestrial digital TV (TNT) progression, and by the growing activities on the Galileo program on both ground & space segments.

USA

The sales of the Group in the American continent was 2,7 M€, against 0,5 M€ in 2006^[5]. The sharp growth of the activity in this area is related to Spectracom acquisition, since the goal was to enter the American market, representing approximately half of the world market. By taking into account the sales of Spectracom on the first eight months of the year (before acquisition), the proforma sales turnover^[6] group on the Americas zone reaches 8,1 M€, which represents 36% of the Orolia proforma activity, against 4% in 2006⁵.

Asia

The sales realized by Orolia in Asia reached 3,5 M€, in progression of 11% compared to 2006⁵. This performance results from a strong progression on the space segment (Compass program), from a growth in the sales of atomic clocks for the telecom market (attenuated however by the dollar effect), which made it possible to compensate for the end of an important military program in Korea which had contributed significantly to the sales in 2006.

A very healthy balance sheet structure

1. Net Equity

The public offering operated in July 2007 made it possible to increase by almost 10,9M€ the net equity of the Group to reach 18,3M€ on a total balance sheet of 32,4M€ or 56% of the total balance sheet.

2. Financial debts excluding current banking accounts

The financial debts decreased taking into account the reimbursements done on existing debts and therefore represent only 181K€ at the end of 2007, of which 123K€ related to the entry in the perimeter of Spectracom. The Group does not have at the end of 2007 almost any financial debt excluding current bank accounts.

3. Treasury net of the current bank accounts

The treasury net of the current bank accounts strongly progressed by 3 720 K€, corresponding mainly to the remainder of the public offering of July minus Spectracom acquisition. It reaches 4,1 M€ at December 31, 2007 on the whole.

2008 started on several major events:

- † The acquisition of the Swedish company Pendulum in March which extends the scope and widens the spheres of activity of the Group to a third field of expertise: the measurement of time and of frequencies.
- † The strategic partnership with the UK company, Rapco Electronics who reinforces the presence of the group in Great Britain and Ireland and widens his activities on a world level.
- † Prospects for important order takings on the Defense market in the United States and in the Space segment.
- † Launching last April 27th of the second test satellite of the Galileo constellation (Giove B) equipped with the passive hydrogen maser of Orolia, the most precise atomic clock ever sent in space.

"2007 were one decisive year for Orolia", declares Jean-Yves Courtois, chairman of the Orolia Group, "our strategy of acquisitions and the complementarities of our subsidiaries businesses constitute an essential asset for our growth. The events of the first 2008 six-month period illustrates our will to build the world leader of high-precision time-frequency systems and other projects could be concretized during the second six-month period of this year. »

Next appointment: publication of the sales turnover of the 1^{er} quarter 2008: May 13, 2008

About Orolia

Orolia, a precision electronics technology group, brings together branded leading-edge companies specialized in high-precision time and frequency solutions systems for mission-critical applications. The group includes four companies: SpectraTime, T4 Science, Spectracom and Pendulum Instruments. Orolia's companies develop and market systems that produce, distribute and measure ultra-high precision signals through information networks in large and growing high-end markets, such as space and navigation, defense and security as well as telecommunications and broadcasting. These systems are deployed in a number of countries in Europe, Asia and North and South America. Orolia has committed to an accelerated growth strategy through acquisitions (companies, products, technologies). Orolia's headquarters is located in Les Ulis, France, and the company also has offices in Neuchatel, Switzerland in Stockholm, Sweden and Rochester, New York. <http://www.orolia.com>

^[1] The consolidated reconstituted financial data integrate the activity of the companies Spectratime, Temex Sync, T4 Science over 12 months

^[2] Reconstituted consolidated financial data

^[3] Spectratime, Temex Sync, T4 Science and Orolia over 12 months excluding the activity of Spectracom

^[4] on a basis reconstituted over 12 months

^[5] on a basis reconstituted over 12 months

^[6] the 2007 proforma sales include 12 months of activity of the companies of the Group including Spectracom