



## **Norsat Posts Q3 Financials; Announces US\$ 3.1m Backlog**

**(Vancouver, Canada) November 15, 2006** – Norsat International Inc. (TSX – NII.TO; OTC BB – NSATF.OB) today reported third quarter sales of \$3.1 million, gross margins of 23% and a net loss of \$2.0 million. For the same period last year, the Company had reported sales of \$4.7 million, gross margins of 55% and a net loss of \$1.4 million.

Sales for the nine months ended September 30, 2006 were \$9.8 million, down 27% from \$13.4 million for the same period last year. Microwave Business Unit sales held steady at \$6.7 million compared to \$6.8 million in the same period last year. Meanwhile, sales of satellite systems were \$3.1 million compared to \$6.7 million in the same period last year, a decrease of \$3.6 million, or 54%.

Gross margins for the nine months ended September 30, 2006 was 37% compared to 50% during the same period last year. The gross profit margin for Microwave Business Unit stayed intact. Meanwhile, the gross margin for the Satellite Systems Business Unit dropped to 32% from 60% mainly due to an increased provision for obsolete inventory. Consequently, the net loss reached \$4.9 million compared to a net loss of \$3.8 million for the same period last year. The Company's performance is attributable primarily to delays in the receipt of orders for higher margin products from the military customers of the Satellite Systems Business Unit and the increased provisions for obsolete inventory.

As of September 30<sup>th</sup>, 2006, the company's backlog stood at more than US\$ 3.1 million. Of this, approximately 80% relates to orders generated by the Satellite Systems Business Unit and 20% relates to orders generated by the Microwave Business Unit. Greater than 80% of the aggregate backlog is expected to be shipped in the fourth quarter.

Total operating costs for the nine month period ending September 30, 2006 were \$8.2 million, a 13% reduction from \$9.4 million for the same period last year. Of those costs, selling, general and administrative expenses decreased by \$1.1 million to \$6.2 million, due to a reduction in salaries and consulting fees, marketing expenses, professional services and other administrative expenses. Meanwhile, product development expenses decreased by 5% to \$1.6 million; and amortization costs decreased to \$0.4 million from \$0.5 million.

The Company's net losses widened to \$4.9 million from \$3.8 million, an increase of \$1.2 million. This is attributable primarily to the delay in the receipt of orders in the Satellite Systems Business Unit. The impact of the late receipt of orders however, has been partially offset by a reduction in operation and administrative expenses including salaries of \$0.2 million, consulting services of \$0.5 million, marketing expenses of \$0.1 million, and travel and entertainment of \$0.2 million. The foreign currency loss also decreased by \$0.5 million in 2006 compared to the same period last year.

### **Forward Looking Statements**

Statements in this news release relating to matters that are not historical fact are forward-looking statements based on current expectations, forecasts and assumptions that involve risks and uncertainties that could cause actual outcomes and results to differ materially. Factors that could cause or contribute to such differences include, but are not limited to, general economic conditions, changes in technology, reliance on third party manufacturing, managing rapid growth,

global sales risks, limited intellectual property protection and other risks and uncertainties described in Norsat's public filings with securities regulatory authorities.

This information should be read in conjunction with the Company's unaudited interim consolidated financial statements and related notes included therein for the three and nine months ended September 30, 2006, and the restated audited consolidated financial statements, related notes included therein and Management Discussion and Analysis for the year ended December 31, 2005.

All the Company's financial statements are prepared in accordance with generally accepted accounting principles in Canada (Canadian GAAP). Additional information from the year ended December 31, 2005, and other information related to the Company, may be found on the company's website at [www.norsat.com](http://www.norsat.com).

**About Norsat International, Inc.**

Norsat International Inc. designs, engineers and markets intelligent satellite solutions for high-speed data transmission. Additional information is available at [www.norsat.com](http://www.norsat.com). Further information is available through email at [communications\\_investorrelations@Norsat.com](mailto:communications_investorrelations@Norsat.com) or by phone, 1-604-821-2808.

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