



Annual Report 2010

SIMTRONICS group

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Simtronics Network



Corporate Governance

Integrity, transparency and equal treatment of all shareholders are cornerstones of Simtronics' corporate governance principles. Based on an industrial perspective on all company activities, Simtronics' main focus is to deliver value to its shareholders.

Equity and dividends

In considering dividend payments in the longer perspective, the Board will evaluate the Company's dividend capacity, the need for maintaining a responsible level of equity and the financial resources needed for future growth. According to the Norwegian public limited liability companies' act, the basis for determining the dividend capacity is the -equity available for distribution («free» -equity) in the parent company Simtronics ASA.

Equal treatment of shareholders

Simtronics has only one class of shares and all shareholders have the same rights; one share qualifies for one vote at General Meetings.

All shares are publicly traded at the Oslo Stock Exchange and there are no trade barriers. All Simtronics shareholders are entitled to the same dividend payments, and have equal rights in the event of share capital

increases (unless waived by the General Meeting).

The Company currently has no share buy-back programme and does not trade in own shares.

Inside information

Simtronics emphasizes equal treatment of shareholders and has a special focus on transparency when it comes to price sensitive information. Inside information is disclosed to the general public as required by Oslo Stock Exchange regulations. In order to enable the market to fully understand and evaluate the Company, information is disclosed as early as practically possible. All disclosed information is made available to the entire market simultaneously through efficient communication channels.

Responsibility for the Company's investor relations rests with the CEO.

General Meetings

The Company's shareholder meetings are open to all shareholders. Shareholders can be represented either in person or through a proxy holder. Participation or voting through the Internet is not possible.

There are no ownership limitations and no known shareholder agreements. The notice of the shareholder meeting will be distributed with 14 days prior notice, in accordance with Norwegian legislation. Minutes of General Meetings are made available through the stock exchange information system and on the Company's web site.

Board nomination and remuneration

The current Board of Directors was nominated in January 2007. The election period for all Board Members ends in 2011.

The Board Members' remuneration is decided by the Annual General Meeting. Remuneration of the Board Members is at a competitive level in order to ensure the desired composition of the Board. The Board comprises three shareholder-elected members, who have been elected for a two year period by the AGM and one representative from the employees. Details of remuneration to the Board for 2010 are described in the notes to the financial statement.

Simtronics ASA is a young company with significant organic growth in a market with

attractive consolidation opportunities. This requires active participation from our Board. To compensate for this, a modest stock option programme for external Board Members has been established. This programme is described in the notes to the financial statement.

Board of Directors

Simtronics ASA does not have a corporate assembly and the members of the Board are elected by the shareholders in the AGM. The Company aims to ensure a balanced composition of the Board taking into account the competence, experience and relevant background of the individuals as well as legal requirements. It is also desirable that the structure of the Board of Directors reflects both the ownership of the Company as well as the need for neutral, independent representation without specific shareholder affiliation.

Simtronics' executive management is not represented on the Board.

The Board of Directors receives a monthly report on the Company's financial performance. The Board reviews the Company's financial and operational performance and financial status in bi-monthly board meetings. The Board is involved in acquisitions and other significant projects at an early stage and reviews the Company's strategy at least once a year.

Risk management and internal control

Risk management and internal control is performed through various processes within the Company, both on a board level and in the daily management of the Company. An annual planning and budgeting process which ends with a budget approved by the Board sets the framework for the coming year. In this process, the Board carries out a review of the Company's most important areas of exposure to risk. Annually, the Board approves a proposal for the Annual Report and dividend payment to the General Meeting. Risk management and internal control on management level is carried out through monthly reviews of financial performance.

Financial risk management and internal control procedures are carried out both on a group level and in each subsidiary. The Company has established financial control guidelines and procedures for this purpose.

Remuneration of the executive management

The remuneration of Simtronics' President and CEO is decided by the Board. The remuneration of the other members of the executive team is decided by the CEO and reported to the Board. The remuneration is based on fixed as well as variable elements. The variable elements reflect the Company's financial and operational performance. For further information we refer to the notes to the financial statement.

Take-overs

The Board's primary objective is to deliver the best possible long term return on investment for our shareholders. Unless specific conditions apply, the board will not prevent or make obstacles in the event that a bid is made for the Company or its shares. In such situations, the board will evaluate the offer(s) and make a statement which is communicated to the shareholders. The final decision is made by the shareholders.

Auditor

Simtronics uses the same firm of auditors in the parent company and all subsidiaries of significance. To the extent that it is not in conflict with the independence regulations, the auditors are also used as advisors for financial due diligence in connection with the acquisition of new businesses and in connection with the preparation of tax returns and tax advice in general. The auditors are not used as advisors for strategic issues or in connection with operational tasks for the Company.

The audit fees are approved at the Annual General Meeting and are described in the notes to the financial statements.

The Board of Directors

John Afseth Chairman

Dr. Afseth has worked as Vice President of Marketing and Business Development of Photocure ASA in Oslo since 1998. Prior to this he worked as a General Manager at Abbot Labs in Denmark, Norway and Iceland in the period 1995 to 1997. He was the Managing Director of Medinnova in the period from 1992 to 1995. Dr. Afseth started his career in business by taking a Marketing Manager position at Dynal AS in Oslo in 1986 where he worked until 1992. Before his industrial career, Dr. Afseth had an academic career as Associate Professor in Microbiology at the University of Oslo and holds a PhD from this institution.

Currently Dr. Afseth serves as Chairman of the board of Carpe Diem Afseth AS, Verdispar Baltic Development Property I AS, Emerging Europe Commercial Properties AS, Playsafe Holding AS and a board member of Verdispar Baltic Development Property II AS as well of Verdispar Baltic Sea Properties AS.

Tore Amundsen Board Member

Mr. Amundsen was CEO of Simrad Optronics from 1999 to 2007 and is now Managing Director of CO2 Technology Centre Mongstad, a research facility owned by the Norwegian State, Statoil and Shell. Before this, Mr. Amundsen held several leading positions within Kværner. Among other things, he was responsible for Kværner's activities in China, and CEO of Kværner Energy AS. Mr. Amundsen is educated from the Norwegian School of Economics and Business Administration (NHH) in 1975, and also has additional education within project management and strategy. He has been a board member of NHO and TBL.

Valborg Lundegaard Board Member

Valborg Lundegaard has more than 20 years experience from the oil and gas industry and has held a number of key positions in Aker Solutions. Her experience includes both corporate and project management, international business development and a number of large field development projects. Currently she is President of Aker Engineering & Technology with 2500 employees.

Valborg Lundegaard is a member of the board of Simtronics and Songa Offshore; both listed on the Norwegian Stock Exchange. She is also a member of the board of Aker Offshore Partner AS and Aker Powergas Private Limited in India.

Valborg Lundegaard graduated from the Norwegian Institute of Technology (NTH) Chemical Engineering in 1983.

Svein Roar Sivertsen

Board Member (Employee representative)

Mr. Sivertsen holds the title General Manager in region Middle East located in Dubai. Before this, he held the title Sales Manager of the Fire & Gas Division. He was responsible for sale of gas, flame detectors and F & G Systems to the Offshore-/petrochemical - Industry.

Mr. Sivertsen started his career as Supervisor/Foreman and industrial plumber at Kværner Rosenberg AS (Aker Kværner). During recent years he worked as Customer Engineer in Firetech AS where he later became Office Manager (for Suppression Systems). Mr. Sivertsen has also worked as Sales Manager (for suppression systems) in NOHA Norway AS and Autronica Fire & Security AS, (three latest a UTC Fire & Security Company). Mr. Sivertsen is educated as a plumber (journeyman), with craft certificate for plumbing (building) & industrial plumbing.



John Afseth
Chairman



Tore Amundsen
Board Member



Valborg Lundegaard
Board Member



Svein Roar Sivertsen
Board Member
(Employee representative)

The Board of Directors' Report

Simtronics is a fire and gas safety group providing technology and expertise aimed at preventing disasters. The Company's products represent the most accurate, reliable and robust safety technology available and are used by the oil and gas industry as well as in shipping, process industries and a growing number of other applications. Simtronics serves customers all over the world from its operations in Europe and Asia.

Simtronics is organized in two business areas; Detection and Extinguishing. The Company is headquartered in Oslo, Norway, and is listed on the Oslo Stock Exchange (ticker: SIMTRO).

Highlights for 2010 were:

- General low demand from shipping, oil and gas markets
- Several major projects were postponed
- Increasingly challenging working capital situation
- Autronica initiated a process leading to an offer for all Simtronics shares

Financial results

The Simtronics Group posted operating income of NOK 260.4 million in 2010, which is a ten per cent decline from 2009 operating income of NOK 288.5 million. 2010 was the

second year of declining sales for Simtronics, reflecting the challenging market situation which the Company has been up against for a long period of time. Over the last two years Simtronics' annual sales have been reduced by approximately NOK 100 million, or 28 per cent.

The Group's operating expenses were reduced by eight per cent in 2010, resulting in an EBITDA of NOK -20.4 million, down from an EBITDA of NOK -16.7 million the previous year.

Earnings before taxes were NOK -51.9 million (2009: NOK -43.4 million) and net profit for the year ended at NOK -49.1 million in 2010, compared to NOK -41.9 million the previous year. Net loss for the Parent company Simtronics ASA for 2010 was NOK -24.3 million (2009: NOK -25.5 million).

The challenging market situation put additional pressure on Simtronics' working capital and financial basis in 2010. At the end of the year, the Company was in breach with its loan covenants for requirements related to EBITDA and equity. Waivers have been given until 1 June 2011.

There is no unrestricted equity in the Group nor in the Parent company at year end.

In July the Company entered into a bridge loan agreement with its largest shareholder, Autronica Fire & Safety AS. The agreement secured additional NOK 18 million in working capital and was offered by Autronica alongside the company's announcement of its intention to put forward an offer for all Simtronics shares (see details below). The bridge financing is additional to the NOK 71.6 million convertible loan from Autronica obtained in November 2009.

The Group's non current assets were NOK 194.1 million (including NOK 20 million in restricted cash) at the end of 2010, compared to NOK 211.7 million the previous year. Current assets were NOK 130.0 million (2009: NOK 158.9 million). Total equity was reduced to NOK 56.3 million from NOK 112.2 million the previous year. Over the last two years, Simtronics' equity has been reduced by NOK 104.1 million.

As a consequence of the covenant breach, long term bank debt has been transferred

to short term liabilities according to IFRS procedure. Total liabilities at the end of 2010 were NOK 267.7 million, compared to NOK 258.4 million the previous year. The Group's equity ratio at the end of 2010 was 17 per cent, compared to 30 per cent in 2009.

No material post balance sheet events have had an adverse effect on the financial position of the Company.

Simtronics ASA (the parent company) posted operating income of NOK 67.9 million in 2010, compared to NOK 77.9 million in 2009. The Company's EBITDA was NOK -7.6 million (2009: NOK -11.2 million). All operational costs related to group management, marketing, distribution, IT, project financing and costs and financial costs have initially been carried by the parent company and then partly been distributed to subsidiaries through shared service agreements.

Net change in cash for the Group in 2010 was NOK -15.2 million (2009: NOK 2.3 million). Net change in cash for Simtronics ASA in 2010 was NOK -10.8 million (2009: NOK -2.6 million)

Proposed coverage of the 2010 loss

The Board of Directors proposes that the loss is covered from share premium reserve.

Going concern

The financial statements have been prepared under the going concern principle.

The basis for this assumption is a very strong order intake during the first quarter of 2011. Reference is also made to Autronica Fire and Safety's offer for all outstanding shares in Simtronics, announced on 15 February, 2011 (see below). The Board anticipates that Autronica will complete the acquisition of Simtronics by the end of April 2011. Autronica and its owner UTC Fire & Safety are committed to providing Simtronics with sufficient working capital going forward. Further, the company has on 18 April 2011 signed an agreement for bridge funding of NOK 10 million with Autronica Fire and Security.

Market developments

Simtronics estimates that the global market for the Group's products represent a total value of NOK 5-6 billion, of which Simtronics addresses markets representing a combined demand of NOK 2-3 billion per year. Annual growth rate in these markets has been estimated at 3-5% over recent years, although the demand over the last two years has been weak due to the international recession.

A general trend in 2009 and 2010 has been project postponements in anticipation of improved market conditions. For the projects being realized, purchasing decisions have been made as late as possible.

The standstill in the international shipbuilding industry had a substantial impact on Simtronics in 2009 and 2010, in particular in the nitrogen generator segment.

The softening of the project market has been partly offset by Simtronics' improved position in the retrofit and maintenance markets. These are markets less vulnerable to shifting business cycles.

Several indicators suggest that the market situation is about to turn. The oil and gas industry's investments in Europe are picking up again and there is a significant increase in new orders being placed with shipyards in Asia. Alongside business cycles, new regulatory initiatives and the increased focus on safety remain key drivers in Simtronics' markets, adding to a long term market growth.

Operations

In 2009, Simtronics implemented significant restructurings and reduced its cost base. The Company clearly benefitted from this in 2010, but the market conditions proved even more challenging in 2010 than the previous year.

Simtronics saw reduced sales in several major markets in 2010. The decline was particularly strong in the Company's Norwegian home market, where sales fell by almost 30 per cent in 2010.

Europe outside Norway remained Simtronics' main market in 2010, representing 47 per cent of total sales. The Norwegian market accounted for 26 of the sales, while 23 per cent of the 2010 sales were in the Middle East and Asia.

The Detection business area represents Simtronics original business prior to acquisitions and represented approximately 40 per cent of the Group's sales in 2010. Detection had its best year ever in 2009 and performed under the circumstances satisfactory also in 2010. The business area relies heavily on the oil and gas industry in Northern Europe and the Middle East as well as the electricity industry in Southern Europe. While the electricity industry increased its purchases from Simtronics in 2010, the oil and gas industry was slow in its recovery. This situation showed signs of improvement towards the end of the year and in the first quarter of 2011 the order flow from the oil and gas industry has increased significantly.

Sales in the Detection business in 2010 were at par with the previous year; sales amounted to NOK 103.3 million, which is NOK 0.9 million less than in 2009. Detection did however see a significant margin pressure in 2010, resulting in an EBITDA of NOK 5.1 million, down from NOK 14.5 million the previous year.

The Extinguishing business area also had a difficult year also in 2010. Several large projects were postponed due to the economic situation and the shipbuilding industry in Asia was more or less at a standstill. The business area changed management in 2010 and the business processes were refocused. Also for Extinguishing there are clear signs of a recovering market, in particular in Asian shipbuilding.

As a result of the challenging market situation, sales in the Extinguishing business were down 20 per cent in 2010, to NOK 157.1 million. EBITDA came in at NOK -13.1 million, slightly down from the 2009 EBITDA of NOK -11.6 million.

The combined order intake of the Simtronics Group was at a lower level in 2010 than the previous year. Per 31 December 2010 Simtronics' order backlog stood at NOK 140 million.

Organisation

From 2009 Simtronics is organized into two business areas: Detection and Extinguishing.

Detection represents the original Simtronics prior to the 2007/2008 acquisitions. The business area has manufacturing facilities in Norway and France.

Extinguishing consists of Water Mist Engineering AS, Fire Eater A/S, and the former active safety division of Technor Safe Ex. The former ETech was incorporated into Water Mist Engineering in 2009. The business area has manufacturing facilities in Norway and Denmark.

In addition to sales resources in Norway and France, Simtronics operates sales offices in Hungary, Poland, the Czech Republic, Russia, Dubai and Singapore

Research and development

Simtronics' products represent state of the art safety technology. Considerable resources are spent on developing new products and modifying existing technology. NOK 11.1 million was capitalized on R&D in 2010 (2009: NOK 11.6 million.)

Employees and the environment

Relying on highly skilled and motivated employees to succeed, Simtronics is constantly working to maintain an attractive and rewarding working environment. At the end of 2010, 155 employees worked in Simtronics Group (2009: 161 employees).

Although no employees undertake hazardous tasks at Simtronics, the company is committed to maintaining high standards for health, environment and safety. The Group's activities do not represent any significant dangers to the environment.

The registered level of absence during 2010 was approximately 7.5 per cent (2009: 3.9 per cent). No accidents or injuries occurred during the year.

Simtronics strives to be an equal opportunity employer with regards to gender, ethnic background and physical disabilities. 50 per cent of the employees are women. Simtronics will continue to encourage a good gender balance among its employees and maintains an equal salary policy. The Board of Directors has a balanced representation of both genders, as required by Norwegian company law.

Risk factors

Simtronics is subject to fluctuations in investments made by the Group's main customer groups; the oil and gas industry, process industries and the maritime sector. However, Simtronics' growth into a broader product range and a wider portfolio of customer segments has contributed to reduced overall risk. Also, the move into the retrofit and maintenance markets has to some extent mitigated the Group's exposure to changing economic cycles.

All key technologies creating the basis for Simtronics' products are subject to international IP protection to the extent necessary for its business operations.

The Company's competitors will always be a possible threat to the Company's performance. The Company operates in international markets with open competition. Should

Key contracts in 2010 were (value in excess of NOK 5 million):

Customer	Business area	Time of delivery	Contract value (MNOK)
Undisclosed Middle East customer	Extinguishing	2010	>20.0
Electricité de France	Detection	2010-2014	14.5
Tine	Extinguishing	2011	8.6
Shell	Extinguishing	Q1 2010	6.3

a large competitor enter the market niches currently occupied by Simtronics, reduced profitability could be an effect.

Simtronics Group is exposed to credit-, interest rate- and currency risk in the course of its ordinary business. In order to maintain an acceptable level of risk in these areas, ongoing evaluations of the actual currency risk are carried out, based on matching turnover and cost, in both NOK and EUR. In order to limit interest rate risk, ongoing evaluations of SWAP solutions for existing credits are carried out.

Historically the Group's losses on trade receivables have been modest. Management has a credit policy in place, and the exposure to credit risk is monitored on an ongoing basis.

Simtronics Group is exposed to changes in NOK relative to other currencies. Approximately 29 per cent of the parent company income is in foreign currency, while the Group has approximately 48 per cent of income in foreign currency. The Group trades predominantly in NOK and EUR.

The consolidated accounts are reported in NOK. Revenue is mainly generated in NOK, USD and EUR while costs mainly are in NOK and local currencies. The currency risk is considered at par with normal currency risk for an international technology products company. However, the Company is actively mitigating the risk in order to ensure the best possible position.

Corporate governance

Simtronics' corporate governance policies

are outlined in a separate section of this annual report, see page 4.

Subsequent affairs

On 12 July 2010, Simtronics' largest shareholder Autronica Fire and Safety, announced its intention to make a voluntary offer for all outstanding shares of Simtronics. Autronica is a subsidiary of UTC Fire & Safety. The Board and management of Simtronics recommended the offer.

Following extensive due diligence reviews, Autronica on 15 February 2011 made an offer of NOK 1.90 in cash payment per Simtronics share. The offer is supported by Simtronics' Board of Directors and management.

The Offer has been completed and Autronica has purchased 39,842,823 shares in Simtronics under the Offer. All shares were purchased at a price of NOK 1.90 per share. In addition 30,000 shares were purchased in the market at a price of NOK 1.90 or below. Following completion of the Offer, Autronica now holds a total of 58,721,128 shares in Simtronics, representing approximately 84.5 % of the issued and outstanding shares of Simtronics.

As previously disclosed, Autronica has the right to acquire up to 37,671,053 shares in Simtronics at a price of NOK 1.90 per share under the convertible loan previously issued by Autronica to Simtronics.

Following full conversion of the loan, Autronica will hold a total of 96,392,181 shares in Simtronics, representing approximately 90.0 % of the shares in Simtronics.

Autronica expects all conditions for the Offer to be fulfilled by 29 April 2011 and consequently expects to announce completion of the Offer and settle with tendering shareholders under the Offer at such date.

Outlook for 2011

The Board of Directors expects to stabilize revenues and regain profitability in 2011.

The Group's strong order intake in the first quarter of 2011 suggests that Simtronics' revenues will stabilize or even regain its growth throughout the year. The Detection business area remains fairly positive and the Extinguishing business is prepared for increased activity.

Furthermore, Simtronics' efforts to improve operational efficiency continue. Sourcing, sales processes and organizational structures are constantly evaluated and improved.

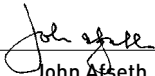
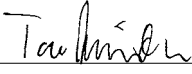
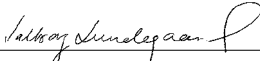
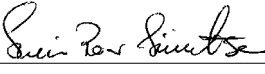

The continued uncertainty seen in all markets obviously has its effect also on Simtronics. Shipbuilding and investment levels in the oil and gas industry as well as the processing industries are showing signs of recovery, giving grounds for cautious optimism.

Though the Board had expected that a growing order intake in the beginning of last year would make Simtronics a profitable company in 2010, this did not materialize due to a slower market recovery than expected.

The Board acknowledges that there always will be uncertainties in relation to future projections.

Oslo, 5 May 2011

The Board of Directors of Simtronics ASA

 John Afseth Chairman of the Board	 Tore Amundsen Member of the Board	 Valborg Lundegaard Member of the Board	 Svein Roar Sivertsen Member of the Board	 Rune Martini President and CEO
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Statement of Comprehensive Income

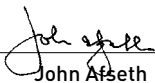
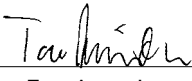
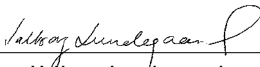
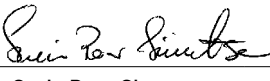
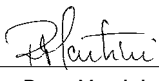
	Notes	Simtronics group	
		2010	2009
Figures in NOK 1000			
Sales revenues	2, 8	260,382	288,475
Total operating income		260,382	288,475
Cost of materials	6	133,760	143,355
Payroll and related cost	11, 12, 13, 18	98,327	97,237
Depreciation	9, 10	10,997	13,666
Other operating expenses	12, 24	48,719	64,583
Total operating expenses		291,803	318,841
Comprehensive income (loss) from operations		(31,421)	(30,366)
Interest income	7	520	3,314
Other financial income	7	2,778	8,877
Interest expense	7, 25	14,285	12,729
Other financial expense	7	9,487	12,452
Net financial costs		(20,474)	(12,991)
Comprehensive income (loss) before tax		(51,894)	(43,357)
Income tax expense (benefit)	20	(2,837)	(1,488)
Comprehensive income (loss) after tax		(49,057)	(41,869)
Other income and expenses			
Conversion differenses	17	(6,130)	(19,747)
Total other income and expenses		(6,130)	(19,747)
Comprehensive income (loss)	16	(55,187)	(61,616)
Comprehensive income (loss) after tax owner distribution			
Shareholders of the parent company	16	(49,746)	(44,555)
Non controlling interest		689	2,685
Comprehensive income (loss) after tax		(49,057)	(41,869)
Comprehensive income (loss) owner distribution			
Shareholders of the parent company	16	(54,304)	(58,091)
Non controlling interest	16	(883)	(3,526)
Comprehensive income (loss) after tax		(55,187)	(61,616)
Basic earnings per share	16	(0.72)	(0.65)
Diluted earnings per share	16	(0.72)	(0.65)

Statement of Financial Position

	Simtronics group		
	Notes	31/12/2010	31/12/2009
Figures in NOK 1000			
ASSETS			
Intangible assets			
Deferred tax asset	20	7 387	6 304
Goodwill	9	85 247	87 623
Development costs	9	48 184	48 283
Other intangible assets	9	20 283	23 922
Total intangible non current assets		161 101	166 132
Property, plant and equipment	10	9,576	11,762
Total tangible non current assets		9,576	11,762
Long term receivables	5	3,433	3,829
Investments in subsidiaries	5, 14	-	-
Restricted cash reserves	5, 14, 22	20,000	30,000
Total financial non-current assets		23,432	33,829
Total non current assets		194,109	211,723
Inventories	6	43,181	60,946
Accounts receivables	3, 17	48,350	59,949
Unbilled revenue from long-term contracts	3, 8	14,253	17,175
Other receivables	3	18,869	10,339
Total receivables		81,473	87,463
Cash and cash equivalents	22	5,314	10,498
Total current assets		129,967	158,907
TOTAL ASSETS		324,077	370,630

		Simtronics group	
	Notes	31/12/2010	31/12/2009
Figures in NOK 1000			
EQUITY AND LIABILITIES			
Equity			
Share capital	16	10,153	10,153
Share premium reserve	16	24,358	71,769
Other paid-in capital	16	-	-
Total paid-in capital		34,511	81,922
Retained earnings	16	(235)	4,949
Non controlling interest	16	22,071	25,338
Total other capital		21,836	30,288
Total equity		56,347	112,209
Convertible loan	14, 25	66,583	64,235
Non-current liabilities			
Liabilities to financial institutions	14	4,265	4,265
Pension liabilities	18	1,230	1,567
Deferred tax liabilities	20	8,944	11,540
Other non-current liabilities		-	-
Total non-current liabilities		14,440	17,372
Current liabilities			
Bank loans and other loans	4, 14	98,692	89,150
Accounts payables	4	44,066	41,672
Public duties payable	4	14,947	17,193
Taxes payable	4	219	2,066
Advance payments from customers	4	234	2,114
Provisions	4, 21	930	1,172
Other short-term liabilities	4	27,620	23,445
Total current liabilities		186,708	176,813
Total liabilities		267,730	258,420
TOTAL EQUITY AND LIABILITIES		324,077	370,630

Oslo, 5 May 2011
The Board of Directors of Simtronics ASA

				
John Arseth Chairman of the Board	Tore Amundsen Member of the Board	Valborg Lundegaard Member of the Board	Svein Roar Sivertsen Member of the Board	Rune Martini President and CEO

Statement of Cash Flow

	Simtronics group	
	2010	2009
Figures in NOK 1000		
Cash flow from operating activities		
Comprehensive income before tax	(51,894)	(43,357)
Depreciation	5,755	8,341
Depreciation of capitalised development costs	5,242	5,842
Difference between pension costs and pensions paid	713	(695)
Changes in inventory	14,864	1,757
Changes in account receivables and other receivables	6,364	24,239
Changes in account payable	4,677	(4,288)
Changes in accrued, not invoiced revenue	-	17,158
Changes in other balance sheet items	(2,781)	(1,906)
Taxes paid in this period	(2,066)	584
Interest income / interest expense	2,342	-
Option cost	1,883	-
Effect of changes in exchange rates	(86)	(1,617)
Net cash flow from operating activities	(14,987)	6,056
Cash flow from investing activities		
Net acquisition of property, plant and equipment	(1,020)	(9,067)
Capitalized development costs	(6,305)	(7,138)
Acquisition of subsidiaries, net of cash acquired	-	(10,169)
Net Cash flow from investing activities	(7,325)	(26,374)
Cash flow from financing activities		
Payment of dividend to non controlling interest	(2,414)	(4,709)
Payment from increased long-term borrowings	-	67,326
Payment from decreased long-term borrowings	-	(37,975)
Net change in overdraft facility and other short-term financing	9,542	(2,051)
Net cash flow from financing activities	7,128	22,591
Net change in cash and cash equivalents	(15,184)	2,273
Cash and cash equivalents 1 January	40,498	38,225
Cash and cash equivalents 31 December ⁽¹⁾	25,314	40,498

1) NOK 20 000 in 2010 and NOK 30 000 in 2009 are restricted cash, se note 5, 14 and 22 for more information.

Statement of changes in Equity

Simtronics group	Share capital	Share premium reserve	Other paid-in capital	Currency translation differences	Retained earnings	Total majority-interest equity	Minority-interests	Total equity
Figures in NOK 1000								
Balance as at 01 January 2009	9,509	79,735	-	18,034	19,549	126,827	33,573	160,400
Comprehensive income (loss) after tax	-	(20,672)	(4,785)	(13,536)	(19,098)	(58,091)	(3,526)	(61,616)
Non controlling interest from acquisition and dividend	-	-	-	-	-	-	(4,709)	(4,709)
Transaction with owners								
Share issue through debt conversion	644	12,706	-	-	-	13,350	-	13,350
Equity component convertible loan	-	-	2,500	-	-	2,500	-	2,500
Share-based payment expense	-	-	2,285	-	-	2,285	-	2,285
Balance as at 31 December 2009	10,153	71,769	-	4,498	451	86,871	25,338	112,209
Comprehensive income (loss) after tax	-	(47,411)	(1,884)	(4,558)	(451)	(54,304)	(883)	(55,187)
Non controlling interest from acquisition and dividend	-	-	-	(175)	-	(175)	(2,384)	(2,559)
Transaction with owners								
Share issue through debt conversion	-	-	-	-	-	-	-	-
Equity component convertible loan	-	-	-	-	-	-	-	-
Share-based payment expense	-	-	1,884	-	-	1,884	-	1,884
Balance as at 31 December 2010	10,153	24,358	-	(235)	-	34,276	22,071	56,347

Notes

NOTE 1 CONSOLIDATION AND ACCOUNTING PRINCIPLES

Reporting entity

Simtronics ASA has its headquarters in Oslo, Norway. The company is engaged in the development, production and marketing of gas and flame Detection Systems. Simtronics ASA is the Group's parent company. As at 31 December 2009 the Group consists of two operating segments and the following legal entities.

Detection systems

Simtronics ASA (Oslo, Norway)
Simtronics SAS (Aubagne, France)

Extinguishing solutions

Water Mist Engineering AS (Kristiansand, Norway)
Simtronics Fire & Gas Pte. Ltd. (Singapore)
Fire Eater A/S (Hillerød, Denmark), with subsidiaries
- Fire Eater Norge AS
- Fire Eater spol.s.r.o (Czech Republic)
- Fire Eater Hungaria kft (Hungary)
- Fire Eater Polska sp.z.o.o.
- Ineros Ltd. (Russia)

Basis of preparation

The financial statements comprise the statement of comprehensive income, the statement of financial position, statement of changes in equity, cash flow statement and notes to the accounts.

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with EU-adopted International Financial Reporting Standards (IFRS) and accompanying interpretations, and the additional Norwegian disclosure requirements as required by the Norwegian Accounting Act and by Stock Exchange rules and regulations, in effect at 31 December 2009.

The proposed financial statements were approved by the Board of Directors and CEO on 29 April 2010. The financial statements will be proposed for approval by the annual general assembly (AGM) 20. May 2010 for final approval.

(b) Basis of preparation of the accounts

The financial statements are prepared based on the fundamental principles governing historical cost accounting, comparability, continued operations and consistency. Exempt from the historic cost basis is the accounting for derivative financial instruments which

are stated at their fair value through profit or loss. The preparation is based on the going concern assumption and is applied consistently for all accounting periods presented in the consolidated financial statements.

Transactions are recorded at their value at the time of transaction. Income is recognised at the time of delivery of goods or services sold. Costs are expensed in the same period as the income to which they relate is recognised.

(c) Functional currency and presentation currency

The financial statements are presented in NOK, which is the parent company's functional currency, and the Group's presentation currency. All financial information presented in NOK is rounded to the nearest thousand.

(d) Use of estimates and judgements

The preparation of financial statements in compliance with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

Estimates and underlying assumptions are based on historic experience and other factors considered reasonable under the circumstances. The estimates constitute the basis for the assessment of the net book value of assets and liabilities when these values can not be derived from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period. If the changes affect future periods, the effect of the changes is allocated between the current and future periods.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that may have material effect on the amount recognised in the financial statements, are described in the following notes:

Note 8	revenue recognition for construction contracts
Note 9	impairment test for intangible assets
Note 13	measurement of share-based payments

Note 18 measurement of defined benefit obligations

Note 25 accounting for convertible loan

Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements. The accounting policies have been applied consistently by Group entities.

(a) Basis of consolidation

Consolidated companies

The consolidated accounts include the parent company Simtronics ASA and companies in which the parent company has a controlling influence. Subsidiaries acquired or sold during the course of the year are included in the profit and loss statement as from the date of purchase, or up to and including the date of sale.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Shares in subsidiaries are eliminated in consolidation. The difference between the book value of shares in subsidiaries and book value of the subsidiaries' equity at the time such shares were acquired is analyzed and posted to the balance sheet items to which the excess amounts relate. Goodwill represents the excess of the purchase price paid for acquisitions above the fair value net assets acquired, and is tested for impairment at least on an annual basis.

Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Non controlling interest

The non controlling interests share of the net profit and equity are classified as separate items in the Statement of comprehensive income and statement of financial position.

(b) Foreign currency

Foreign currency transactions

Transactions in foreign currency are translated at exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to NOK (the functional currency) by using the exchange rate at the reporting date. Foreign exchange rate differences which occur at translation are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated at the exchange rate at the date of the transactions. Any non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to NOK at the exchange rate at the date that the fair value was determined.

Foreign operations

The assets and liabilities for foreign operations, including goodwill and fair value adjustments arising at consolidation, are translated to NOK at exchange rates at the reporting date. The income and expenses of foreign operations are translated to NOK at exchange rates at the date of the transactions. Foreign exchange rate differences which arise as a result of translations, and is a part of comprehensive income. When a foreign operation is disposed of, in part or in full, the relevant foreign exchange rate difference in equity is recognised in the income statement.

(c) Financial instruments

Derivative financial instruments

Derivative financial instruments are recognised initially at cost. Subsequent to initial recognition, derivative financial instruments are measured at fair value, and changes therein are accounted for as described below. The Group does not have derivative financial instruments that meet the criterias for hedge accounting. However, the Group has derivative financial instruments that economically hedge assets, liabilities and cash flows in foreign currency. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss as part of foreign exchange gain (loss).

Investments in shares

Investments in shares intended for long-term ownership are recorded in the balance sheet under long-term financial fixed assets. These are valued at acquisition cost.

Share capital

Costs directly attributable to the issuance of ordinary shares and share options are recognised as a reduction of equity.

(d) Property, plant and equipment

Recognition and measurement

Property, plant and equipment are entered in the accounts at cost, with deductions for accumulated depreciation and impairment losses. Cost includes costs directly attributable to the purchase of the asset. If the recoverable amount of property, plant and equipment is lower than book value, and the decline in value is not temporary, the asset

is written down to fair value. Based on the acquisition cost, straight-line depreciation is applied over the economic life of the non-current assets. When relevant, the acquisition cost includes future dismantling costs.

Where components of an item of property, plant and equipment have different useful lives, they are depreciated and accounted for separately.

Subsequent costs

The carrying amount of property, plant and equipment includes the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to Simtronics and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

Depreciation

Depreciation is charged to the income statement based on a straight-line basis over the estimated useful lives of items of property, plant and equipment. See note 10 of the financial statements for estimated useful lives for the different types of property, plant and equipment.

(e) Intangible assets

Goodwill

All business combinations are accounted for using the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries, and consists of the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units.

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. Actual outcomes may vary. More information including carrying values is included in note 9.

Expenditures on development activities, where research findings are applied to a plan or design for the production of new or substantially improved products and processes, are capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development. The capitalised cost includes the cost of materials, direct labour and a proportional share of overhead costs. Other development expenditures are recognised in the income statement as an expense as incurred. Capitalised development expenditures are stated at cost less accumulated depreciation and impairment losses.

Other intangible assets

Other intangible assets that are acquired are stated at cost less accumulated depreciation and impairment losses.

Expenditures on internally generated goodwill and brands are recognised in the income statement as an expense as incurred.

Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognised in the income statement as an expense as incurred.

Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets. Goodwill and intangible assets with an indefinite useful life are tested for impairment at 31 December. Other intangible assets are amortised from the date they are available for use. See note 9 of the financial statements for estimated useful lives for the different classes of intangible assets.

(f) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of future lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy that the Group uses for such assets.

Other leases are operating leases and payments made under operating leases are recognised in the income statement on a straight line basis over the term of the lease.

(g) Inventory

Inventories of raw materials are valued at the lower of the cost of acquisition and the net realisable value. Work in progress and finished products are valued at the lower of the cost to manufacture or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Spare parts and parts held by service agents are valued at cost. A deduction is made for obsolescence when necessary.

The cost of inventories is based on the weighted average cost principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

(h) Construction work in progress

Construction work in progress represents unbilled revenue expected to be received from customers for work completed up to

the reporting date. Measurement is at cost plus profit recognised to reporting date less progress billings, with a reduction for foreseeable losses. Cost includes all direct and indirectly related contract expenditure. The method used when accounting for construction of work in progress, is the «Percentage of Completion (POC)» method.

Long-term contracts are presented as part of short-term receivables in the balance sheet. If the Group receives advance payments which exceed the recognised income, the difference is presented as deferred income in the statement of financial position.

(i) Impairment Impairment test

The carrying amounts of the Group's assets, other than inventory and deferred tax assets (see separate accounting policies), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement. A cash-generating unit is the smallest identifiable group of assets that generates cash flows, and that largely are independent from cash inflows from other assets or groups of assets.

Impairment losses recognised in respect of cash-generating units are allocated such that the carrying amount of any goodwill in the cash-generating unit is reduced first. Subsequently, impairment losses are allocated to the carrying amount of other assets in the unit (group of units) on a pro rata basis.

Calculation of recoverable amount

The recoverable amount for goodwill, assets with an indefinite useful life, and intangible assets not yet available for use, is calculated annually at the reporting date.

The recoverable amount of assets is the greater of their net selling price and value in use. In calculating value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss

is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Cash and cash equivalents

The balance sheet item cash and cash equivalents also comprises money market funds and other short term investments with an original duration of three months or less. Bank overdrafts are included as part of cash flow from financing activities in the statement of cash flows. The group has a cash pool arrangement and in the parent company's financial statements the parent company presents the total bank deposits/net use of the group overdraft facility.

(k) Employee benefits

Defined benefit plans

Pension obligations related to defined benefit plans are calculated separately for each benefit plan by making an estimate of the amount of benefit that employees have earned in return for their service in the current and prior periods. These future benefits are discounted in order to determine the present value, and the fair value of plan assets is deducted in order to determine pension obligations. See note 18 for further information regarding the assumptions made in estimating the value of pension obligations and assets. The calculations are prepared by an actuary, and are based on a linear model.

Actuarial gains and losses that arise on the calculation of the Group's liabilities for pension plans are recognised in the statement of comprehensive income over the estimated remaining service period to the extent that the accumulated actuarial gains and losses exceed 10% of the greater of net present value of pension liabilities and the fair value of pension assets. Otherwise no actuarial gains and losses are recognised.

When the pension calculations result in a net asset for the Group, the recognition of the asset is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

Share-based payment transactions

The Group has share-option plans which give certain employees and Board members the possibility to buy shares in the company. The fair value of granted options is recognised as a payroll expense, with a corresponding increase in equity. Fair value is measured at grant date and is allocated over the period until the option holder is unconditionally entitled to exercise the options. The fair value of options granted are measured based on the Black & Scholes model. The recognised expense is adjusted to reflect the actual number of share options that vest, except from those instances where the options lapse as a result of the development in the share price. A provision for social security tax is recognised if the share-options are "in the money".

Short-term benefit obligations

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount and the obligation can be estimated reliably.

(l) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of comprehensive income over the period of the borrowings on an effective interest basis.

Financial instruments, such as convertible loans, are initially classified as a financial liability and/or equity component based on the substance of the contractual arrangement. The liability and the equity component is initially recorded at fair value calculated on the basis of the effective interest in the loan. For the convertible loan an assumed alternative interest rate (exclusive the conversion right) has been applied to calculate the fair value.

(n) Provisions

In general

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Warranty allocations

A provision for future warranty costs is recognised in the balance sheet when the related products or services are sold. The provision is based on historical information on warranty costs and by a weighting of all possible outcomes with their associated probabilities.

Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is estimated based on the lower of the net present value of the costs of exiting

from the contract and the net present value of the costs of fulfilling the contract. Before a separate provision for an onerous contract is established, an entity recognises any impairment loss that has occurred on assets dedicated to that contract.

(o) Revenue recognition

Goods sold and services rendered

Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Normally this will be at the date of delivery. Revenue from services rendered is recognised in the statement of comprehensive income, in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to work performed.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, if it is probable that goods will be returned or in such cases where the Group retains right of use over the delivered goods.

Long-term contracts

If the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in the statement of comprehensive income in proportion to the stage of completion of the contract. The stage of completion is assessed by reference to the relation between contract costs incurred and expected total contract costs. This calculation is assessed together with other relevant information and figures that indicate the progress in the construction work.

If a loss on a contract is expected, a provision is made for the expected loss, irrespective of the stage of completion of the contract activity.

Commissions

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

Government grants

A government grant is recognised in the balance sheet as deferred income provided that there is reasonable assurance that it will be received and that the Group will comply with the conditions attaching to it. Grants that compensate the Group for expenses incurred are recognised as revenue in the income statement on a systematic basis in the same period in which the expenses are incurred. Investment grants are recognised in the balance sheet on a systematic basis over the useful life of the asset. Investment grants are recognised either as deferred income, or recognised through deduction from the asset's carrying value.

(p) Lease payments

Lease payments under operational lease

Payments made under operating leases are recognised in the income statement on a

straight line basis over the term of the lease.

Lease payments under financial lease

Minimum lease payments made under finance leases are allocated between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(q) Financial income and financial expense

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method, foreign exchange gains and losses, dividends received, and gains and losses on financial instruments that are recognised in the statement of comprehensive income.

Interest income is recognised in the income statement as it accrues, using the effective interest method.

(r) Taxes

The tax expense in the income statement includes both taxes payable for the period and the change in deferred taxes. The change in deferred taxes reflects future taxes payable resulting from the year's activities. The tax effect on items that are recognised directly in equity, is recognised directly in equity.

Deferred taxes are taxes determined on the basis of the accumulated result, and which fall due for payment in future periods. Deferred taxes are calculated on net positive temporary differences between accounting and tax balance sheet values, after losses carried forward under the liability method. See note 19 and 20. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(s) Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. A disposal group that is to be abandoned may also meet these criteria.

When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is restated as if the operation had been discontinued from the

start of the comparative period.

(t) Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shares, by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shares, and the weighted average number of ordinary shares outstanding during the period, for the effects of all dilutive potential ordinary shares (for example outstanding share-options/rights).

(u) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available [see note 2].

(v) Cash flow statement

The cash flow statement is compiled using the indirect method. Cash and cash equivalents include cash, bank deposits, and other short-term and liquid positions which may be readily convertible with an insignificant risk of exchange rate change to a known amount of cash, and which have an original maturity of three months or less from the date of acquisition.

(w) New and amended standards and interpretations that came in to effect as of 1 January 2010.

A number of new standards, amendments to standards and interpretations came in to effect as of 1 January 2010 and been applied in preparing these consolidated financial statements:

- IFRS 3 (Revised in 2008) - Business combinations
IFRS 3 (2008 revision) and IAS 27 (2008 revision) stipulate different treatment on certain aspects of accounting for acquisitions and investments in subsidiaries. Transaction costs are no longer included in the purchase price of the acquisition. Goodwill is no longer adjusted after the initial valuation for changes in estimates regarding conditional subsequent payments that are part of the purchase price. The same applies to differences regarding the realisation of tax loss compensation possibilities which the acquired company had on the acquisition date. An existing non-controlling interest in an acquired company, is valued at the fair value on the acquisition date, whereby the difference from the existing book value is included in the profit and loss account. In case

of non-controlling interests, profits or losses and each component of unrealised results, are attributed to the group equity and to the non-controlling interests in equity. Even if this means that the non-controlling interests show a negative balance.

These changes have been applied prospectively in accordance with the applicable transitional provisions. The comparative figures have therefore not been restated. These changes have no consequences for the 2010 financial statements.

In addition to the changes to IFRS 3 and IAS 27, the changes in the context of the 2008 improvements project have been applied for the first time. These changes have no consequences for the financial statements.

- IAS 27 (Revised in 2008) - Consolidated and Separate Financial Statement
IAS 27 (as issued in 2008) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The amended standard has been adopted by the Group together with IFRS 3 (Revised) Business.

Combinations, including consequential amendments to IFRS 5, IAS 7, IAS 21, IAS 28, IAS 31 and IAS 39.

These changes have no consequences for the financial statements.

- IAS 28 (Revised in 2008) - Investments in Associates
The principle adopted under IAS 27(2008) (see above) that a loss of control is recognised as a disposal and re-acquisition of any retained interest at fair value is extended by consequential amendments to IAS 28. Therefore, when significant influence over an associate is lost, the investor measures any investment retained in the former associate at fair value, with any consequential gain or loss recognised in profit or loss.

The amendments of IFRS 2 clarify the scope of IFRS 2, as well as the accounting for group cash-settled share-based payment transactions in the separate (or individual) financial statements of an entity receiving the goods or services when another group entity or shareholder has the obligation to settle the award.

- IAS 39 - Financial Instruments : Recognition and Measurement
The amendment clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. This also covers the designation of inflation as a hedged risk or portion in particular situations. The Group has concluded that

the amendment will have no impact on the financial position or performance of the Group, as the Group has not entered into any such hedges.

- IFRIC 18 - Transfers of Assets from Customers

IFRIC 18 addresses the accounting by recipients for transfers of property, plant and equipment from 'customers' and concludes that when the item of property, plant and equipment transferred meets the definition of an asset from the perspective of the recipient, the recipient should recognise the asset at its fair value on the date of the transfer, with the credit being recognised as revenue in accordance with IAS 18 Revenue.

- IFRS - Improvements to IFRS
IFRS 5 clarifies that the disclosures required in respect of non-current assets and disposal groups classified as held for sale or discontinued operations are only those set out in IFRS 5. The disclosure requirements of other IFRSs only apply if specifically required for such non-current assets or discontinued operations. As a result of this amendment, the Group amended its disclosures on segment information.

The amendment of IFRS 5 clarifies that when a subsidiary is classified as held for sale, all its assets and liabilities are classified as held for sale, even when the entity remains a non-controlling interest after the sale transaction. The amendment is applied prospectively and has no impact on the financial position nor financial performance of the Group.

IAS 7 states that only expenditure that results in recognising an asset can be classified as a cash flow from investing activities. This amendment will impact amongst others, the presentation in the statement of cash flows of the contingent consideration on the business combination completed in 2010 upon cash settlement.

The amendment of IFRS 8 clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker. As the Group's chief operating decision maker does review segment assets and liabilities, the Group has continued to disclose this information.

The amendment of IAS 36 clarifies that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in IFRS 8 before aggregation for reporting purposes. The amendment has no impact on the Group as the annual impairment test is performed before aggregation.

(x) New standards and interpretations not yet effective and not yet applied by the company

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2010,

and have not been applied in preparing these consolidated financial statements:

- IFRS 9 - Financial instruments
IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2013. In subsequent phases, the IASB will address classification and measurement of financial liabilities, hedge accounting and derecognition. The completion of this project is expected in early 2011. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets. The Group will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

- IFRS 7 (Amendment) - New disclosures for derecognition of financial instruments
The amendments to IFRS 7 titled Disclosures - Transfers of Financial Assets increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period. The directors do not anticipate that these amendments to IFRS 7 will have a significant effect on the Group's disclosures regarding transfers of trade receivables previously effected. However, if the Group enters into other types of transfers of financial assets in the future, disclosures regarding those transfers may be affected.

- IAS 24 (amendment) - Related Party Disclosure
The amendment of IAS 24 clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government related entities. The Group does not expect any impact on its financial position or performance.

- IFRS 3 (improvement) - Business combinations
As part of Improvements to IFRSs issued in 2010, IFRS 3(2008) was amended to clarify that the measurement choice regarding non-controlling interests at the date of acquisition (see above) is only available in respect of non-controlling interests that are present ownership interests and that entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other types of non-controlling interests are measured at their acquisition-date fair value, unless another measurement basis is required by other Standards.

In addition, as part of Improvements to IFRSs

issued in 2010, IFRS 3(2008) was amended to give more guidance regarding the accounting for share-based payment awards held by the acquiree's employees. Specifically, the amendments specify that share-based payment transactions of the acquiree that are not replaced should be measured in accordance with IFRS 2 Share-based Payment at the acquisition date.

- IFRS 7 (improvement) - Financial instruments

The amendments to IFRS 7 clarify the required level of disclosures about credit risk and collateral held and provide relief from disclosures previously required regarding renegotiated loans.

- IAS 1 (improvement) - Presentation of financial statements

The amendments to IAS 1 clarify that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.

- IFRIC 14 (amendment) - Prepayments of a Minimum Funding Requirement

The amendment to IFRIC 14 is effective for annual periods beginning on or after 1 January 2011 with retrospective application. The amendment provides guidance on assessing the recoverable amount of a net pension asset. The amendment permits an entity to treat the prepayment of a minimum funding requirement as an asset. The amendment is deemed to have no impact on the financial statements of the Group.

- IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments

IFRIC 19 is effective for annual periods beginning on or after 1 July 2010. The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at their fair value. In case that this cannot be reliably measured, the instruments are measured at the fair value of the liability extinguished. Any gain or loss is recognised immediately in profit or loss. The adoption of this interpretation will have no effect on the financial statements of the Group.

- IAS 28 (improvement) - Investments in Associates

As part of Improvements to IFRSs issued in 2010, IAS 28(2008) has been amended to clarify that the amendments to IAS 28 regarding transactions where the investor loses significant influence over an associate should be applied prospectively.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further

information about the assumptions made in determining fair values is disclosed in the notes.

(i) Property, plant and equipment

The fair value of plant and equipment is based on observable market prices, or fair value assessment based on the present value of expected future cash flows. See note 10 regarding acquisitions.

(ii) Intangible assets

The fair value of intangible assets is based on the present value of expected future cash flows. See note 9 regarding acquisitions.

(iii) Trade and other receivables

The fair value of trade and other receivables, other than accrued income from construction contracts, is assessed based on the present value of expected future cash flows.

(iv) Derivatives

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract.

(v) Share based payments

The fair value of employee share-options is measured using a binominal model - Black & Scholes. Measurement inputs in the model include share price on measurement date, exercise price of the instrument, expected volatility, expected life of the instruments, expected dividends, and the risk free interest rate.

NOTE 2 SEGMENT REPORTING

Operating segments

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's CEO reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on the basis of a reasonable distribution formula. Segment capital expenditures are the total costs incurred during the period to acquire segment assets that are expected to be used for more than one period.

Detection Systems

The business segment «Detection systems» covers the company's activity in the area of development and production of gas and flame detectors for use in the shipping, oil and mining and other industries.

	Detection systems		Extinguishing solutions		Corporate		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
Figures in NOK 1000								
Revenue from external customers								
Norway	23,542	18,665	44,071	75,941	-	-	68,043	94,605
France	22,410	28,210	5,187	8,220	-	-	27,597	36,430
Denmark	824	680	17,813	21,868	-	-	18,637	22,548
The Netherlands	5,746	7,290	3,740	2,119	-	-	9,486	9,409
Italy	-	1,257	11,677	7,247	-	-	11,677	8,504
Rest of Europe	28,534	25,544	25,894	24,558	-	-	54,428	50,103
Korea	-	-	1,432	9,306	-	-	1,432	9,306
Asia/Pacific	14,724	17,229	9,904	13,892	-	-	24,628	31,121
Singapore	-	877	125	13,793	-	-	125	14,670
Middle East	4,317	-	30,222	-	-	-	34,539	-
Other (rest/unallocated)	3,155	4,189	7,065	7,590	-	-	10,220	11,778
Total revenue from external customers	103,252	103,940	157,130	184,535	-	-	260,382	288,475
Cost of materials	51,484	46,727	82,276	96,628	-	-	133,760	143,355
Depreciation	3,774	4,287	7,223	9,379	-	-	10,997	13,666
Other operating expenses	46,627	42,707	87,946	96,968	12,472	22,145	147,045	161,819
Operating profit (loss)	1,367	10,219	(20,315)	(18,440)	(12,472)	(22,145)	(31,421)	(30,366)
Net financing costs							20,472	12,991
Income tax expense							(2,837)	(1,488)
Profit (loss)							(49,057)	(41,869)

	Detection systems		Extinguishing solutions		Corporate		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
Figures in NOK 1000								
Segment assets								
Norway	24,220	23,171	8,850	10,235	59,497	60,829	92,568	94,235
Denmark			4,739	5,446	65,478	70,645	70,217	76,091
France	5,064	3,635			4,361	5,809	9,425	9,444
Singapore			259	134	1,465	1,106	1,724	1,240
Others								
Total non current assets	29,284	26,806	13,848	15,815	129,173	138,389	174,109	181,010
Segment liabilities								
Norway	39,435	33,789	64,880	49,741	129,028	147,335	233,343	230,865
Denmark			12,805	9,429			12,805	9,429
France	12,516	8,844					12,516	8,844
Polen			1,927				1,927	
Czech Republic			1,460				1,460	
Russia			795	937			795	937
Hungary			679				679	
Singapore			4,205	6,009			4,205	6,009
Others				2,335				2,335
Consolidated total liabilities	51,951	42,633	86,751	68,452	129,028	147,335	267,730	258,420
Capital expenditures								
Norway	3,514	7,688	360	315			3,874	8,003
Denmark			297	1,577			297	1,577
France	2,127	1,134					2,127	1,134
Russia			29	13			29	13
Others			14	2			14	2
Consolidated capital expenditures	5,641	8,822	700	1,907	-	-	6,341	10,729

	Detection systems	Extinguish solutions	Total
Analysis of operating revenues by category			
Revenue from construction contracts	5,744	51,991	57,735
Sales of goods	82,160	87,082	169,242
Revenue from services	15,349	11,278	26,627
Other	-	7,209	7,209
Total	103,253	157,560	260,813

NOTE 3 SHORT-TERM RECEIVABLES

Short term receivables

	Simtronics group	
	2010	2009
Figures in NOK 1000		
Accounts receivables, external, gross	50,668	62,443
Accounts receivables, intra group		-
(Provision for bad debt)	(2,316)	(2,494)
Unbilled revenue from long-term contracts	14,253	17,175
Other external short term receivables	18,868	10,340
Total short term receivables	81,473	87,463

Ageing of account receivables

	Simtronics group	
	2010	2009
Not overdue	21,743	37,260
Overdue by 0-30 days	11,275	13,446
Overdue by 31 - 90 days	5,778	4,981
Overdue by 90 - 120 days	2,046	1,233
More than 120 days	9,825	5,523
Total	50,667	62,443
Provision for bad debt	(2,316)	(2,494)
Accounts receivables, book value	48,350	59,949

The change in bad debt provision in the accounting year was as follows:

	Simtronics group	
	2010	2009
Balance as per 1 January	2,494	951
Provision made	190	1,844
Provision used	(19)	(4)
Provision reversed	(349)	(296)
Balance as per 31 Dec	2,316	2,494

Short term receivables in currency of origin:

	2010						Total
	NOK	USD	EUR	DKK	SGD	Other	
Accounts receivables, external, gross	13,289	337	28,555	5,120	74	3,291	50,666
Provision for bad debt	(2,317)	-	-	-	-	-	(2,317)
Unbilled revenue from long-term contracts	8,718	383	5,152	-	-	-	14,253
Other external short term receivables	14,573	170	1,232	853	459	1,584	18,871
Total short-term receivables	34,263	890	34,939	5,973	533	4,875	81,473

Short term payables in currency of origin:

Simtronics group	2010							Total
	NOK	USD	EUR	GBP	SGD	DKK	Others	
Liabilities to financial institutions	91,631	-	-	-	-	7,061	-	98,693
Accounts payable, external	17,163	1,257	19,498	1,495	812	2,395	1,445	44,066
Public duties payable	7,745	-	2,861	-	-	3,631	710	14,947
Taxes payable	669	-	-	-	-	-463	13	219
Provisions	425	-	365	-	-	139	-	930
Other short-term liabilities	18,242	-	-	-	132	4,441	43	22,858
Advance payment	4,996	-	-	-	-	-	-	4,996
Total	140,872	1,257	22,725	1,495	944	17,204	2,210	186,708

NOTE 5 FINANCIAL NON-CURRENT ASSETS

	Simtronics group	
	2010	2009
Figures in NOK 1000		
Loan to Simtronics SAS	-	-
Loan to Water Mist Engineering AS	-	-
Loan to ETech Process AS	-	-
Other long-term receivables, intra group	-	-
Other long-term receivables, external	773	869
Investment grant office-rent	22,660	2,960
Investment in Water Mist Engineering AS	-	-
Investment in Simtronics SAS	-	-
Investment in Fire Eater AS	-	-
Investment in Simtronics Fire & Gas Pte Ltd	-	-
Other investments	-	-
Restricted cash reserves	20,000	30,000
Total financial non-current assets	23,433	33,829

The Simtronics group has prepaid MNOK 3.0 as a grant office-rent for a building in Kristiansand. The amount is decreased with MNOK 0.3 each year. Remaining amount is MNOK 2.7 per 31.12.10

In conjunction with the company's loan agreement, the company has committed itself to establishing a cash deposit of NOK 20 000. See note 22 for further information.

NOTE 6 INVENTORIES AND COST OF MATERIALS

	Simtronics group	
	2010	2009
Figures in NOK 1000		
Cost of goods sold		
Cost of goods sold, gross	128,625	146,210
Change in inventory	5,135	(2,855)
Cost of goods sold, net	133,760	143,355
Inventories		
Raw materials	32,893	34,412
Work in progress	2,405	8,042
Finished goods	8,028	18,775
Total inventories	43,182	61,229
Of which valued at initial cost	43,181	61,125
Of which valued at net realisable value	144	105

Simtronics ASA has provided security in the form of inventories for the use of overdraft facilities. See notes 14 and 15 for further information.

NOTE 7 FINANCIAL ITEMS

	Simtronics group	
	2010	2009
Figures in NOK 1000		
Dividend from subsidiaries	-	-
Group contributions from subsidiaries	-	-
Interest income	520	3,314
Change in fair value of financial derivatives	-	-
Foreign exchange gain	2,778	8,877
Total financial income	3,298	12,190
Interest expenses, bank loan and overdraft facilities	14,285	12,729
Other interest expenses and guarantee commissions	1,735	1,185
Change in fair value of financial derivatives	-	-
Foreign exchange loss	7,752	11,267
Other financial expenses	-	-
Total financial expenses	23,772	25,181
Net financial income and expenses	(20,474)	(12,991)

Borrowing costs are recognised as an expense in the period in which they are incurred.

NOTE 8 LONG-TERM CONTRACTS

	Simtronics group	
	2010	2009
Figures in NOK 1000		
Long-term contracts in progress per 31 December		
This period		
Total amount of revenue recognised in the period	57,735	35,918
Unbilled revenue	14,134	17,595
Advance payments netted against unbilled revenue	-	-
Net unbilled revenue	14,134	17,595
Advance payment from contracts in progress	234	1,230
Advance payments netted against unbilled revenue	-	-
Cash collected in excess of revenues recognised from customers	234	1,230
Accumulated		
Total revenue recognised from long-term contracts per 31 December	110,685	61,989
Total costs recognised from long-term contracts per 31 December	(85,844)	(43,408)
Total net recognized profit from contr. in progress	24,841	18,581

Recognition of contract revenue

Income from construction contracts is recognised based on the stage of completion. The stage of completion is calculated based on incurred costs as a proportion of total estimated costs. The calculation is assessed with consideration to other available information and targets providing indications on the progress of the projects. If required by the circumstances, potential losses and liabilities arising from delays or other factors are recognised in the income statement based on best estimates. See note 1 on accounting principles for further information.

NOTE 9 INTANGIBLE ASSETS

Cost	Simtronics group							Total
	Goodwill	Order backlog	Development costs and patents	Customer Relationships	Right to use	Softwares	Other	
Figures in NOK 1000								
Balance at 1 January 2009	106,980	2,493	68,199	11,384	12,276	7,157	4,472	212,960
Acquisitions through business combinations ⁴⁾	(12,240)	-	-	-	-	56	-	(12,184)
Other acquisitions - internally developed	-	-	7,138	-	-	-	-	7,138
Effect of movements in exchange rates	(7,117)	(52)	(4,678)	(1,677)	(1,915)	(1,117)	(204)	(16,759)
Balance at 31 December 2009 ¹⁾	87,623	2,441	70,660	9,707	10,361	6,096	4,268	191,154
Balance at 1 January 2010	87,623	2,441	70,660	9,707	10,361	6,096	4,268	191,154
Acquisitions through business combinations	-	2,013	-	-	27	-	2,040	-
Other acquisitions - internally developed	-	4,223	-	-	-	41	4,265	-
Avgang	-	-	-	-	-	-	-	-
Effect of movements in exchange rates	(2,376)	(17)	(1,582)	(563)	(643)	(378)	(66)	(5,625)
Balance at 31 December 2010 ²⁾	85,247	2,423	75,315	9,144	9,718	5,745	4,243	191,835
Depreciation and impairment losses								
Balance at 1 January 2009	-	1,191	17,146	1,117	-	890	2,920	23,264
Depreciation charge for the year	-	928	6,271	1,065	-	636	603	9,503
Disposals	-	-	-	-	-	-	-	-
Effect of movements in exchange rates	-	(24)	(1,038)	(154)	-	(139)	(81)	(1,436)
Balance at 31 December 2009	-	2,095	22,378	2,029	-	1,386	3,442	31,330
Balance at 1 January 2010	-	2,095	22,378	2,029	-	1,386	3,442	31,330
Depreciation charge for the year	-	297	5,242	1,009	-	587	387	7,522
Impairment loss for the year	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Effect of movements in exchange rates	-	(17)	(490)	(108)	-	(86)	(33)	(733)
Balance at 31 December 2010	-	2,375	27,131	2,930	-	1,888	3,796	38,120
Depreciation rate	-	10%	10%	10%	10%	20%	20%	-
Useful lives	-	10 år	10 år	10 år	10 år	5 år	5 år	-
Net carrying amounts								
At 1. januar 2009	106,980	1,302	51,053	10,267	12,276	6,268	1,551	189,696
At 1. januar 2010	87,623	346	48,281	7,678	10,361	4,710	826	159,824
At 31. desember 2010	85,247	48	48,184	6,214	9,718	3,857	447	153,715

Goodwill is not amortised, and the book value of NOK 85,247 has been tested for impairment loss as per 31 December 2010. Recoverable amount for the cash-generating unit is based on the calculation of value in use. This calculation uses estimates for future cash flows based on actual operating profits over a five-year business plan. In calculating the present value a discount rate of appr 15% before tax is used.

In the impairment tests it is assumed that the companies in Extinguishing solutions will have a sales growth of 78% from 2010 to 2011. In subsequent years the following assumption are used; a growth of approximately 7%-15% the following four years.

The negative results in the Extinguishing solutions division in 2010 are attributable to the product line for the nitrogen generators, where the marked was heavily reduced. It is within this product line where most of the non-recurring expenses are. The cost cutting measures and the order pipeline is taken into consideration in the impairment test of the goodwill. The Board of Directors report confirms this in the going concern evaluation.

Neither an increase in the discount rate of 500 basic points nor a reduction in the expected net cash flows of 20% would have resulted in a write-down of goodwill. Other assumptions left unchanged. The added Goodwill is mainly caused by re-negotiations of the earn-out for ETech Process AS.

Order backlog

The book value at the beginning of the year arises entirely from the purchase of Water Mist Engineering AS (WME) in 2007. The remainder of the order backlog relates to identified excess value from the acquisitions of Fire Eater A/S and ETech Process AS. Simtronics ASA also carried out a smaller acquisition through the purchase of a business division in Technor Safe Ex AS where NOK 1,300 was identified as excess value relating to order backlog.

Purchase price is amortised based on the expected delivery of the order backlog which existed at the purchase date. The amortisation plan is in practice degressive.

Capitalised development costs

Product development, where the criteria set out in IAS 38.57 are met, have been capitalised. Reference is made to accounting principles as described in note 1. Products where development has been completed, and also products currently under development, are based on existing technology and known markets. Development is carried out either in cooperation with prospective customers and/or other companies. By the end of 2008 capitalised development costs relates to 2 product groups, and excess value in conjunction with the acquisition of Simtronics SAS in 2006, together with Fire Eater A/S and ETech Process AS in 2008.

Customer Relationships

In the acquisition of ETech Process AS and Fire Eater A/S excess value relating to customer relationships was identified. The value was estimated to NOK 632 and NOK 8,646 respectively.

Brand name

Fire Eater A/S has the right to the use the brand name/ product name INERGEN. In the acquisition of Fire Eater A/S the value of this right were measured by calculating the future saved royalty-cost.

Software

Fire Eater A/S has developed its own software and database, which was valued at acquisition by estimating the initial cost.

Other

Other intangible assets for Simtronics ASA and Simtronics Group mainly comprises capitalised costs relating to a new ERP-system.

Expensed research and development expenditure

Research and development expenditures that do not satisfy the definition of assets have been recognised as expenses, and are NOK 4,957 (2009: NOK 4,465) in the Group.

NOTE 10 PROPERTY, PLANT AND EQUIPMENT

Cost	Simtronics group			Total
	Furniture and fixtures	Machinery	Equipment	
Figures in NOK 1000				
Balance at 1 January 2009	9,289	6,557	4,208	20,054
Acquisitions through business combinations ⁴⁾	152	25	51	227
Other acquisitions	2,109	2,295	2,988	7,391
Disposals	-	-	(144)	(144)
Effect of movements in exchange rates	(626)	(374)	(364)	(1,365)
Balance at 31 December 2009 ¹⁾	10,923	8,502	6,738	26,163
Balance at 1 January 2010	10,923	8,502	6,738	26,163
Acquisitions through business combinations	-	-	-	-
Other acquisitions	968	193	313	1,475
Disposals	(166)	-	(289)	(455)
Effect of movements in exchange rates	14	19	29	62
Balance at 31 December 2010 ²⁾	11,738	8,715	6,792	27,245
Depreciation and impairment losses				
Balance at 1 January 2009	5,749	2,831	2,682	11,263
Acquisitions through business combinations ⁴⁾	31	5	9	45
Depreciation charge for the Year	1,099	786	2,502	4,387
Disposals	-	-	(41)	(41)
Effect of movements in exchange rates	(506)	(170)	(577)	(1,253)
Balance at 31 December 2009 ¹⁾	6,373	3,452	4,576	14,401
Balance at 1 January 2010	6,373	3,452	4,576	14,401
Acquisitions through business combinations	-	-	-	-
Depreciation charge for the Year	1,334	1,080	910	3,324
Disposals	(92)	-	(212)	(304)
Effect of movements in exchange rates	3	19	226	249
Balance at 31 December 2010 ²⁾	7,618	4,551	5,500	17,669
Depreciation rate ³⁾	10%	10-20%	10-33%	
Useful lives	10 år	5-10 år	3-10 år	
Net carrying amounts				
At 1. januar 2009	3,540	3,726	1,525	8,791
At 1. januar 2010	4,550	5,050	2,162	11,762
At 31. desember 2010	4,120	4,163	1,292	9,576

1) Exchange rates as of 31 December 2009 are used in calculating tangible assets of foreign subsidiaries.

2) Exchange rates as of 31 December 2010 are used in calculating tangible assets of foreign subsidiaries.

3) All depreciation plans are linear.

4) Relates to the acquisition of ETech Process AS and Fire Eater AS in 2008.

Impairment losses

No impairment losses have been recognised in 2010 (2009: NOK 0).

Guarantee obligations

Simtronics ASA has given security for loans in property, plant and equipment for the use of overdraft facilities. See note 15 for further information.

Operational leases

Simtronics Group rents its premises under an operating lease arrangement. The value of the premises is therefore not recognised in the balance sheet.

Simtronics Group has rental agreements in its' subsidiaries. The majority of the rental agreements have a duration until 2012/2013, with a renewal option and a Yearly adjustment based on Official CPI development.

Total expensed operational leases in 2010 is NOK 8,474 (2009: NOK 9,141).

Minimum lease payments under operational lease of offices

	Simtronics group	
	2010	
Figures in NOK 1 000		
Less than one year		8,153
Between one and five years		26,484
More than five years		13,794

The group has at 31.12.2010 no agreement that commit Simtronics ASA or the group to future buying of property, plant or equipment.

NOTE 11 EMPLOYEE BENEFITS

	Simtronics group	
	2010	2009
Figures in NOK 1000		
Wages and salaries	76,210	76,090
Equity-settled share-based payment transactions	1,783	2,285
Social security tax	12,372	12,891
Pension cost	5,697	4,769
Other benefits	4,189	4,795
Capitalised as development costs	(2,608)	(3,593)
Capitalised as manufacturing cost of inventory	684	-
Total personnel costs	98,327	97,237
Number of employed man-labour years	155	156

As of 31 December 2010 Simtronics Group has 157 employees (2009: 160), of which 34 are employed in Simtronics ASA, 33 in Simtronics SAS, 32 in Water Mist Engineering AS, 53 in Fire Eater A/S and 5 in Simtronics Fire and Gas Pte. Ltd.

NOTE 12 TRANSACTIONS WITH RELATED PARTIES

Identification of related parties

Simtronics Group has related party transactions with members of the Board and Group Management. All transactions with related parties are based on the arms length principle.

The Chairman of the Board John Afseth was to the end of April 2009, also Chairman of the Board in Orion Securities AS. Simtronics ASA used Orion Securities AS as a financial advisor in the Technor transaction in 2009. The fee paid to Orion was NOK 600.000. All transactions are based on the arms length principle.

Information regarding 2010

	Share- holding	Share- options	Board fees	Salary	Bonus	Pension- premium	Other Compensation
Shares and share options in whole numbers, other amounts in NOK 1000							
Members of the Board							
John Afseth (Chairman of the Board)	1,777,271	100,000	300	-	-	-	-
Tore Amundsen (Member of the Board)	30,000	100,000	180	-	-	-	-
Valborg Lundegaard (Member of the Board)	-	100,000	180	-	-	-	-
Hans Inge Nerby (Employee representative)	-	-	120	611	-	39	4
Total for members of the Board	1,807,271	300,000	780	611	-	39	4
Members of Group Management							
Rune Martini (President & CEO)	200,000	1,250,000	-	1,832	-	67	6
Frode Arnesen (CFO)	168,000	900,000	-	1,163	-	68	6
Claus Fossum (SVP and Managing Director Detection)	100,000	550,000	-	1,077	-	73	6
Torbjørn Laursen (General Manager, Fire Eater A/S)	6,972,370			958	174	210	110
Kjetil Kleiven (General manager, WME AS) from May 2010				511			4
Total for members of Group Management	7,440,370	3,700,000	-	5,541	174	418	132
Total compensation to Group Management:	2010						
Short term employee benefits	5,847						
Post employee benefits	418						
Share-based payments	-						
Total	6,265						

*) No share-options have been exercised in the period 2007 - 2010.

Total number of persons defined as management is 5. Loans to employees as at 31 December 2010 amounted NOK 0. The information above provides a thorough overview of compensation of members of the Board and Group Management for 2010.

Information regarding 2009

	Share- holding	Share- options	Board fees	Salary	Bonus	Pension- premium	Other Compensation
Shares and share options in whole numbers, other amounts in NOK 1000							
Members of the Board							
John Afseth (Chairman of the Board)	1,777,271	100,000	300	-	-	-	-
Tore Amundsen (Member of the Board)	30,000	100,000	180	-	-	-	-
Valborg Lundegaard (Member of the Board)	-	100,000	180	-	-	-	-
Svein Roar Sivertsen (Member of the Board)	10,000	250,000	120	728	-	40	6
Total for members of the Board	1,817,271	550,000	780	728	-	40	6
Members of Group Management							
Rune Martini (President & CEO)	200,000	1,250,000	-	1,705	500	104	7
Frode Arnesen (CFO)	168,000	600,000	-	1,101	100	108	7
Claus Fossum (SVP and Managing Director Detection)	100,000	250,000	-	925	-	133	7
Torbjørn Laursen (General Manager, Fire Eater A/S)	6,972,370	-	-	1,040	539	228	188
Kjetil Sivertsen (Managing Director WME AS)	1,673,880	250,000	-	910	-	-	6
Total for members of Group Management	9,114,250	2,350,000	-	5,681	1,139	573	215
Total compensation to Group Management:	2009						
Short term employee benefits	7,035						
Post employee benefits	573						
Share-based payments	-						
Total	7,609						

*] No share-options have been exercised in the period 2007-2010.

Total numbers of persons defined as management is 5. Loans to employees as at 31 December 2010 amounted NOK 0. The information above provides a thorough overview of compensation of members of the Board and Group Management for 2009.

Further information on compensation for 2010 and on the above table

1. Remuneration of the CEO:

CEO Rune Martini received NOK 1,832 in salary in 2010, and is part of Simtronics ASA pension plan with the same conditions as other employees. In 2008 Rune Martini earned a bonus of NOK 500, which was paid in 2009. No bonus earned in 2009 and thereby no payout for bonus during 2010. No bonus for 2010 has been earned.

Rune Martini has been granted 250,000 options in Simtronics ASA in 2008. 166,667 options were vested as at 31 December 2010. In 2007, Rune Martini was granted 1,000,000 options. Of these, 1,000,000 were vested as at 31 December 2010. In June 2010 Rune Martini was granted 1,000,000 options, as of 31 December 2010 none of these are vested.

2. Shareholding:

The column shows the number of shares owned by Board members, members of Group Management, companies controlled by them, and their related parties. John Afseth owns 50 000 shares privately, and 1,727,271 shares through Carpe Diem Afseth AS (where he owns 100 percent of the shares).

3. Share-options:

The column shows the total number of options granted as of 31 December 2010. No options have been exercised in 2010. There are one entirely vested option plan as of 31 December 2010, which is the 2007 Share-option plan.

4. Board fees:

The column comprises board fees paid in 2010. The board held 8 board meetings in 2010. The audit committee held 4 meetings (Tore Amundsen and Hans Inge Nerby)

5. Salary:

The column comprises ordinary salary paid in 2010.

6. Bonus:

In 2009, bonus earned in 2008 by CEO Rune Martini and CFO Frode Arnesen has been paid.

7. Pension Premium:

The Company has established a defined contribution pension scheme. The column shows what has been paid in 2010. See note 19 for further information regarding pensions.

8. Other compensation:

The column comprises other benefits received during the year, including car allowance, telephone allowance etc.

Remuneration policy for Group Management

In accordance with The Joint Stock Public Companies Act 6-16a, the board has prepared a statement outlining the principles for CEO- and other management compensation. The fundamental principle for management compensation is that the compensation and benefits are to be competitive in order for Simtronics ASA to attract and retain competent management personnel.

Senior managers are paid a fixed salary and under certain circumstances may be offered variable compensation based on results achieved. In addition to fixed and variable salaries, senior managers are offered benefits in the form of free mobile phone, company car etc.

The company wants to offer remuneration in the form of share-based payments to its senior managers. Such share-option programs will be in compliance with the share options programs implemented as of 31 December 2010. Final resolution will be decided by the General Assembly.

The company's remuneration of senior managers for 2010 has been in compliance with the statement on management compensation approved by the Annual General Meeting on 20 May 2010.

Transactions with subsidiaries

Transactions with subsidiaries which are considered related parties are eliminated in the consolidated group accounts and thus not included in this note.

Expensed auditors' fee

	Simtronics Group
Audit	917
Audit related services	615
Tax related services	168
Other services	208
Total	1,908

*fee without VAT

Total fees for BDO are NOK 708 and fees to others than BDO is NOK 1,200.

NOTE 13 SHARE-BASED PAYMENTS

The parent company Simtronics ASA has granted three share-option plans, one in 2007, one in 2008 and one in 2010 with a total of 7,550,000 shares. The share-option plans gives them the right to acquire shares in the parent company. The share-option plans are divided into three parts, whereby one third of the shares-options have a vesting period of 12 months, one third have a vesting period of 24 months and one third have a vesting period of 36 months.

Fair value of options is calculated at grant date and is expensed over the vesting period according to IFRS 2.

Terms of existing share-options plans

	Number of options	Strike	Vesting date	Expiry
Options and strike in whole numbers, other amounts in NOK 1 000				
Simtronics group				
Share-option plan May 2007	666,667	2.46	02/05/2008	03/05/2011
Share-option plan May 2007	666,667	2.46	04/05/2009	03/05/2011
Share-option plan May 2007	666,667	2.46	03/05/2010	03/05/2011
	2,000,000			
Share-option plan February 2008	516,667	4.52	06/02/2009	06/02/2012
Share-option plan February 2008	516,667	4.52	06/02/2010	06/02/2012
Share-option plan February 2008	516,667	4.52	06/02/2011	06/02/2012
Share-option plan February 2008	200,000	4.60	06/02/2009	06/02/2012
Share-option plan February 2008	200,000	4.60	06/02/2010	06/02/2012
Share-option plan February 2008	200,000	4.60	06/02/2011	06/02/2012
	2,150,000			
Share-option plan June 2010	1,133,333	2.05	04/06/2011	04/06/2014
Share-option plan June 2010	1,133,333	2.05	04/06/2012	04/06/2014
Share-option plan June 2010	1,133,333	2.05	04/06/2013	04/06/2014
	3,400,000			
Total outstanding options	7,550,000			

The sole vesting criteria for share-options is continued employment. Share/options that are vested may be retained by the employee in the event of termination of contract, and are exercisable within the given expiry date.

There is a reinvestment commitment arising from the share-options. When exercising options, the share-option holder is required to reinvest 40 percent of gains before tax, in company shares. Shares which are acquired have a minimum holding period of 12 months.

At 31. desember 2010 none of the existing share-option plans have been exercised.

Simtronics ASA

The share-option plan for employees in Simtronics ASA is identical with the plan for the Group. Employees in the parent company have as of 31 December 2010 a total of 1,750,000 share-options outstanding in «Share-option plan May 2007», 1,900,000 share-options outstanding in «Share-option plan February 2008» and 2,000,000 share-options in the «Share-option plan June 2010». In total employees of Simtronics ASA hold 5,650,000 share-options.

Fair value of granted options

	Simtronics Group		
	2010 plan	2008 plan	2007 plan
Fair value at grant date	1,426	2,882	319
Average share price at grant date	2.05	4.55	2.46
Average strike price	2.05	4.55	2.46
Expected volatility in percent	60%	70%	60%
Expected dividends	-	-	-
Risk free interest rate	2.25%	4.29%	6.00%

Fair value assessment is performed using the Black & Scholes' option pricing model, applying assumptions as described above. This assessment is based on the assumption that share-option holders will exercise the options at the first possible date.

Expected volatility is based on historic volatility, adjusted for expected changes in future volatility based on publicly available information. The risk free rate is calculated based on average interest rate for the vesting period.

Number of options and weighted average strike price is:

	2010		2009		2008	
	Number of shareoptions	Weighted average strike price	Number of shareoptions	Weighted average strike price	Number of shareoptions	Weighted average strike price
Options outstanding as per 1 January	4,150,000	3.54	4,150,000	3.54	2,600,000	2.46
Options exercised	-	-	-	-	-	-
Options cancelled/forfeited		2.46		2.46	(600,000)	2.46
Options granted in the period	3,400,000	2.05	-	-	2,150,000	4.55
Outstanding options as at 31 December	7,550,000	2.87	4,150,000	3.54	4,150,000	3.54

Outstanding share-options as at 31 December 2010 have an average expiry of 1.9 years.

Share option cost in the income statement

	Simtronics Group	
	2010	2009
Share-options granted in 2007	122	416
Share-options granted in 2008	1367	1869
Share-options granted in 2010	394	
Total share-option cost in income statement	1883	2285

Share-option costs are presented as payroll and related costs in the income statement. None of the share-options plans are «in the money», thus no provisions for social security tax for the share option plans.

Convertible Loan

Simtronics ASA has in 2009 adopted a convertible loan at a par value of NOK 71.575. See note 25 for further information. The loan can be converted into shares in Simtronics ASA on the request from the lender based on a share price of NOK 2.36. If the loan is converted, there will be issued 30,326,271 shares. The share conversion price has been adjusted to NOK 1.90 in the EGM 8 March 2011. See note 25 for further details.

NOTE 14 LIABILITIES TO FINANCIAL INSTITUTIONS

Simtronics ASA		
	2010	2009
Figures in NOK 1000		
Convertible loan	66,583	64,235
Long-term liabilities		
Bank loan	-	-
Liabilities relating to financial leases	-	-
Other long-term interest bearing liabilities	4,265	-
Total	4,265	-
Short-term liabilities		
Short-term part of bank loan *	30 817	35 577
Short-term loan from shareholder	18 000	-
Overdraft facility	49 876	47 523
Total	98 693	83 100

*] Due to breach of one of the covenants, the loan from DnB NOR is reported as short term liability.

Bank loan

As per 31 December 2010 Simtronics ASA had a bank loan of NOK 30,817. The loan have a term of maturity of 5 years from the payout date, and a 10 year installment plan. This plan requires that the loan shall be repaid based on a 10 year installment plan for the first 60 months, and repayment of the remaining loan balance at 60 months. The loan was originally of NOK 47,600 and was paid out in February 2008.

Short term loan from Shareholder

On August 3, 2010 Simtronics ASA received a bridge funding of Nok 18 million from Autronica Fire & Safety AS. Autronica has entered into an extension agreement with Simtronics for the Short Term Loan Facility of NOK 18 million, whereby the repayment date is extended to 30 June 2011 or, if applicable, eight weeks following the date on which Autronica has given public notice of a withdrawal or non-completion of the offer. The loan accrues an interest of 12 % p.a.

Overdraft facility

Simtronics ASA has on behalf of the Group an overdraft facility of NOK 50 000. Fire Eater A/S has an overdraft facility with a limit of DKK 8,000. Convertible loan:

Convertible loan:

On 18 November 2009 an extraordinary General assembly approved a convertible loan of NOK 71,575 from Autronica Fire & Safety. The loan period is 3 years with a 7% fixed annual interest rate to be paid on a half year basis.

The loan is unsecured and ranks junior to loans from DnB NOR. The loan can be converted into shares in Simtronics on the request from the lender based on a share price of 2.36. The loan is recorded at a discounted fair value of NOK 66.6M. The conversion right has been valued to NOK 2.5M and is recorded as an equity component in accordance with IAS 32. The convertible loan has loan covenants that are linked with the loan covenants for the bank loans.

Covenants

In conjunction with the establishment of the above-mentioned loan of NOK 47,600, new covenants were agreed upon in December 2007 for all Simtronics' loan arrangements with DnB NOR. The updated covenants are as follows:

* The book value of the Group's equity (in NOK 1 000 and in per cent of the total capital), and the ratio net interest-bearing debt (NIBDI)/EBITDA for the Group, shall have the following development over the next three years:

	Book value of equity	Equity %	NIBD/EBITDA
- 31 December 2009	> 80,000	> 25%	> 3.5
- 31 December 2010	> 90,000	> 30%	> 3.0
- 31 December 2011	> 100,000	> 30%	> 2.5

The measurement of NIBD/EBITDA takes place quarterly on a continuous basis. Interest-bearing debt is defined as current and non current liabilities to financial institutions. Net interest-bearing debt is defined as interest bearing debt less cash balances.

Simtronics ASA shall not pay dividends without the bank's consent.

Regarding collaterals, reference is made to note 14. There is a requirement for a NOK 20,000 cash deposit, and a negative pledge has been given for subsidiaries Simtronics SAS and Water Mist Engineering AS.

Simtronics ASA has received a waiver from DnB NOR for 2009 and 2010.

In 2009 Simtronics ASA was granted a convertible loan from the company's largest share holder, Autronica Fire & Security AS. This loan has

similar covenant structure as the loan from DnB NOR. Simtronics ASA has received a confirmation from Autronica Fire & Security, that they do not consider Simtronics ASA to be in breach with the covenants, as far as DnB NOR has given a waiver.

Simtronics Group

	Currency	Nominal interest rate	Year of maturity	2010		2009	
				Face Value	Carrying Amount	Face Value	Carrying Amount
Figures in NOK 1000							
Secured bank loan	NOK	NIBOR + 5 %	2013	47,600	30,817	47,600	35,577
Overdraft facility	NOK	NIBOR + 6 %		50,000	42,814	50,000	47,523
Overdraft facility	DKK	4.15 %		8,385	7,061	8,385	5,500
Convertible Loan	NOK	7 %	2012	71,575	66,583	71,575	64,235
Other long-term interest bearing loan	NOK	4.5 %	2018	5,600	4,265		
Short term loan Shareholder	NOK	12%	2011	18,000	18,000		
Total interest-bearing liabilities				201,160	169,541	183,160	157,785

NOTE 15 GUARANTEES AND COLLATERALS

Figures in NOK 1000

Bank guarantees

Simtronics ASA has issued guarantees in the amount of NOK 23,135 as of 31 December 2010 on behalf of Simtronics ASA, Simtronics SAS and Water Mist Engineering AS. NOK 23,135 of the guarantees is covered by the agreement with DnB NOR for NOK 35,000. The agreement on the guarantee terms contains equivalent loan conditions for the overdraft facility and bank loan.

Water Mist Engineering has issued a guarantee in the amount of NOK 1,931 as security for its loan from Innovasjon Norge

Fire Eater AS has issued guarantees in the amount of NOK 1,697

Company guarantees

Guarantees are generally obtained via the parent company Simtronics ASA.

Simtronics ASA has on behalf of its subsidiary Water Mist Engineering given company guarantees for performance of NOK 471.

Collaterals

In conjunction with Simtronics ASA's bank loan and overdraft facility, the Group has raised security in the form of inventories, outstanding accounts receivables, property, plant and equipment, and 100% of the shares in Water Mist engineering AS, Fire Eater A/S and Simtronics ASA in addition, there is a requirement for a NOK 20,000 cash deposit, and a negative pledge has been given for the subsidiaries Simtronics SAS and Water Mist Engineering AS.

Net book values as at 31 December 2010 of these assets where as follows: inventories NOK 46 086, outstanding accounts receivables NOK 50 669, property, plant and equipment NOK 9,576, Water Mist Engineering AS shares NOK 81 813, Fire Eater A/S shares NOK 62 038 and Simtronics SAS shares NOK 11,100.

NOTE 16 EQUITY AND SHAREHOLDERS

Par value of shares

Par value per shares in the Parent company Simtronics ASA is NOK 0.146158358.

Distributable equity

Distributable equity according to the Norwegian Act relating to public limited liability companies, as at 31 December 2010 amounted to NOK 0 (2009: NOK 0).

Freely negotiable shares

The company's articles of association are free of any form of restriction on the negotiability of Simtronics' shares.

Voting rights

The company's articles of association are free of any form of restriction on the voting rights. One share represent one voting right

Simtronics group	Share capital	Share premium reserve	Other paid-in capital	Currency translation differences	Retained earnings	Total majority-interest equity	Minority-interests	Total equity
Figures in NOK 1000								
Balance as at 01 January 2009	9,509	79,735	-	18,034	19,549	126,827	33,573	160,400
Profit (loss) after tax	-	(20,672)	(4,785)	(13,536)	(19,098)	(58,091)	(3,526)	(61,617)
Minority interest from acquisition	-	-	-	-	-	-	(4,709)	(4,709)
Transaction with owners								
Share issue through debt conversion	644	12,706	-	-	-	13,350	-	13,350
Equity component of convertible loan	-	-	2,500	-	-	2,500	-	2,500
Share-based payment expense	-	-	2,285	-	-	2,285	-	2,285
Balance as at 31 December 2009	10,153	71,769	-	4,498	451	86,871	25,338	112,209
Profit (loss) after tax	-	(47,411)	(1,883)	(4,558)	(451)	(54,303)	(883)	(55,187)
Minority interest from acquisition	-	-	-	(175)	-	(175)	(2,384)	(2,558)
Transaction with owners								
Share issue through debt conversion	-	-	-	-	-	-	-	-
Equity component of convertible loan	-	-	-	-	-	-	-	-
Share-based payment expense	-	-	1,883	-	-	1,883	-	1,883
Balance as at 31 December 2010	10,153	24,358	-	(235)	(0)	34,276	22,071	56,347

Translation reserve

Translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations that are not integrated to the operations of the company.

Earnings per share

Basic and diluted earnings per share

The calculation of basic and diluted earnings per share is based on the net profit to ordinary shares of NOK -49,745 (2009: NOK -44,555) and a weighted average number of ordinary shares outstanding during 2009 of 69,463,511 before and after dilution (2009: 68,454,722 before dilution and 68,545,722 after dilution).

	2010	2009
Net profit after minority interests	(49,746)	(44,553)
Weighted average number of ordinary shares outstanding	69,463,511	68,545,722
Number of share-options outstanding	7,550,000	4,750,000
Potential future issue of shares ¹⁾	30,326,271	30,326,271
Weighted average number of ordinary shares outstanding including diluted shares	69,463,511	68,545,722
Basic earnings per share	(0.716)	(0.650)
Diluted earnings per share	(0.716)	(0.650)

	2010	2009
Number of ordinary shares outstanding 1 January	69,463,511	65,058,124
Effect on increase in share capital		3,487,598
Effect of agreed future issue of shares	-	-
Weighted average number of ordinary shares of 31 December	69,463,511	68,545,722

*J) Simtronics ASA has a convertible loan of NOK 71 575. Ref note 22, The loan was acquired 18 November 2009 and may be converted into shares at a share value of 2,36 at the lenders requirement. The maximum future issue of shares is 30,3 Million shares. The potential share issue does not have diluting effect in 2010, as the diluting effect is positive.

The company's largest shareholders registered at 31 December 2010

Shareholder	Number of shares	% ownership
AUTRONICA FIRE & SECURITY AS	18,878,305	27.18%
FIRE EATER HOLDING A/S	6,972,370	10.04%
MP PENSJON PK	2,278,556	3.28%
CARPE DIEM AFSETH AS	1,727,271	2.49%
EGENHANDELSKONTODNB NOR BANK ASA	1,669,363	2.40%
TINDE AS	1,568,954	2.26%
KÅRE MIKALMIKALSEN	1,428,010	2.06%
RAGNARSYVERTSEN	1,245,000	1.79%
AGAT AS	1,000,000	1.44%
OTTO TEKSUMLUND	955,000	1.37%
ODD INGESKÅR	894,925	1.29%
INGEFO 1 AS	852,000	1.23%
SVEIN HARALDGLLETTE	560,000	0.81%
TERJEHALS	539,467	0.78%
KARSTENHAGEN	501,001	0.72%
MARGENTUM AS	500,000	0.72%
TORE JANPAULSEN	500,000	0.72%
RUNESTAD INVESTERING AS	480,000	0.69%
PARTREDERIET MAST ANS	433,390	0.62%
VIDARØVSTEDAL	400,000	0.58%
Total shares owned by the 20 largest shareholders	43,383,612	62.46%
Other shareholders	26,079,899	37.54%
Total	69,463,511	100.00%
Shares owned by Norwegian shareholders	60,875,846	87.64%
Shares owned by foreign shareholders	8,587,665	12.36%
Total	69,463,511	100.00%

NOTE 17 FINANCIAL INSTRUMENTS

Figures in NOK 1000

Simtronics Group is exposed to credit-, interest rate- and currency risk in the course of its ordinary business. In order to maintain an acceptable level of risk in these areas, ongoing evaluations of the actual currency risk are carried out, based on matching turnover and cost on both NOK and EUR. In order to limit interest rate risk, ongoing evaluations of SWAP solutions for existing credits are carried out.

Credit risk

Historically the Group's losses on trade receivables have been modest. Management has a credit policy in place, and the exposure to credit risk is monitored on an ongoing basis. Credit checks are carried out for all customers who request credit above a given amount. Simtronics ASA has implemented a factoring system with DnB NOR Finans AS through which DnB NOR Finans AS provides assistance in credit checks. Further an evaluation of prepayment is used as well as letter of credit for foreign customers.

At the reporting date there was no significant concentration of credit risk. Through the factoring agreement, Simtronics ASA has entered into an agreement for providing credit assurance for trade receivables.

Total value of financial assets representing maximal credit exposure.

	Simtronics Group	
	Carrying amount	
	2010	2009
Available held for sale assets	-	-
Held-to-maturity investments	-	-
Financial assets designated at fair value through profit or loss	-	-
Financial assets classified as held for trading	-	-
Loans and receivables	65,705	62,444
Cash and cash equivalents	5,313	13,673
Interest rate swaps used for hedging	-	-
Forward exchange contracts used for hedging	-	-
Other forward exchange contracts	-	-
Total	71,018	76,116

Regions where the credit exposure is (external receivables)

	Simtronics Group			
	Short term		Long term	
	2010	2009	2010	2009
Norway	18,722	15,708	2,626	3,129
France	11,861	11,072	196	208
Denmark	8,379	5,581	531	394
The Netherlands	2,494	1,545	-	-
Rest of Europe	13,564	9,726	-	-
Korea	201	297	-	-
Asia/Pacific	10,097	12,016	81	98
Americas	317	6,356	-	-
Africa	69	143	-	-
Total	65,705	62,444	3,433	3,829

Credit exposure sorted by customer segments

	Simtronics Group			
	Short term		Long term	
	2010	2009	2010	2009
Wholesale customers w	37,387	37,748	-	-
Retail customers	2,443	24,696	-	-
End user customers	25,875	-	-	-
Other	-	-	3,432	520
Total	65,705	62,444	3,432	520

Liquidity risk

Simtronics Group had in 2010 a net cash flow of TNOK -14,987 (2009:TNOK 6,056) from operating activities. In total the net cash flow was negative with TNOK 15,184 (2009: positive TNOK 2 273).

The table below shows the expected due dates of financial obligations based on contract. The loan from DnB NOR has a 5 year term based on a 10 year installment plan, such that installments are based on a 10 year plan for the first 60 months, with payment of the outstanding amount at 60 months. 60 months after the payout date, the remaining loan balance must be repaid, unless the partners have agreed otherwise.

As per note 22, the Group had NOK 5,314 in available funds as at 31 December 2010. In addition, the company has available overdraft facilities mentioned below and in note 14.

Simtronics Group, through Simtronics ASA, has been granted a convertible loan from the largest shareholder, Autronica Fire and Security AS, of NOK 71,575. The basic loan terms is fixed interest at 7 per cent, and no installments until the loan is due. See note 25 for further information.

Simtronics Group	Carrying amount	Cash flows in accordance with contract	6 mths or less	6-12 mths	1-2 years	2-5 years	More than 5 years
Bank loan	30,817	36,416	3,537	3,452	6,628	22,799	-
Convertible loan	66,583	81,590	2,505	2,505	76,580	-	-
Short term loan	18,000	19,959	19,959	-	-	-	-
Overdraft facility	49,876	49,876	49,876	-	-	-	-
Other long-term interest bearing loan	4,265	5,040	275	285	560	1,680	2,240
Trade payables	44,066	44,066	44,066	-	-	-	-
Total	213,607	236,946	120,217	6,242	83,768	24,479	2,240

Interest rate risk

Interest rate risk arises in the short- and long term as a result of part of the Company debt being subject to a floating interest rate. Simtronics ASA has on behalf of the Group a joint bank overdraft limit of NOK 50,000, and as at 31 December 2010 the company had drawn NOK 42,814 from this overdraft facility. Further Simtronics ASA has a 5 year repayment loan (where security has been issued) of NOK 47,600, and as at 31 December 2010 a total of NOK 30 817 had been drawn (see note 14 for further information).

Both the overdraft facility and collateral loan are subject to floating interest rates, at NIBOR +60 basis points for the overdraft facility and NIBOR +100 basis points for the loan of NOK 47,600.

A change in the interest rate of +/- 1 per cent have increased/decreased the interest expenses by +/- NOK 445 respectively. The amount was calculated by taking the outstanding balance of the Bank loan at 31.12.10 multiplied by 1%.

The Group has an overdraft facility in Fire Eater A/S. The subsidiaries have no bank loans, but Water Mist Engineering AS has a loan from Innovasjon Norge with a balance of NOK 4,265 at Year End. Fire Eater A/S has an overdraft facility with a limit of DKK 8,000.

Both the overdraft facility and collateral loan are subject to floating interest rates. A change in interest rate of +/- 1% would have increased/decreased the interest expenses by +/- NOK 850 respectively. The amount was calculated by taking the relevant outstanding balances at 31.12.10 multiplied by 1%.

Currency risk

Simtronics Group is exposed to changes in NOK relative to other currencies. Approximately 29% of the parent company income is in foreign currency, while the Group has approximately 48% of income in foreign currency. An increase in the value of NOK will have a positive impact on the result. The Group trades predominantly in NOK and EUR.

The split of revenues in different currencies was as follows

	Simtronics Group	
	2010	2009
NOK	52%	34%
EUR	39%	45%
DKK	7%	13%
USD	2%	4%
SGD	0%	4%
Total	100%	100%

The following exchange rates are used throughout the year

	Average		Reporting date	
	2010	2009	2010	2009
EUR	8.01	8.72	7.81	8.32
DKK	1.08	1.17	1.05	1.12
SGD	4.44	4.23	4.56	4.12

The distribution of the consolidated balance sheet per 31 December 2010 was as follows:

	NOK	DKK	EUR	SGD	Total
Total intangible fixed assets	96%	1%	3%	0%	100%
Total tangible fixed assets	69%	26%	3%	3%	100%
Total financial assets	97%	2%	1%	0%	100%
Total inventories	42%	45%	14%	0%	100%
Total receivables	66%	18%	14%	2%	100%
Total cash and cash equivalents	40%	36%	22%	1%	100%
Total assets	80%	12%	7%	1%	100%
Total non-current liabilities	100%	0%	0%	0%	100%
Total current liabilities	81%	10%	7%	2%	100%
Total liabilities	85%	8%	6%	1%	100%

An increase /decrease in the value of the Norwegian Krone of 10% will normally result in a 2.5% increase/decrease in the company's operating profit. The amount has been derived by taking turnover of different currencies and multiplied by 10%. There is uncertainty attached to this calculation as it is based on the relative distribution of turnover in various currencies in 2010.

Fair values

Financial assets and liabilities, with the exception of bank overdraft, bank loan, pensions and loans to subsidiaries, mainly comprise short term non-interest-bearing items. Based on this, it is the management's assessment that the Group does not have financial assets or liabilities with potentially significant differences between net book value and fair value.

NOTE 18 PENSIONS

Norway

The Norwegian companies in the Group are required to have a pension plan for all employees which satisfy the requirements in the law related to mandatory pension plans in Norway. The pension plans for Simtronics ASA and Water Mist Engineering AS is in compliance with these official requirements.

During 2009, Simtronics ASA converted the collective pension scheme to a defined contribution scheme. The pension scheme is treated in accordance with IAS 19 in the accounts. The defined contribution scheme covers 32 employees. The scheme implies that Simtronics ASA make a pension contribution of 5% of salary between 1G and 6G, and 8% of salary between 6G and 12 G. Water Mist Engineering also have a defined contribution scheme covering 34 employees at Year End 2010.

In addition, Simtronics ASA has uninsured pension commitments related to the AFP scheme which covers 30 employees and 2 pensioners. The AFP-obligation is calculated based on an expected retirement rate of 30% at 62 years. For demographic and resignation factors, the assumptions given in the recommendations for use of pension assumptions under IAS 19, issued by Norwegian Accounting Standards Board in January 2010 have been applied. For demographic and resignation factors, normal insurance assumptions have been used. For mortality rate statistics, table K2005 has been used in the calculations.

Actuarial gains and losses are required to be recognised when the cumulative unrecognised amount thereof at the beginning of the period exceeds a «corridor». The corridor is 10 per cent of the greater of the present value of the obligation and the fair value of the assets. The corridor is calculated separately for each plan.

	Simtronics ASA and Group	
	2010	2009
Figures in NOK 1000		
Expense recognised in the income statement		
Current service cost	15	85
Interest cost of pension obligations	4	34
Expected return on plan assets	-	-
Actuarial gains and losses	(280)	17
Social security tax included in pension cost	3	17
Net pension cost	(258)	153
Financial status as at 31 December		
Present value of funded pension obligations	-	-
Present value of unfunded pension obligations	214	540
Fair value of plan assets	-	-
Unrecognised actuarial gains and losses	0	(39)
Social security tax obligation	30	76
Pension liability	245	577
Basis for calculation		
Discount rate	3.20%	4.40%
Expected wage increase	4.00%	4.25%
Expected increase of base amount	3.75%	4.00%
Expected return on plan assets 31 December	4.60%	5.60%
Changes in the net liability for defined benefit obligations as recognised in the balance sheet		
Net liability at 1 January	577	1,433
Contribution received	(65)	(56)
Impact of phased out collective pension scheme	(9)	(952)
Expense recognised in the Income Statement	(258)	153
Net pension liability at 31 December	245	577

Simtronics ASA		
	2010	2009
Figures in NOK 1000		
The expense is recognised in the following line item in the income statement		
Payroll and related costs	(258)	153

There are no pension schemes with defined benefit plans in the Group except for the AFP pension scheme in Simtronics ASA. The Norwegian subsidiaries in the Group have a defined contribution plan in compliance with the requirements of the law related to mandatory pension plans in Norway. Pension premiums are expensed as they occur.

In addition to the pension costs related to the AFP scheme, it is for 2010 recognised a cost of NOK 1,726 in Simtronics ASA, NOK 1,138 in Water Mist Engineering and NOK 2,693 in Fire Eater, related to the defined contribution pension schemes.

Simtronics Group, through Simtronics SAS, has a commitment to pay an indemnity amount to employees upon retirement. This is a «one-off» commitment, limited to 3 months pay for each person employed at retirement. A provision of NOK 985 has been included in pension liabilities in the balance sheet as at 31 December 2010 (2009: NOK 1,048).

NOTE 19 INCOME TAX EXPENSE

Recognised in the income statement

Simtronics group		
	2010	2009
Figures in NOK 1000		
Current tax expense		
Current year	-	2,736
Under/(over) provided in previous years	60	(203)
Tax payable in the balance	60	2,533
Deferred tax expense		
Changes in temporary differences	(2,129)	(6,340)
Tax effect of items booked directly against equity	316	(972)
Recognition of previously non-recognised tax asset	(1,083)	3,089
	(2,896)	(4,224)
Total income tax expense (benefit) in income statement	(2,836)	(1,488)
Reconciliation of effective tax rate		
Profit before tax	(51,893)	(43,357)
Income tax using the domestic corp. tax rate 28 %	(14,530)	(12,342)
Effect of tax rates in foreign jurisdictions	128	204
Permanent differences, non-deductible expenses	(688)	2,101
Effect of items booked directly against equity	316	(972)
Effect of non-recognised loss carry-forwards	11,938	9,521
Total income tax expense in income statement	(2,836)	(1,488)
Actual tax rate	5.5 %	3.4 %

NOTE 20 DEFERRED TAX ASSETS AND LIABILITIES

Simtronics group

Items of deferred tax assets and liabilities recognised in the balance sheet:

	Assets		Liabilities		Net	
	2010	2009	2010	2009	2010	2009
Figures in TNOK						
Property, plant and equipment	125	161	(532)	(499)	(407)	(338)
Intangible assets		-	(9,327)	(10,762)	(9,327)	(10,762)
Inventory		138	468	-	468	138
Long-term contracts		-	(5,347)	(4,261)	(5,347)	(4,261)
Accounts receivables and other receivables	606	331		-	606	331
Provisions	88	146		-	88	146
Defined benefit plans	394	495		-	394	495
Other items		-	(1,110)	(1,329)	(1,110)	(1,329)
Tax value of loss carry-forwards	13,078	10,343		-	13,078	10,343
Tax assets/(liabilities)	14,291	11,614	(15,848)	(16,851)	(1,557)	(5,237)
Set off tax	(6,904)	(5,312)	6,904	5,312	-	-
Net tax assets/(liabilities)	7,387	6,302	(8,944)	(11,539)	(1,557)	(5,237)

Unrecognised deferred tax assets	2010	2009
Tax asset/(liability) related to deductible temporary differences	-	-
Tax asset related to losses	21,157	12,449

Unrecognised deferred tax assets relates to loss carry-forwards in Simtronics ASA and Simtronics SAS. As a consequence of the significant cost the company have had related to expanding and growth, Simtronics ASA have had deferred tax losses in the last years. The future possibility to utilise this deferred tax asset has not yet been adequately substantiated according to the requirements in IAS 12.

Considering the expected reversing period and various tax jurisdictions, deferred tax related to excess values in the Group is not set off against deferred tax asset.

NOTE 21 PROVISIONS

	Simtronics group					
	Warranties		Public taxes		Total	
	2010	2009	2010	2009	2010	2009
Figures in NOK 1000						
Balance at 1 January	1,072	1,112		-	1,072	1,112
Provision due to acquisition		-		-	-	-
Provisions made during the year	365	711	100	100	465	811
Provisions used during the year	39	-		-	39	-
Provisions reversed during the year	468	751		-	468	751
Unwind of discount		-		-	-	-
Balance at 31 December	930	1,072	100	100	1,030	1,172

Warranties

The provision as at 31 December 2010 is related to product guarantees in Simtronics SAS, Water Mist Engineering AS and Fire Eater A/S.

Public taxes

The provision as at 31 December 2009 is related to public taxes on 2007 share-option program vested and «in the money». No options exercised as at 31 December 2010.

NOTE 22 CASH AND CASH EQUIVALENTS

	Simtronics group	
	2010	2009
Figures in NOK 1000		
Bank deposits, available	5,314	9,971
Restricted bank deposits (payroll tax funds)	-	2
Money market funds	-	525
Total cash and cash equivalents	5,314	10,498

Restricted cash deposits

Both Simtronics ASA and Water Mist Engineering AS have bank guarantees in place for payroll tax funds, and restricted cash deposit are therefore NOK 0 as at 31 December 2010.

As a condition of the current loan agreements Simtronics ASA has committed itself to establishing a cash deposit of NOK 20,000, see note 14. These funds are classified as non-current assets, see note 5.

Money market funds

AS at 31.12.2009, Simtronics ASA had invested in 50,47 shares in the fund DnB NOR Likviditet 20 (IV), with a market value of NOK 525. The fund was a bond fund comprising short-term debt securities and bonds with an average term to maturity of 2 months. The Money market-fund was divested during 2010

NOTE 23 GOVERNMENT GRANTS

Simtronics ASA did not receive any Government grants in 2010. During 2009 the company received NOK 295 in government grants through Skattefunn. The grant was recognised as development support, reducing development cost in the balance sheet.

NOTE 24 OTHER OPERATING EXPENSES

Non-recurring expenses and restructuring charges in 2009

The Board of Directors proposed for the Extraordinary General Assembly held on 4 May 2009 that Simtronics Group should acquire the Electro-tech division in Technor. The transaction value was estimated to NOK 186.8M. However, the transaction was not approved by the Extraordinary General Assembly. Transaction costs related to the rejected transaction were expensed in the first quarter 2009. Consequently, these non-recurring expenses had a negative impact of NOK 7.2M on EBITDA for the first three quarters in 2009.

During the fourth quarter of 2009 the Group has had other non-recurring costs related to the restructuring of the Group. Hereunder costs related to the merger, integration and relocation of the subsidiaries Water Mist Engineering AS and ETech Process AS. The Group also decided to discontinue the start-up of a subsidiary in Korea. Total restructuring expenses were NOK 8.4M for the full year.

NOTE 25 CONVERTIBLE LOAN

On 18 November 2009 an Extraordinary General Assembly approved a convertible loan of NOK 71.6M from Autronica Fire & Safety AS. The loan period is 3 years with a 7% fixed annual interest to be paid on a half year basis. The loan is unsecured and ranks junior to loans from DnB NOR ASA. The loan can be converted into shares in Simtronics ASA on the request from the lender based on a share price of NOK 2.36.

The management has identified an alternative interest rate for a similar loan without the possibility to convert into shares, to be 9%, based on input from multiple finance institutions. The loan is recorded at a discount fair value of 66,583M. The conversion right has been valued to NOK 2.5M and is recorded as an equity component in accordance with IAS 32, ref note 17. The convertible loan has loan covenants that are linked with the loan covenants for the bank loans, ref note 15.

The loan agreement is formulated in such a way that if Simtronics ASA is not in breach with the covenants in the DnB NOR loan agreement, it's not in breach with covenants in the convertible loan agreement. Simtronics ASA has received a confirmation from Autronica Fire & Security AS, that they do not consider Simtronics ASA to be in breach with the covenants, as far as DnB NOR has given a waiver.

On the 15th of February 2011, Simtronics ASA summoned an extraordinary general meeting which was held on 8 March 2011. At that meeting the board of directors proposed that the conversion price under the convertible loan provided by Autronica of NOK 71,575,000 shall be amended to the offer price (NOK 1.90), subject to the offer being completed. See note 26.

NOTE 26 SUBSEQUENT EVENTS

Voluntary cash offer on all issued shares in Simtronics ASA

In July Autronica Fire and Security AS notified Simtronics ASA of its non-binding intention to make a voluntary cash offer for all issued shares of Simtronics ASA not already held by Autronica Fire and Security AS.

The offer period expired, 26 April 2011. Autronica has received acceptances from the holders of 40,687,712 shares under the Offer, which, when combined with those held by Autronica, represent approximately 85.8 % of the shares of Simtronics. When combining shares held, acceptances received and the right to shares under the convertible loan previously issued by Autronica to Simtronics, Autronica now has the right to acquire approximately 90.8% of the shares of Simtronics. Autronica expects all conditions for the Offer to be fulfilled by 29 April 2011 and consequently expects to announce completion of the Offer and settle with tendering shareholders under the Offer at such date

Autronica Fire and Security AS is Simtronics' largest shareholder, holding 18,878,305 shares, comprising approximately 27.2% of issued shares.

Convertible loan

On the 15th of February 2011, Simtronics ASA summoned an extraordinary general meeting which was held on 8 March 2011. At that meeting the board of directors proposed that the conversion price under the convertible loan provided by Autronica of NOK 71,575,000 shall be amended to the offer price (NOK 1.90), subject to the offer being completed.

Bank loan

As per 31 December 2010 Simtronics ASA had a bank loan of NOK 30 817. The loan have a term of maturity of 5 years from the payout date, and a 10 year installment plan. This plan requires that the loan shall be repaid based on a 10 year installment plan for the first 60 months, and repayment of the remaining loan balance at 60 months. The loan was originally of NOK 47 600 and was paid out in February 2008.

After Year End previously held restricted cash of MNOK 20 has been applied to pay down the the Bank loan from NOK 30 817 to NOK 10 817.

Bridge funding

Simtronics ASA has on 18 April 2011 signed an agreement for bridge funding of NOK 10 million with Autronica Fire and Security AS. The bridge funding is an additional funding to the NOK 18 million bridge loan that was announced 3 August last year.

The loan shall be used for financing present and future working capital requirements of the company. The loan, together with accrued interest and fees shall be repaid on 30 September 2011 or at such earlier date as Autronica may notify to Simtronics.

Sale of Shares in Fire Eater A/S

Reference is made to Autronica Fire and Security AS' voluntary offer for all of the shares of Simtronics ASA as set out in the voluntary offer document of 1 March 2011. As per ultimo April all conditions for completion of the Offer have been fulfilled, including the renegotiation of Simtronics' ownership of Fire Eater A/S, as Simtronics has entered into an agreement with Fire Eater Holding A/S pursuant to which Simtronics will sell 4% of the outstanding equity of Fire Eater A/S to Fire Eater Holding A/S and Simtronics has an option to repurchase 4% of the outstanding equity in Fire Eater A/S from Fire Eater Holding A/S at the same price. There is no time limit of the option to repurchase the shares from Fire Eater Holding A/S. The transaction will have a negative result of TNOK 875 in the parent company Simtronics ASA.

Fire Eater A/S will after the transaction be presented as an associated company and not be consolidated in the Simtronics' Financial Statements.



2010 Annual Accounts for Simtronics ASA

Statement of Comprehensive Income

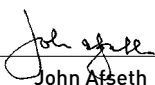
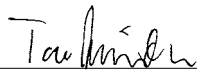
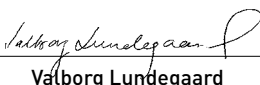
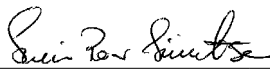

		Simtronics ASA	
	Notes	2010	2009
Sales revenues	23	67,949	77,852
Total operating income		67,949	77,852
Cost of materials	5	34,983	44,077
Payroll and related cost	9,17	28,097	24,682
Depreciation	7, 8	2,461	2,517
Other operating expenses	8, 10	12,494	20,272
Total operating expenses		78,035	91,548
Profit (loss) from operations		(10,086)	(13,697)
Interest income	6	1,517	3,108
Other financial income	6	3,028	9,580
Interest expense	6	13,207	11,046
Other financial expense	6	5,600	10,419
Net financial costs		(14,262)	(8,777)
Profit (loss) before tax		(24,348)	(22,474)
Income tax expense	18	-	2,984
Profit (loss) after tax		(24,348)	(25,457)
Other income and expenses			
Conversion differences	15	-	-
Total other income and expenses		-	-
Total profit (loss)	15	(24,348)	(25,457)
Distribution of year's result			
Paid-in capital	15	-	(4,785)
Share premium reserve	15	(24,348)	(20,672)
Other equity	15	-	-
Total distributed		(24,348)	(25,457)
Basic Earnings per share	15	-0.351	-0.371
Diluted earnings per share	15	-0.351	-0.371

Statement of Financial Position

	Simtronics ASA		
	Notes	31/12/2010	31/12/2009
Figures in NOK 1000			
ASSETS			
Intangible assets			
Deferred tax asset	19	-	1,060
Development costs	7	19,668	17,550
Other intangible assets	7	34	276
Total intangible fixed assets		19,702	18,885
Property, plant and equipment			
	8	4,518	5,346
Total tangible fixed assets		4,518	5,346
Long term receivables			
Long term receivables	4	2,723	125
Long term receivables - intra group	4, 10	5,921	26,348
Investments in subsidiaries	4, 12	155,360	137,360
Restricted cash reserves	4, 21	20,000	30,000
Total financial non-current assets		184,004	193,834
Total fixed assets		208,225	218,065
Inventories			
	5	9,334	20,292
Accounts receivables			
Accounts receivables	2, 16	15,242	11,548
Accounts receivables - intra group	2, 10	6,980	7,372
Other receivables	2	10,907	1,619
Total receivables		30,129	20,540
Cash and cash equivalents			
	16, 21	590	1,413
Total current assets		43,053	42,245
TOTAL ASSETS		251,278	260,310

Simtronics ASA			
	Notes	31/12/2010	31/12/2009
Figures in NOK 1000			
EQUITY AND LIABILITIES			
Equity			
Share capital	15	10,153	10,153
Share premium reserve	15	49,302	71,769
Total paid-in capital		59,455	81,922
Total equity		59,455	81,922
Convertible loan	15, 22	66,583	64,235
Non-current liabilities			
Pension liabilities	17	245	518
Deferred tax liabilities	19		1,060
Other non-current liabilities		-	-
Total non-current liabilities		245	1,578
Current liabilities			
Liabilities to financial institutions	3, 13	62,445	83,100
Accounts payables	3	20,001	11,908
Accounts payables intra group	3, 10	24,487	3,511
Public duties payable	3	1,907	3,600
Advance payments from factoring	3	4,762	4,838
Other Short term liabilities	3	8,419	2,243
Other Short term liabilities, Intragroup	3	2,976	3,276
Provisions	3, 20	-	100
Total current liabilities		124,996	112,576
Total liabilities		191,824	178,389
TOTAL EQUITY AND LIABILITIES		251,278	260,310

Oslo, 5 May 2011
The Board of Directors of Simtronics ASA

 John Afseth Chairman of the Board	 Tore Amundsen Member of the Board	 Valborg Lundegaard Member of the Board	 Svein Roar Sivertsen Member of the Board	 Rune Martini President and CEO
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Statement of Cash Flow

	Simtronics ASA	
	2010	2009
Cash flow from operating activities		
Profit before tax	(24,348)	(22,474)
Depreciation	1,518	1,975
Depreciation of capitalised development costs	942	542
Difference between pension costs and pensions paid		(915)
Changes in inventory	8,057	(1,081)
Changes in account receivables	(3,301)	12,145
Changes in account payable	31,353	1,175
Changes in other balance sheet items	(5,185)	6,686
Effect of changes in exchange rates		-
Calculatory cost option program	1,883	-
Net cash flow from operating activities	10,919	(1,947)
Cash flow from investing activities		
Acquisition of property, plant and equipment	(452)	(2,464)
Capitalized development costs	(3,061)	(5,415)
Acquisition of shares in subsidiaries	-	(30,959)
Net Cash flow from investing activities	(3,514)	(38,838)
Cash flow from financing activities		
Changes in short-term loan to subsidiaries	2,427	(2,986)
Payment from increased long-term borrowings	-	67,326
Payment from decreased long-term borrowings	(4,760)	(36,878)
Net change in overdraft facility and other short-term financing	(15,895)	10,678
Net cash flow from financing activities	(18,228)	38,140
Net change in cash and cash equivalents	(10,822)	(2,645)
Cash and cash equivalents 1 January	31,413	34,058
Cash and cash equivalents 31 December ⁽¹⁾	20,590	31,413

(1) One has chosen to incorporate bank deposits in the cash flow statement, presented as long term bank deposits with restrictions, with a total of NOK 20,000 for Simtronics ASA (2009: NOK 30,000).

Statement of Changes

Simtronics ASA	Share capital	Share premium reserve	Other paid-in capital	Currency translation differences	Retained earnings	Total equity
Figures in TNOK						
Balance as at 01 January 2009	9,509	79,735	-	-	-	89,244
Profit (loss) after tax	-	(20,672)	(4,785)	-	-	(25,457)
						-
Transaction with owners						-
Share issue through debt conversion	644	12,706	-	-	-	13,350
Equity component convertible loan	-	-	2,500	-	-	2,500
Share-based payment expense	-	-	2,285	-	-	2,285
Balance as at 31 December 2009	10,153	71,769	-	-	-	81,922
Profit (loss) after tax	-	(24,348)	(2,500)	-	-	(26,848)
Other Equity			(2)			(2)
						-
Transaction with owners						-
Share issue through debt conversion	-	-	-	-	-	-
Equity component convertible loan	-	-	2,500	-	-	2,500
Share-based payment expense	-	-	1,883	-	-	1,883
Balance as at 31 December 2010	10,153	47,421	1,881	-	-	59,455

Notes

NOTE 1 CONSOLIDATION AND ACCOUNTING PRINCIPLES

Reporting entity

Simtronics ASA has its headquarters in Oslo, Norway. The company is engaged in the development, production and marketing of gas and flame Detection Systems. Simtronics ASA is the parent company in the «Simtronics Group» of companies.

Basis of preparation

The financial statements comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes to the accounts.

A separate (from Simtronics Group) financial statement for Simtronics ASA has been presented in order to enhance the value of information for its users.

(a) Statement of compliance

The financial statements have been prepared in accordance with EU-adopted International Financial Reporting Standards (IFRS) and accompanying interpretations, and the additional Norwegian disclosure requirements as required by the Norwegian Accounting Act and by Stock Exchange rules and regulations, in effect at 31 December 2010. Simtronics ASA has in 2010 opted to present a separate Financial Statements in order to improve the presentation for the users.

The proposed financial statements were approved by the Board of Directors and CEO on 29 April 2011. The financial statements will be proposed for approval by the annual general assembly (AGM) 20 May 2011 for final approval.

(b) Basis of preparation of the accounts

The financial statements are prepared based on the fundamental principles governing historical cost accounting, comparability, continued operations and consistency. Exempt from the historic cost basis is the accounting for derivative financial instruments which are stated at their fair value through profit or loss. The preparation is based on the going concern assumption and is applied consistently for all accounting periods presented in the consolidated financial statements.

Transactions are recorded at their value at the time of transaction. Income is recognised at the time of delivery of goods or services sold. Costs are expensed in the same period as the income to which they relate is recognised.

(c) Functional currency and presentation currency

The financial statements are presented in NOK, which is the company's functional currency. All financial information presented in NOK is rounded to the nearest thousand.

(d) Use of estimates and judgements

The preparation of financial statements in compliance with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

Estimates and underlying assumptions are based on historic experience and other factors considered reasonable under the circumstances. The estimates constitute the basis for the assessment of the net book value of assets and liabilities when these values can not be derived from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period. If the changes affect future periods, the effect of the changes is allocated between the current and future periods.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that may have material effect on the amount recognised in the financial statements, are described in the following notes:

- Note 7 - impairment test for intangible assets
- Note 11 - measurement of share-based payments
- Note 17 - measurement of defined benefit obligations
- Note 22 - accounting for convertible loan

Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

(a) Foreign currency

Foreign currency transactions

Transactions in foreign currency are translated at exchange rates at the date of the transactions. Monetary assets and liabilities

denominated in foreign currencies at the reporting date are translated to NOK (the functional currency) by using the exchange rate at the reporting date. Foreign exchange rate differences which occur at translation are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated at the exchange rate at the date of the transactions. Any non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to NOK at the exchange rate at the date that the fair value was determined.

(b) Financial instruments

Derivative financial instruments

Derivative financial instruments are recognised initially at cost. Subsequent to initial recognition, derivative financial instruments are measured at fair value, and changes therein are accounted for as described below. The company does not have derivative financial instruments that meet the criteria for hedge accounting. However, the group has financial instruments that economically hedge assets, liabilities and cash flows in foreign currency. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss as part of foreign exchange gain (loss).

Investments in shares

Investments in shares intended for long-term ownership are recorded in the balance sheet under long-term financial fixed assets. These are valued at acquisition cost, unless circumstances, which cannot be regarded as of a temporary nature, exist which necessitate a lower valuation.

Share capital

Costs directly attributable to the issuance of ordinary shares and share options are recognised as a reduction of equity.

(c) Property, plant and equipment

Recognition and measurement

Property, plant and equipment are entered in the accounts at cost, with deductions for accumulated depreciation and impairment losses. Cost includes costs directly attributable to the purchase of the asset. If the recoverable amount of property, plant and equipment is lower than book value, and the decline in value is not temporary, the asset is written down to fair value. Based on the acquisition cost, straight-line depreciation is applied over the economic life of the non-current assets. When relevant, the acquisi-

tion cost includes future dismantling costs.

Where components of an item of property, plant and equipment have different useful lives, they are depreciated and accounted for separately.

Subsequent costs

The carrying amount of property, plant and equipment includes the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to Simtronics and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

Depreciation

Depreciation is charged to the income statement based on a straight-line basis over the estimated useful lives of items of property, plant and equipment. See note 8 of the financial statements for estimated useful lives for the different types of property, plant and equipment.

(d) Intangible assets

Research and development

Expenditures on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are recognised in the income statement as an expense as incurred.

Expenditures on development activities, where research findings are applied to a plan or design for the production of new or substantially improved products and processes, are capitalised if the product or process is technically and commercially feasible and the Company has sufficient resources to complete development. The capitalised cost includes the cost of materials, direct labour and a proportional share of overhead costs. Other development expenditures are recognised in the income statement as an expense as incurred. Capitalised development expenditures are stated at cost less accumulated depreciation and impairment losses.

Other intangible assets

Other intangible assets that are acquired are stated at cost less accumulated depreciation and impairment losses.

Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it

relates. All other expenditures are recognised in the income statement as an expense as incurred.

Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets with an indefinite useful life are tested for impairment at 31 December. Other intangible assets are amortised from the date they are available for use. See note 7 of the financial statements for estimated useful lives for the different classes of intangible assets.

(e) Leased assets

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of future lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy that the Company uses for such assets.

Other leases are operating leases.

(f) Inventory

Inventories of raw materials are valued at the lower of the cost of acquisition and the net realisable value. Work in progress and finished products are valued at the lower of the cost to manufacture or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Spare parts and parts held by service agents are valued at cost. A deduction is made for obsolescence when necessary.

The cost of inventories is based on the weighted average cost principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

(g) Impairment

Impairment test

The carrying amounts of the Company's assets, other than inventory and deferred tax assets (see separate accounting policies), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement. A cash-generating unit is the smallest identifiable group of assets that generates cash flows, and that largely are independent from cash inflows from other assets or groups of assets.

Calculation of recoverable amount

The recoverable amount for assets with an indefinite useful life, and intangible assets not yet available for use, is calculated annually at the reporting date.

The recoverable amount of assets is the greater of their net selling price and value in use. In calculating value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(h) Cash and cash equivalents

The balance sheet item cash and cash equivalents also comprises money market funds and other short term investments with an original duration of three months or less. Bank overdrafts are included as part of cash flow from financing activities in the statement of cash flows.

(i) Employee benefits

Defined benefit plans

The balance sheet item cash and cash equivalents also comprises money market funds and other short term investments with an original duration of three months or less.

Bank overdrafts are included as part of cash flow from financing activities in the statement of cash flows.

(i) Employee benefits

Defined benefit plans

Pension obligations related to defined benefit plans are calculated separately for each benefit plan by making an estimate of the amount of benefit that employees have earned in return for their service in the current and prior periods. These future benefits are discounted in order to determine the present value, and the fair value of plan assets is deducted in order to determine pension obligations. See note 17 for further information regarding the assumptions made in estimating the value of pension obligations and assets. The calculations are prepared by an actuary, and are based on a linear model.

Actuarial gains and losses that arise on the calculation of the Company's liabilities for pension plans are recognised in the income statement over the estimated remaining service period to the extent that the accumulated actuarial gains and losses exceed 10% of the greater of net present value of pension liabilities and the fair value of pension assets. Otherwise no actuarial gains and losses are recognised.

When the pension calculations result in a net asset for the Company, the recognition of the asset is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

Share-based payment transactions

The Company has share-option plans which give certain employees and Board members the possibility to buy shares in the company. The fair value of granted options is recognised as a payroll expense, with a corresponding increase in equity. Fair value is measured at grant date and is allocated over the period until the option holder is unconditionally entitled to exercise the options. The fair value of options granted are measured based on the Black & Scholes model. The recognised expense is adjusted to reflect the actual number of share options that vest, except from those instances where the options lapse as a result of the development in the share price. A provision for social security tax is recognised if the share-options are "in the money".

Short-term benefit obligations

Short-term employee benefit obligations are

measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount and the obligation can be estimated reliably.

(r) Earnings per share

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Warranty allocations

A provision for future warranty costs is recognised in the balance sheet when the related products or services are sold. The provision is based on historical information on warranty costs and by a weighting of all possible outcomes with their associated probabilities.

(m) Revenue recognition

Goods sold and services rendered
Revenue from the sale of goods is recognised in the Statement of comprehensive income when the significant risks and rewards of ownership have been transferred to the buyer. Normally this will be at the date of delivery. Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to work performed.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, if it is probable that goods will be returned or in such cases where the Company retains right of use over the delivered goods.

Commissions

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Company.

Government grants

A government grant is recognised in the balance sheet as deferred income provided that

there is reasonable assurance that it will be received and that the Company will comply with the conditions attaching to it. Grants that compensate the Company for expenses incurred are recognised as revenue in the income statement on a systematic basis in the same period in which the expenses are incurred. Investment grants are recognised in the balance sheet on a systematic basis over the useful life of the asset. Investment grants are recognised either as deferred income, or recognised through deduction from the asset's carrying value.

(n) Lease payments

Lease payments under operational lease
Payments made under operating leases are recognised in the income statement on a straight line basis over the term of the lease.

Lease payments under financial lease
Minimum lease payments made under finance leases are allocated between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(o) Financial income and financial expense
Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method, foreign exchange gains and losses, dividends received, and gains and losses on financial instruments that are recognised in the income statement.

Interest income is recognised in the income statement as it accrues, using the effective interest method.

(p) Taxes

The tax expense in the income statement includes both taxes payable for the period and the change in deferred taxes. The change in deferred taxes reflects future taxes payable resulting from the year's activities. The tax effect on items that are recognised directly in equity, is recognised directly in equity.

Deferred taxes are taxes determined on the basis of the accumulated result, and which fall due for payment in future periods. Deferred taxes are calculated on net positive temporary differences between accounting and tax balance sheet values, after losses carried forward under the liability method. See note 18 and 19. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carry-

ing amount of assets and liabilities, using tax rates enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(q) Discontinued operations

A discontinued operation is a component of the Company's business that represents a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. A disposal group that is to be abandoned may also meet these criteria.

When an operation is classified as a discontinued operation, the comparative income statement is restated as if the operation had been discontinued from the start of the comparative period.

(r) Earnings per share

The Company presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shares, by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shares, and the weighted average number of ordinary shares outstanding during the period, for the effects of all dilutive potential ordinary shares (for example outstanding share-options/rights).

(s) Cash flow statement

The cash flow statement is compiled using the indirect method. Cash and cash equivalents include cash, bank deposits, and other short-term and liquid positions which may be readily convertible with an insignificant risk of exchange rate change to a known amount of cash, and which have an original maturity of three months or less from the date of acquisition.

(t) New and amended standards and interpretations that came in to effect as of 1 January 2010.

A number of new standards, amendments to standards and interpretations came in to

effect as of 1 January 2010 and been applied in preparing these consolidated financial statements:

- IFRS 3 (Revised in 2008) - Business combinations
IFRS 3 (2008 revision) and IAS 27 (2008 revision) stipulate different treatment on certain aspects of accounting for acquisitions and investments in subsidiaries. Transaction costs are no longer included in the purchase price of the acquisition. Goodwill is no longer adjusted after the initial valuation for changes in estimates regarding conditional subsequent payments that are part of the purchase price. The same applies to differences regarding the realisation of tax loss compensation possibilities which the acquired company had on the acquisition date. An existing non-controlling interest in an acquired company, is valued at the fair value on the acquisition date, whereby the difference from the existing book value is included in the profit and loss account. In case of non-controlling interests, profits or losses and each component of unrealised results, are attributed to the group equity and to the non-controlling interests in equity. Even if this means that the non-controlling interests show a negative balance.

These changes have been applied prospectively in accordance with the applicable transitional provisions. The comparative figures have therefore not been restated. These changes have no consequences for the 2010 financial statements.

In addition to the changes to IFRS 3 and IAS 27, the changes in the context of the 2008 improvements project have been applied for the first time. These changes have no consequences for the financial statements.

- IAS 27 (Revised in 2008) - Consolidated and Separate Financial Statement
IAS 27 (as issued in 2008) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The amended standard has been adopted by the Group together with IFRS 3 (Revised) Business Combinations, including consequential amendments to IFRS 5, IAS 7, IAS 21, IAS 28, IAS 31 and IAS 39.

These changes have no consequences for the financial statements.

- IAS 28 (Revised in 2008) - Investments in Associates
The principle adopted under IAS 27(2008) (see above) that a loss of control is recognised as a disposal and re-acquisition of any retained interest at fair value is extended by consequential amendments to IAS 28. Therefore, when significant influence over an associate is lost, the investor measures any investment retained in the former associate at fair value, with any consequential gain or loss recognised in profit or loss.

The amendments of IFRS 2 clarify the scope of IFRS 2, as well as the accounting for group cash-settled share-based payment transactions in the separate (or individual) financial statements of an entity receiving the goods or services when another group entity or shareholder has the obligation to settle the award.

- IAS 39 - Financial Instruments : Recognition and Measurement

The amendment clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. This also covers the designation of inflation as a hedged risk or portion in particular situations. The Group has concluded that the amendment will have no impact on the financial position or performance of the Group, as the Group has not entered into any such hedges.

- IFRIC 18 - Transfers of Assets from Customers

IFRIC 18 addresses the accounting by recipients for transfers of property, plant and equipment from 'customers' and concludes that when the item of property, plant and equipment transferred meets the definition of an asset from the perspective of the recipient, the recipient should recognise the asset at its fair value on the date of the transfer, with the credit being recognised as revenue in accordance with IAS 18 Revenue.

- IFRS - Improvements to IFRS
IFRS 5 clarifies that the disclosures required in respect of non-current assets and disposal groups classified as held for sale or discontinued operations are only those set out in IFRS 5. The disclosure requirements of other IFRSs only apply if specifically required for such non-current assets or discontinued operations. As a result of this amendment, the

Group amended its disclosures on segment information.

The amendment of IFRS 5 clarifies that when a subsidiary is classified as held for sale, all its assets and liabilities are classified as held for sale, even when the entity remains a non-controlling interest after the sale transaction. The amendment is applied prospectively and has no impact on the financial position nor financial performance of the Group.

IAS 7 states that only expenditure that results in recognising an asset can be classified as a cash flow from investing activities. This amendment will impact amongst others, the presentation in the statement of cash flows of the contingent consideration on the business combination completed in 2010 upon cash settlement.

The amendment of IFRS 8 clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker. As the Group's chief operating decision maker does review segment assets and liabilities, the Group has continued to disclose this information.

The amendment of IAS 36 clarifies that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in IFRS 8 before aggregation for reporting purposes. The amendment has no impact on the Group as the annual impairment test is performed before aggregation.

(u) New standards and interpretations not yet effective and not yet applied by the company

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2010, and have not been applied in preparing these consolidated financial statements:

- **IFRS 9 - Financial instruments**
IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2013. In subsequent phases, the IASB will address classification and measurement of financial liabilities, hedge accounting and derecognition. The completion of this project

is expected in early 2011. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets. The Group will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

- **IFRS 7 (Amendment) - New disclosures for derecognition of financial instruments**
The amendments to IFRS 7 titled Disclosures – Transfers of Financial Assets increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period. The directors do not anticipate that these amendments to IFRS 7 will have a significant effect on the Group's disclosures regarding transfers of trade receivables previously effected. However, if the Group enters into other types of transfers of financial assets in the future, disclosures regarding those transfers may be affected.

- *** IAS 24 (amendment) - Related Party Disclosure.**

The amendment of IAS 24 clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government related entities. The Group does not expect any impact on its financial position or performance.

- **IFRS 3 (improvement) - Business combinations**

As part of Improvements to IFRSs issued in 2010, IFRS 3(2008) was amended to clarify that the measurement choice regarding non-controlling interests at the date of acquisition (see above) is only available in respect of non-controlling interests that are present ownership interests and that entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other types of non-controlling interests are measured at their acquisition-date fair value, unless another measurement basis is required by other Standards.

In addition, as part of Improvements to IFRSs issued in 2010, IFRS 3(2008) was amended to give more guidance regarding the account-

ing for share-based payment awards held by the acquiree's employees. Specifically, the amendments specify that share-based payment transactions of the acquiree that are not replaced should be measured in accordance with IFRS 2 Share-based Payment at the acquisition date.

- **IFRS 7 (improvement) - Financial instruments**

The amendments to IFRS 7 clarify the required level of disclosures about credit risk and collateral held and provide relief from disclosures previously required regarding renegotiated loans.

- **IAS 1 (improvement) - Presentation of financial statements**

The amendments to IAS 1 clarify that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.

- **IFRIC 14 (amendment) - Prepayments of a Minimum Funding Requirement**

The amendment to IFRIC 14 is effective for annual periods beginning on or after 1 January 2011 with retrospective application. The amendment provides guidance on assessing the recoverable amount of a net pension asset. The amendment permits an entity to treat the prepayment of a minimum funding requirement as an asset. The amendment is deemed to have no impact on the financial statements of the Group.

- **IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments**

IFRIC 19 is effective for annual periods beginning on or after 1 July 2010. The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at their fair value. In case that this cannot be reliably measured, the instruments are measured at the fair value of the liability extinguished. Any gain or loss is recognised immediately in profit or loss. The adoption of this interpretation will have no effect on the financial statements of the Group.

- **IAS 28 (improvement) - Investments in Associates**

As part of Improvements to IFRSs issued in 2010, IAS 28(2008) has been amended to clarify that the amendments to IAS 28 regarding transactions where the investor loses significant influence over an associate

should be applied prospectively.

Measurement of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes.

(i) Property, plant and equipment

The fair value of plant and equipment is based on observable market prices, or fair value assessment based on the present value of expected future cash flows.

(ii) Intangible assets

The fair value of intangible assets is based on the present value of expected future cash flows.

(iii) Trade and other receivables

The fair value of trade and other receivables, other than accrued income from construction contracts, is assessed based on the present value of expected future cash flows.

(iv) Derivatives

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract.

(v) Share based payments

The fair value of employee share-options is measured using a binominal model - Black & Scholes. Measurement inputs in the model include share price on measurement date, exercise price of the instrument, expected volatility, expected life of the instruments, expected dividends, and the risk free interest rate.

NOTE 2 SHORT-TERM RECEIVABLES

Short term receivables

	Simtronics ASA	
	2010	2009
Figures in NOK 1000		
Accounts receivables, external, gross	17,217	13,334
Accounts receivables, intra group	6,980	7,372
(Provision for bad debt)	(1,975)	(1,785)
Unbilled revenue from long-term contracts	-	-
Other external short term receivables	10,907	1,619
Short term receivables total	33,129	20,540

Ageing of account receivables

	Simtronics ASA	
	2010	2009
Not overdue	2,799	8,335
Overdue by 0-30 days	6,711	4,637
Overdue by 31 - 90 days	3,222	4,688
Overdue by 90 - 120 days	335	1,400
More than 120 days	11,131	1,647
Total	24,197	20,706
Provision for bad debt	(1,975)	(1,785)
Accounts receivables, book value	22,222	18,921

The change in bad debt provision in the accounting year was as follows:

	Simtronics ASA	
	2009	2008
Balance as per 1 January	1,785	480
Provision made	189	1,306
Provision used	-	-
Provision reversed	-	-
Balance as per 31 Dec	1,975	1,785

Short term receivables in currency of origin:

Simtronics ASA	2010			Total
	NOK	USD	EUR	
Accounts receivables, external, gross	8,069	103	9,045	17,217
Accounts receivables, intra group	6,218	-	762	6,980
Provision for bad debt	(1,975)	-	-	(1,975)
Other external short term receivables	10,373	170	-	10,907
Total short-term receivables	23,049	273	9,807	33,129

NOTE 3 SHORT-TERM LIABILITIES

Short-term liabilities

	Simtronics ASA	
	2010	2009
Figures in NOK 1000		
Liabilities to financial institutions	62,445	83,100
Accounts payable, external	20,001	11,908
Accounts payable, intra group	24,487	3,511
Public duties payable	1,907	3,600
Taxes payable	-	-
Provisions	-	100
Advance payment from DnB NOR Factoring	4,762	4,838
Other short-term liabilities	8,419	2,243
Other Short term liabilities, Intragroup	2,976	3,276
Advance payments from customers	-	-
Total short-term liabilities	124,996	112,576

Ageing of accounts payables

	Simtronics ASA	
	2010	2009
Not overdue	26,126	5,384
Overdue by 0-30 days	6,171	6,865
Overdue by 31 - 90 days	5,807	1,931
Overdue by 90 - 120 days	431	189
More than 120 days	5,953	1,049
Total	44,488	15,419

Short term receivables in currency of origin

Simtronics ASA	2010						Sum
	NOK	USD	EUR	GBP	SGD	Andre	
Bank loans and other Loans	62,445	-	-	-	-	-	62,445
Accounts payable, external	9,145	1,052	7,262	1,249	95	1,198	20,001
Accounts payable, intra group	22,268	-	1,785	-	434	-	24,487
Public duties payable	1,907	-	-	-	-	-	1,907
Provisions	-	-	-	-	-	-	-
Advance payment from DnB NOR Factoring	4,762	-	-	-	-	-	4,762
Other short-term liabilities	8,419	-	-	-	-	-	8,419
Other Short term liabilities, Intragroup	2,976	-	-	-	-	-	2,976
Total	111,921	1,052	9,047	1,249	529	1,198	124,996

NOTE 4 FINANCIAL NON-CURRENT ASSETS

	Simtronics ASA	
	2010	2009
Figures in NOK 1000		
Loan to Simtronics SAS	3,056	3,088
Loan to Water Mist Engineering AS	2,374	19,324
Short term loan SAS	391	-
Other long-term receivables, intra group		3,936
Other long-term receivables, external	2,723	125
Short term loan SIMTRO Singapore	99	-
Investment in Water Mist Engineering AS	81,813	63,813
Investment in Simtronics SAS	11,100	11,100
Investment in Fire Eater AS	62,038	62,038
Investment in Simtronics Fire & Gas Pte Ltd	410	410
Other investments	-	-
Restricted cash reserves	20,000	30,000
Total financial non-current assets	184,004	193,834

Simtronics ASA

In conjunction with the company's loan agreement, the company has committed itself to keep a cash deposit of NOK 20 000. The cash deposit was on 31 December 2009 of NOK 30 000, and reduced to NOK 20 000 in 2010 according to downpayments of long term loans from DnB NOR. See note 13 for further information.

As of 31.12.2010, NOK 18 000 of the loan towards Simtronics ASA to Water Mist engineering was converted into shares held in the subsidiary company Water Mist Engineering.

NOTE 5 INVENTORIES AND COST OF MATERIALS

	Simtronics ASA	
	2010	2009
Figures in NOK 1000		
Cost of goods sold		
Cost of goods sold, gross	64,386	45,441
Change in inventory	-	(1,364)
Cost of goods sold, net	64,386	44,077
Inventories		
Raw materials	6,159	1,324
Work in progress	1,928	6,727
Finished goods	1,247	12,524
Total inventories	9,334	20,575
Of which valued at initial cost	9,334	20,575
Of which valued at net realisable value	-	-

Simtronics ASA has raised security in the form of inventories for the use of overdraft facilities. See notes 13 and 14 for further information.

NOTE 6 FINANCIAL ITEMS

	Simtronics ASA	
	2010	2009
Figures in NOK 1000		
Dividend from subsidiaries	2,513	4,938
Group contributions from subsidiaries		-
Interest income loan to group companies	1,211	
Interest income	306	3,108
Foreign exchange gain	515	4,641
Total financial income	4,545	12,688
Interest expenses, bank loan and overdraft facilities	13,207	11,046
Other interest expenses and guarantee commissions	1,722	969
Foreign exchange loss	3,878	9,450
Total financial expenses	18,807	21,465
Net financial income and expenses	(14,262)	(8,777)

Simtronics ASA received in 2010 NOK 2 513 in dividend for the share of 51% in Fire Eater A/S. Borrowing costs are recognised as an expense in the period in which they are incurred.

NOTE 7 INTANGIBLE ASSETS

Cost	Simtronics ASA			Total
	Development costs and patents	Backlog of orders	Other	
Figures in NOK 1000				
Balance at 1 January 2009	13,301	1,300	1,477	16,078
Acquisitions through business combinations	5,415	-	-	5,415
Other acquisitions - internally developed	-	-	-	-
Effect of movements in exchange rates	-	-	-	-
Balance at 31 December 2009	18,717	1,300	1,477	21,494
Balance at 1 January 2010	18,717	1,300	1,477	21,494
Acquisitions through business combinations	-	-	-	-
Other acquisitions - internally developed	3,061	-	41	3,102
Effect of movements in exchange rates	-	-	-	-
Balance at 31 December 2010	21,777	1,300	1,518	24,596
Depreciation and impairment losses				-
Balance at 1 January 2009	625	799	708	2,132
Depreciation charge for the year	542	501	493	1,536
Other changes	-	-	-	-
Effect of movements in exchange rates	-	-	-	-
Balance at 31 December 2009	1,167	1,300	1,201	3,668
Balance at 1 January 2010	1,167	1,300	1,201	3,668
Depreciation charge for the year	942	-	283	1,225
Effect of movements in exchange rates	-	-	-	-
Balance at 31 December 2010	2,109	1,300	1,485	4,894
Depreciation rate ¹⁾	10%	33-50%	20%-33%	-
Useful lives	10 years	2-3 years	3-5 years	-
Net carrying amounts				
At 1 January 2009	12,676	501	769	13,946
At 1 January 2010	17,550	-	276	17,825
At 31 December 2010	19,668	-	34	19,702

1) All depreciation plans are linear.

Order backlog

Simtronics ASA carried out a smaller acquisition through the purchase of a business division in Technor Safe Ex AS in 2008, where NOK 1 300 was identified as excess value relating to order backlog.

Capitalised development costs

Product development, where the criteria set out in IAS 38.57 are met, have been capitalised. Reference is made to accounting principles as described in note 1. Products where development has been completed, and also products currently under development, are based on existing technology and known markets. Development is carried out either in cooperation with prospective customers and/or other companies.

Other

Other intangible assets for Simtronics ASA mainly comprises capitalised costs relating to a new ERP-system.

Expensed research and development expenditure

Research and development expenditures that do not satisfy the definition of assets have been recognised as expenses, and are NOK 0 (2009: NOK 0).

NOTE 8 PROPERTY, PLANT AND EQUIPMENT

Cost	Simtronics ASA			Total
	Furniture and fixtures	Machinery	Equipment	
Figures in NOK 1000				
Balance at 1 January 2009	1,398	2,296	1,221	4,915
Other acquisitions	205	1,571	674	2,451
Disposals	-	-	-	-
Effect of movements in exchange rates	-	-	-	-
Balance at 31 December 2009	1,603	3,868	1,895	7,366
Balance at 1 January 2010	1,603	3,868	1,895	7,366
Other acquisitions	305	9	97	411
Disposals	-	-	-	-
Effect of movements in exchange rates	-	-	-	-
Balance at 31 December 2010	1,908	3,877	1,992	7,777
Depreciation and impairment losses				
Balance at 1 January 2009	207	293	539	1,039
Depreciation charge for the year	205	396	380	981
other changes	-	-	-	-
Disposals	-	-	-	-
Effect of movements in exchange rates	-	-	-	-
Balance at 31 December 2009	412	689	919	2,020
Balance at 1 January 2010	412	689	919	2,020
Depreciation charge for the year	293	541	405	1,239
Disposals	-	-	-	-
Effect of movements in exchange rates	-	-	-	-
Balance per 31. desember 2010	705	1,230	1,324	3,259
Depreciation rate	10%	10-20%	10-33%	
Useful lives	10 years	5-10 years	3-10 years	
Net carrying amounts				
At 1. januar 2009	1,191	2,003	682	3,876
At 1. januar 2010	1,191	3,179	976	5,346
At 31. desember 2010	1,203	2,647	668	4,518

1) All depreciation plans are linear.

Impairment losses

No impairment losses have been recognised in 2010 (2009: NOK 0).

Guarantee obligations

Simtronics ASA has put up security in property, plant and equipment for the use of overdraft facilities. See note 16 for further information.

Operational leases of offices

Simtronics ASA rents its premises under an operating lease arrangement. The value of the premises are therefore not recognized in the balance sheet.

Simtronics ASA has a rental agreement with Telefonfabrikken AS for the premises in Oslo. The rental agreement ends 30 June 2016, and the annual rent is NOK 1 803. At the end of the rental period Simtronics ASA has a renewal option of 10 years (5 + 5).

Simtronics ASA has in addition a rental agreement for the premises in Stavanger. The agreement is with Håland Eiendom Finans AS and the annual rate is NOK 243 per year, with the agreement expiring on 31 July 2012. At the end of the rental period Simtronics ASA has a renewal option of 5 years.

The majority of the rental agreements have duration until 2012/2013, with a renewal option, and a yearly adjustment based on CPI development

Minimum lease payments under operational lease of offices

	Simtronics ASA	
	2010	2009
Figures in NOK 1 000		
Less than one year	2,086	2,046
Between one and five years	7,874	8,027
More than five years	1,933	3,866

Simtronics ASA has at 31.12.2010 no agreement that commit the company to future buying of property, plant or equipment.

NOTE 9 EMPLOYEE BENEFITS

	Simtronics ASA	
	2010	2009
Figures in NOK 1000		
Wages and salaries	21,923	20,245
Equity-settled share-based payment transactions	1,883	2,285
Social security tax	3,044	3,262
Pension cost	2,185	1,047
Other benefits	1,671	1,437
Capitalised as development costs	(2,608)	(3,593)
Capitalised as manufacturing cost of inventory	-	-
Total personnel costs	28,097	24,682
Number of employed man-labour years	33	31

As of 31 December 2010 Simtronics ASA has 34 employees.

The increase of personnel cost in Simtronics ASA is related to an increase in accruals for pension cost and less capitalized development cost.

NOTE 10 TRANSACTIONS WITH RELATED PARTIES

Identification of related parties

Simtronics ASA has related party transactions with its subsidiaries (see note 12), and with members of the Board and Group Management. All transactions with related parties are based on the arms length principle.

The Chairman of the Board John Afseth was to the end of April 2009, also Chairman of the Board in Orion Securities AS. Simtronics ASA used Orion Securities AS as a financial advisor in the Technor transaction in 2009. All transactions are based on the arms length principle.

Information regarding 2010

	Share- holding	Share- options	Board fees	Salary	Bonus	Pension- premium	Other Compensation
Shares and share options in whole numbers, other amounts in NOK 1000							
Members of the Board							
John Afseth (Chairman of the Board)	1,777,271	100,000	300	-	-	-	-
Tore Amundsen (Member of the Board)	30,000	100,000	180	-	-	-	-
Valborg Lundegaard (Member of the Board)	-	100,000	180	-	-	-	-
Hans Inge Nerby (Employee representative)	-	-	120	611	-	39	4
Total for members of the Board	1,807,271	300,000	780	611	-	39	4
Members of Group Management							
Rune Martini (President & CEO)	200,000	2,250,000	-	1,832	-	67	6
Frode Arnesen (CFO)	168,000	900,000	-	1,163	-	68	6
Claus Fossum (SVP and Managing Director Detection)	100,000	550,000	-	1,077	-	73	6
Total for members of Group Management	468,000	3,700,000	-	4,072	-	208	18
Total compensation to Group Management:	2010						
Short term employee benefits	4,090						
Post employee benefits	208						
Share-based payments	-						
Total	4,298						

*] No share-options have been exercised in the period 2007 - 2010.

Total number of persons defined as management is 3. Loans to employees as at 31 December 2010 amounted NOK 0. The information above provides a thorough overview of compensation of members of the Board and Group Management for 2010.

Information regarding 2009

	Share- holding	Share- options	Board fees	Salary	Bonus	Pension- premium	Other Compensation
Shares and share options in whole numbers, other amounts in NOK 1000							
Members of the Board							
John Afseth (Chairman of the Board)	1,777,271	100,000	300	-	-	-	-
Tore Amundsen (Member of the Board)	30,000	100,000	180	-	-	-	-
Valborg Lundegaard (Member of the Board)	-	100,000	180	-	-	-	-
Svein Roar Sivertsen (Member of the Board)	10,000	250,000	120	728	-	40	6
Total for members of the Board	1,817,271	550,000	780	728	-	40	6
Members of Group Management							
Rune Martini (President & CEO)	200,000	1,250,000	-	1,705	500	104	7
Frode Arnesen (CFO)	168,000	600,000	-	1,101	100	108	7
Claus Fossum (SVP and Managing Director Detection)	100,000	250,000	-	925	-	133	7
Total for members of Group Management	468,000	2,100,000	-	3,731	600	345	21
Total compensation to Group Management:	2009						
Short term employee benefits	7,035						
Post employee benefits	573						
Share-based payments	-						
Total	7,609						

*] No share-options have been exercised in the period 2007-2009.

Total numbers of persons defined as management is 3. Loans to employees as at 31 December 2009 amounted NOK 0. The information above provides a thorough overview of compensation of members of the Board and Group Management for 2009.

Further information on compensation for 2010 and on the above table.

1. Remuneration of the CEO:

CEO Rune Martini received NOK 1,832 in salary in 2010, and is part of Simtronics ASA pension plan with the same conditions as other employees. In 2008 Rune Martini earned a bonus of NOK 500, which was paid in 2009. No bonus earned in 2009 and thereby no payout for bonus during 2010. No bonus for 2010 has been earned.

Rune Martini has been granted 250,000 options in Simtronics ASA in 2008. 166,667 options were vested as at 31 December 2010. In 2007, Rune Martini was granted 1,000,000 options. Of these, 1 000 000 were vested as at 31 December 2010. In June 2010 Rune Martini was granted 1,000,000 options, as of 31 December 2010 none of these are vested.

2. Shareholding:

The column shows the number of shares owned by Board members, members of Group Management, companies controlled by them, and their related parties. John Afseth owns 50 000 shares privately, and 1,727,271 shares through Carpe Diem Afseth AS (where he owns 100% of the shares).

Share-options:

The column shows the total number of options granted as of 31 December 2010. No options have been exercised in 2010. There are one entirely vested option plan as of 31 December 2010, which is the 2007 Share-option plan.

3. Board fees:

The column comprises board fees paid in 2010. The board held 7 board meetings in 2010. The audit committee held 4 meetings (Tore Amundsen and Hans Inge Nerby).

4. Salary:

The column comprises ordinary salary paid in 2010.

5. Bonus:

In 2009, bonus earned in 2008 by CEO Rune Martini and CFO Frode Arnesen has been paid.

Pension Premium:

The Company has established a defined contribution pension scheme. The column shows what has been paid in 2010. See note 19 for further information regarding pensions.

6. Other compensation:

The column comprises other benefits received during the year, including car allowance, telephone allowance etc.

In accordance with The Joint Stock Public Companies Act 6-16a, the board has prepared a statement outlining the principles for CEO- and other management compensation. The fundamental principle for management compensation is that the compensation and benefits are to be competitive in order for Simtronics ASA to attract and retain competent management personnel.

Senior managers are paid a fixed salary and under certain circumstances may be offered variable compensation based on results achieved. In addition to fixed and variable salaries, senior managers are offered fringe benefits in the form of free mobile phone, company car etc.

The company wants to offer remuneration in the form of share-based payments to its senior managers. Such share-option programs will be in compliance with the share options programs implemented as of 31 December 2010. Final resolution will be decided by the General Assembly.

The company's remuneration of senior managers for 2010 has been in compliance with the statement on management compensation approved by the Annual General Meeting on 20 May 2010 .

Transactions with subsidiaries

Transactions with subsidiaries which are considered related parties are eliminated in the consolidated group accounts and thus not included in this note.

Simtronics ASA's outstanding balances with subsidiaries 31 December:

	Accounts Receiv.		Long term receiv.		Accounts payabl.		Long term pbl.	
	2010	2009	2010	2009	2010	2009	2010	2009
Simtronics SAS	2,249	-	3,448	3,088	1,076	134	-	-
Water Mist Engineering AS	3,704	7,342	2,374	19,324	22,268	3,193	-	-
Simtronics Singapore	991	31	99	75	1,142	61	-	-
Fire Eater A/S	36	-	-	3,861	-	123	-	-
Ineros Russia 50%							-	-
Total	6,980	7,372	5,921	26,348	24,487	3,511	-	-

Simtronics ASA's internal sales with subsidiaries 31 December:

	Sales		Cost of materials		Interest income	
	2010	2009	2010	2009	2010	2009
Simtronics SAS	749	1,624	5,121	9,389	156	-
Water Mist Engineering		70	26,403	7,694	1,050	-
Simtronics Fire & Gas, Singapore			4	42		
E-tech				3,796		
Total	749	1,694	31,528	20,921	1,206	-

Expensed auditors' fee

	Simtronics ASA
Audit	600
Audit related services	569
Tax related services	124
Other services	207
Total	1,500

*fee without VAT

NOTE 11 SHARE-BASED PAYMENTS

Simtronics ASA has granted three share-option plans, one in 2007, one in 2008 and one in 2010 with a total of 7 550 000 shares. The share-option plans gives them the right to acquire shares in the parent company. The share-option plans are divided into three parts, whereby one third of the shares-options have a vesting period of 12 months, one third have a vesting period of 24 months and one third have a vesting period of 36 months.

Fair value of options is calculated at grant date and is expensed over the vesting period according to IFRS 2.

Terms of existing share-options plans

	Number of options	Strike	Vesting date	Expiry
Options and strike in whole numbers, other amounts in NOK 1 000				
Simtronics group				
Share-option plan May 2007	666,667	2.46	02/05/2008	03/05/2011
Share-option plan May 2007	666,667	2.46	04/05/2009	03/05/2011
Share-option plan May 2007	666,667	2.46	03/05/2010	03/05/2011
	2,000,000			
Share-option plan February 2008	516,667	4.52	06/02/2009	06/02/2012
Share-option plan February 2008	516,667	4.52	06/02/2010	06/02/2012
Share-option plan February 2008	516,667	4.52	06/02/2011	06/02/2012
Share-option plan February 2008	200,000	4.60	06/02/2009	06/02/2012
Share-option plan February 2008	200,000	4.60	06/02/2010	06/02/2012
Share-option plan February 2008	200,000	4.60	06/02/2011	06/02/2012
	2,150,000			
Share-option plan June 2010	1,133,333	2.05	04/06/2011	04/06/2014
Share-option plan June 2010	1,133,333	2.05	04/06/2012	04/06/2014
Share-option plan June 2010	1,133,333	2.05	04/06/2013	04/06/2014
	3,400,000			
Total outstanding options	7,550,000			

The sole vesting criteria for share-options is continued employment. Share/options that are vested may be retained by the employee in the event of termination of contract, and are exercisable within the given expiry date.

There is a reinvestment commitment arising from the share-options. When exercising options, the share-option holder is required to reinvest 40 percent of gains before tax, in company shares. Shares which are acquired have a minimum holding period of 12 months.

At 31. desember 2010 none of the existing share-option plans have been exercised.

Simtronics ASA

The share-option plan for employees in Simtronics ASA is identical with the plan for the Group. Employees in the parent company has as of 31 December 2010 a total of 1 750 000 share-options outstanding in «Share-option plan May 2007», 1 900 000 share-options outstanding in «Share-option plan February 2008» and 2 000 000 share-options in the «Share-option plan June 2010». In total employees of Simtronics ASA holds 5 650 000 share-options.

Fair value of granted options

	Simtronics ASA		
	2010 plan	2008 plan	2007 plan
Fair value at grant date	1,426	2,882	319
Average share price at grant date	2.05	4.55	2.46
Average strike price	2.05	4.55	2.46
Expected volatility in percent	60%	70%	60%
Expected dividends	-	-	-
Risk free interest rate	2.25%	4.29%	6.00%

Fair value assessment is performed using the Black & Scholes' option pricing model, applying assumptions as described above. This assessment is based on the assumption that share-option holders will exercise the options at the first possible date.

Expected volatility is based on historic volatility, adjusted for expected changes in future volatility based on publicly available information. The risk free rate is calculated based on average interest rate for the vesting period.

Number of options and weighted average strike price is:

	2010		2009		2008	
	Number of share-options	Weighted average strike price	Number of share-options	Weighted average strike price	Number of share-options	Weighted average strike price
Options outstanding as per 1 January	4,150,000	3.54	4,150,000	3.54	2,600,000	2.46
Options exercised	-	-	-	-	-	-
Options cancelled/forfeited		2.46		2.46	(600,000)	2.46
Options granted in the period	3,400,000	2.05	-	-	2,150,000	4.55
Outstanding options as at 31 December	7,550,000	2.87	4,150,000	3.54	4,150,000	3.54

Outstanding share-options as at 31 December 2010 have an average expiry of 1,9 years.

Share option cost in the income statement

	Simtronics ASA	
	2010	2009
Share-options granted in 2007	122	416
Share-options granted in 2008	1367	1869
Share-options granted in 2010	394	-
Total share-option cost in income statement	1883	2285

Share-option costs are presented as payroll and related costs in the income statement. None of the share-options plans are «in the money», thus no provisions for social security tax for the share option plans.

Convertible Loan

Simtronics ASA has in 2009 adopted a convertible loan at a par value of NOK 71.575. See note 22 for further information. The loan can be converted into shares in Simtronics ASA on the request from the lender based on a share price of NOK 2,36. If the loan is converted, there will be issued 30.326.271 shares. The share conversion price has been adjusted to NOK 1,90 in the EGM 8 March 2011. See note 23 for further details.

NOTE 12 INVESTMENTS IN SUBSIDIARIES

Simtronics ASA has the following investments in subsidiaries:

Group company	Location	Vote- and owner share	Book value 31 December 2010	Equity pr. 31 December 2010	Profit/Loss for 2010	Book value 31 December 2009
Figures in NOK 1000						
Fire Eater A/S	Hillerød, Denmark	51%	62,038	24,319	3,029	62,038
ETech Process AS	Kristiansand, Norway	100%	-	-	-	-
Simtronics SAS	Aubagne, Cedex, France	100%	11,100	10,217	(43)	11,100
Water Mist Engineering AS	Søgne, Norway	100%	81,813	2,457	(20,565)	63,813
Simtronics Fire & Gas Pte Ltd	Singapore	100%	410	(1,870)	(3,926)	410
Total investment in subsidiaries		155,360	35,123	(21,505)	137,360	

NOTE 13 LIABILITIES TO FINANCIAL INSTITUTIONS

	Simtronics ASA	
	2010	2009
Figures in NOK 1000		
Convertible loan w	66,583	64,235
Long-term liabilities		
Bank loan	-	-
Other long-term interest bearing liabilities	-	-
Total	-	-
Short-term liabilities		
Short-term part of bank loan *	30,817	35,577
Short-term loan from shareholder	18,000	-
Overdraft facility	13,628	47,523
Total	62,445	83,100

*] Due to breach of one of the covenants, the loan from DnB NOR is reported as short term liability.

Bank loan

As per 31 December 2010 Simtronics ASA had a bank loan of NOK 30 817. The loan have a term of maturity of 5 years from the payout date, and a 10 year installment plan. This plan requires that the loan shall be repaid based on a 10 year installment plan for the first 60 months, and repayment of the remaining loan balance at 60 months. The loan was originally of NOK 47 600 and was paid out in February 2008.

Short term loan from Shareholder

On August 3, 2010 Simtronics ASA received a bridge funding of Nok 18 million from Autronica Fire & Safety AS. Autronica has entered into an extension agreement with Simtronics for the Short Term Loan Facility of NOK 18 million, whereby the repayment date is extended to 30 June 2011 or, if applicable, eight weeks following the date on which Autronica has given public notice of a withdrawal or non-completion of the offer. The loan accrues an interest of 12 % p.a.

Overdraft facility

Simtronics ASA has on behalf of the Group an overdraft facility of NOK 50 000. The current interest rate is NIBOR + 6 %

Convertible loan:

On 18 November 2009 an extraordinary General assembly approved a convertible loan of NOK 71,575 from Autronica Fire & Safety. The loan period is 3 years with a 7% fixed annual interest rate to be paid on a half year basis.

The loan is unsecured and ranks junior to loans from DnB NOR. The loan can be converted into shares in Simtronics on the request from the lender based on a share price of 2.36. The loan is recorded at a discounted fair value of NOK 66,6M. The conversion right has been valued to NOK 2.5M and is recorded as an equity component in accordance with IAS 32. The convertible loan has loan covenants that are linked with the loan covenants for the bank loans.

Covenants

In conjunction with the establishment of the above-mentioned loan of NOK 47 600, new covenants were agreed upon in December 2007 for all Simtronics' loan arrangements with DnB NOR. The updated covenants are as follows:

The book value of the Group's equity (in NOK 1 000 and in per cent of the total capital), and the ratio net interest-bearing debt (NIBD)/EBITDA for the Group, shall have the following development over the next three years:

	Book value of equity	Equity %	NIBD/EBITDA
- 31 December 2009	> 80000	> 25%	> 3,5
- 31 December 2010	> 90000	> 30%	> 3,0
- 31 December 2011	> 100000	> 30%	> 2,5

The measurement of NIBD/EBITDA takes place quarterly on a continuous basis. Interest-bearing debt is defined as current and non current liabilities to financial institutions. Net interest-bearing debt is defined as interest bearing debt less cash balances.

Simtronics ASA shall not pay dividends without the bank's consent.

Regarding collaterals, reference is made to note 14. There is a requirement for a NOK 20 000 cash deposit, and a negative pledge has been given for subsidiaries Simtronics SAS and Water Mist Engineering AS.

Simtronics ASA has received a waiver from DnB NOR for 2009 and 2010. A condition for the waiver is that Simtronics group's EBITDA, develop according to the internal quarterly estimates that the company has for 2010, taken into consideration 20 % headroom, compared to the company's own estimates for the EBITDA development. The first measurement under the covenants for the original loan agreement will take place after first quarter 2011.

In 2009 Simtronics ASA was granted a convertible loan from the company's largest share holder, Autronica Fire & Security AS. This loan has similar covenant structure as the loan from DnB NOR. Simtronics ASA has received a confirmation from Autronica Fire & Security, that they do not consider Simtronics ASA to be in breach with the covenants, as far as DnB NOR has given a waiver.

Simtronics ASA	Currency	Nominal interest rate	Year of maturity	2010		2009	
				Face Value	Carrying Amount	Face Value	Carrying Amount
Figures in NOK 1000							
Secured bank loan	NOK	NIBOR + 5 %	2013	47,600	30,817	47,600	35,577
Overdraft facility	NOK	NIBOR + 6 %		50,000	13,628	50,000	47,523
Convertible Loan	NOK	7 %	2012	71,575	66,583	71,575	64,235
Short term loan Autronica	NOK	12%	2011	18,000	18,000		
Total interest-bearing liabilities				187,175	129,028	169,175	147,335

NOTE 14 GUARANTEES AND COLLATERALS

Figures in NOK 1000

Simtronics ASA

Bank guarantees

Simtronics ASA has obtained guarantees for NOK 23 135 as of 31 December 2010 on behalf of Simtronics ASA, Simtronics SAS and Water Mist Engineering AS. NOK 23 135 of the guarantees is covered by the agreement with DnB NOR for NOK 35 000. The agreement on the guarantee terms contains equivalent loan conditions for the overdraft facility and bank loan. See note 15 for further information.

Company guarantees

Simtronics ASA has on behalf of its subsidiary Water Mist Engineering given company guarantees for performance of NOK 471.

Collaterals

In conjunction with Simtronics ASA's bank loan and overdraft facility, the Group has raised security in the form of inventories, outstanding accounts receivables, property, plant and equipment, and 100 % of the shares in Water Mist engineering AS, Fire Eater A/S and Simtronics SAS. In addition, there is a requirement for a NOK 20 000 cash deposit, and a negative pledge has been given for the subsidiaries Simtronics SAS and Water Mist Engineering AS.

Net book values as at 31 December 2010 of these assets were as follows: inventories NOK 46 086, outstanding accounts receivables NOK 50 669, property, plant and equipment NOK 9 576, Water Mist Engineering AS shares NOK 81 813, Fire Eater A/S shares NOK 62 038 and Simtronics SAS shares NOK 11 100.

NOTE 15 EQUITY AND SHAREHOLDERS

Simtronics ASA	Share capital	Share premium reserve	Other paid in capital	Total paid in capital	Retained earnings	Total equity	Number of shares
Figures in TNOK							
Balance as at 01 January 2009	9,509	79,735	-	-	-	89,244	65,058,124
Profit (loss) after tax	-	(20,672)	(4,785)	-	-	(25,457)	-
Other Equity							
Transaction with owners							
Share issue through debt conversion	644	12,706	-	-	-	13,350	4,405,387
Equity component convertible loan	-	-	2,500	-	-	2,500	-
Share-based payment expense	-	-	2,285	-	-	2,285	-
Balance as at 31 December 2009	10,153	71,769				81,922	69,463,511
Profit (loss) after tax	-	(24,348)	(2,500)	-	-	(26,848)	-
Other Equity	-	-	(2)	-	-	(2)	-
Transaction with owners							
Share issue through debt conversion	-	-	-	-	-	-	-
Equity component convertible loan	-	-	2,500	-	-	2,500	-
Share-based payment expense	-	-	1,883	-	-	1,883	-
Balance as at 31 December 2010	10,153	47,421	1,881			59,455	69,463,511

Par value of shares

Par value per share is NOK 0,146158358

Distributable equity

Distributable equity according to the Norwegian Act relating to public limited liability companies, as at 31 December 2010 amounted to NOK 0 (2009: NOK 0).

Freely negotiable shares

The company's articles of association are free of any form of restriction on the negotiability of Simtronics' shares.

Earnings per share

Basic and diluted earnings per share

The calculation of basic and diluted earnings per share is based on the net profit after tax of TNOK -24 348 (2009: TNOK -25 457) and a weighted average number of ordinary shares outstanding during 2009 of 69 463 511 before and after dilution (2009: 68 454 722 before diluting and 68 545 722 after dilution).

	2010	2009
Net profit after tax	(24,348)	(25,457)
Weighted average number of ordinary shares outstanding	69,463,511	68,545,722
Number of share-options outstanding	7,550,000	4,750,000
Agreed future issue of shares	-	-
Potential future issue of shares ^{*)}	30,326,271	30,326,271
Weighted average number of ordinary shares outstanding including diluted shares		
Basic earnings per share	(0.351)	(0.371)
Diluted earnings per share	(0.351)	(0.371)

	2010	2009
Number of ordinary shares outstanding 1 January	69,463,511	65,058,124
Effect on increase in share capital		3,487,598
Effect of agreed future issue of shares	-	-
Weighted average number of ordinary shares of 31 December	69,463,511	68,545,722

*) Simtronics ASA has a convertible loan of NOK 71 575. Ref note 22, The loan was acquired 18 November 2009 and may be converted into shares at a share value of 2,36 at the lenders requirement. The maximum future issue of shares is 30,3 Million shares. The potential share issue does not have diluting effect in 2010, as the diluting effect is positive.

The company's largest shareholders registered at 31 December 2010

	No. of shares	% ownership
AUTRONICA FIRE & SECURITY AS	18,878,305	27.18%
FIRE EATER HOLDING A/S	6,972,370	10.04%
MP PENSJON PK	2,278,556	3.28%
CARPE DIEM AFSETH AS	1,727,271	2.49%
EGENHANDELSKONTO DNB NOR BANK ASA	1,669,363	2.40%
TINDE AS	1,568,954	2.26%
KÅRE MIKAL MIKALSEN	1,428,010	2.06%
RAGNAR SYVERTSEN	1,245,000	1.79%
AGAT AS	1,000,000	1.44%
OTTO TEKSUM LUND	955,000	1.37%
ODD INGE SKÅR	894,925	1.29%
INGEFO 1 AS	852,000	1.23%
SVEIN HARALD GLETTE	560,000	0.81%
TERJE HALS	539,467	0.78%
KARSTEN HAGEN	501,001	0.72%
MARGENTUM AS	500,000	0.72%
TORE JAN PAULSEN	500,000	0.72%
RUNESTAD INVESTERING AS	480,000	0.69%
PARTREDERIET MAST ANS	433,390	0.62%
VIDAR ØVSTEDAL	400,000	0.58%
Total shares owned by the 20 largest shareholders	43,383,612	62.46%
Other shareholders	26,079,899	37.54%
Total	69,463,511	100.00%
Shares owned by Norwegian shareholders	60,875,846	87.64%
Shares owned by foreign shareholders	8,587,665	12.36%
Total	69,463,511	100.00%

NOTE 16 FINANCIAL INSTRUMENTS

Figures in TNOK

Simtronics ASA is exposed to credit-, interest rate- and currency risk in the course of its ordinary business. In order to maintain an acceptable level of risk in these areas, ongoing evaluations of the actual currency risk are carried out, based on matching turnover and cost on both NOK and EUR. In order to limit interest rate risk, ongoing evaluations of SWAP solutions for existing credits are carried out.

Credit risk

Historically ASA's losses on trade receivables have been modest. Management has a credit policy in place, and the exposure to credit risk is monitored on an ongoing basis. Credit checks are carried out for all customers who request credit above a given amount. Simtronics ASA has implemented a factoring system with DnB NOR Finans AS through which DnB NOR Finans AS provides assistance in credit checks. For subsidiary companies an evaluation of prepayment is used and letter of credit for foreign customers.

At the reporting date there was no significant concentration of credit risk. Through the factoring agreement, Simtronics ASA has entered into an agreement for providing credit assurance for trade receivables.

Total value of financial assets representing maximal credit exposure.

	Simtronics ASA	
	Carrying amount	
	2010	2009
Available held for sale assets	0	0
Held-to-maturity investments	0	0
Financial assets designated at fair value through profit or loss	0	0
Financial assets classified as held for trading	0	0
Loans and receivables	17,217	13,334,025
Cash and cash equivalents	590	1,413,416
Interest rate swaps used for hedging	0	0
Forward exchange contracts used for hedging	0	0
Other forward exchange contracts	0	0
Total	17,807	14,747,441

Regions where the credit exposure is (external receivables):

	Simtronics ASA			
	Short term		Long term	
	2010	2009	2010	2009
Norway ¹⁾	133,785	2,621,895	2,625,5	2,789,165
France	0	0	0	0
Denmark	0	7,141	0	0
The Netherlands	2,437,322	1,220,195	0	0
Rest of Europe	7,105,413	5,168,793	0	0
Korea	0	0	0	0
Asia/Pacific	7153,52	3,315,875	80,77	9,755,416
Americas	317,22	917,825	0	0
Africa	69,251	82,301	0	0
Total	17,216,511	13,334,025	2,706,27	12,544,581

Credit exposure sorted by customer segments

	Simtronics ASA			
	Short term		Long term	
	2010	2009	2010	2009
Wholesale customers	17,217	13,334		
End user customers				
Other			2,706	125
Total	17,217	13,334	2,706	125

1) Investment Ortisi eiendom classified as long term (in 2009 it was classified as short term)

Liquidity risk

Simtronics ASA had in 2010 a net cash flow of TNOK 11.919 from operating activities. In total the net cash flow was negative with TNOK 9.822.

The table below shows the expected due dates of financial obligations based on contract. The loan from DnB NOR has a 5 year term based on a 10 year installment plan, such that installments are based on a 10 year plan for the first 60 months, with payment of the outstanding amount at 60 months. 60 months after the payout date, the remaining loan balance must be repaid, unless the partners have agreed otherwise.

As per note 21, the company had NOK 590 in available funds as at 31 December 2010. In addition, the company has available overdraft facilities mentioned below and in note 13.

Simtronics ASA has been granted a convertible loan from the largest shareholder, Autronica Fire and Security AS, of NOK 71 575. The basic loan terms is fixed interest at 7 per cent, and no installments until the loan is due. See note 22 for further information.

Simtronics ASA	Carrying amount	Cash flows in accordance with contract	6 mths or less	6-12 mths	1-2 years	2-5 years	More than 5 years
Bank loan	30,817	36,416	3,537	3,452	6,628	22,799	-
Convertible loan	66,583	81,590	2,505	2,505	76,580	-	-
Short term loan	18,000	19,959	19,959				
Overdraft facility	13,628	13,628	13,628	-	-	-	-
Trade payables	22,285	22,285	22,285	-	-	-	-
Total	151,313	173,878	61,914	5,957	83,208	22,799	-

Interest rate risk

Simtronics ASA

Interest rate risk arises in the short- and long-term as a result of part of the Company debt being subject to a floating interest rate. Simtronics ASA has a bank overdraft limit of NOK 50 000, and as at 31 December 2010 the company had drawn NOK 13 628 from this overdraft facility. Further Simtronics ASA has a 5 year repayment loan (where security has been issued) of NOK 47 600, and as at 31 December 2010 a total of NOK 30 817 had been drawn (see note 13 for further information).

Both the overdraft facility and collateral loan are subject to floating interest rates, at NIBOR +60 basis points for the overdraft facility and NIBOR +100 basis points for the loan of NOK 47 600.

A change in the interest rate of +/- 1 per cent have increased/decreased the interest expenses by +/- NOK 1 478 respectively.

Simtronics ASA has per 31 December 2010 given interest-bearing loans to Simtronics SAS and Water Mist Engineering AS. Simtronics ASA has no external interest bearing receivables as at 31 December 2010.

Currency risk

Simtronics ASA is exposed to changes in NOK relative to other currencies. Approximately 29 per cent of the company's income is in foreign currency. An increase in the value of NOK will have a positive impact on the result. Simtronics ASA trades predominantly in NOK and EUR.

The split of revenues in different currencies was as follows

	Simtronics ASA	
	2010	2009
NOK	71%	46%
EUR	28%	52%
DKK	0%	0%
USD	1%	3%
SGD	0%	0%
Total	100%	100%

The following exchange rates are used throughout the year:

	Average		Reporting date	
	2010	2009	2010	2009
EUR	8.01	8.72	7.81	8.32
DKK	1.08	1.17	1.05	1.12
SGD	4.44	4.23	4.56	4.12

An increase /decrease in the value of the Norwegian Krone of 10 per cent will normally result in a 2,5 per cent increase/decrease in the company's operating profit.

Fair values

Financial assets and liabilities, with the exception of bank overdraft, bank loan, pensions and loans to subsidiaries, mainly comprise short term non-interest-bearing items. Based on this, it is the management's assessment that Simtronics ASA does not have financial assets or liabilities with potentially significant differences between net book value and fair value.

NOTE 17 PENSIONS

Simtronics ASA

The company is required to have a pension plan for all employees which satisfy the requirements in the law related to mandatory pension plans in Norway. The pension plan for Simtronics ASA is in compliance with these official requirements.

During 2009, Simtronics ASA converted the collective pension scheme to a defined contribution scheme. The pension scheme is treated in accordance with IAS 19 in the accounts. The defined contribution scheme covers 32 employees. The scheme implies that Simtronics ASA make a pension contribution of 5 % of salary between 1G and 6G, and 8 % of salary between 6G and 12 G. The retirement age is 67 years.

In addition, Simtronics ASA has uninsured pension commitments related to the AFP scheme which covers 30 employees and 2 pensioners. The AFP-obligation is calculated based on an expected retirement rate of 30 % at 62 years. For demographic and resignation factors, the assumptions given in the recommendations for use of pension assumptions under IAS 19, issued by Norwegian Accounting Standards Board in January 2010 have been applied. For demographic and resignation factors, normal insurance assumptions have been used. For mortality rate statistics, table K2005 has been used in the calculations.

Actuarial gains and losses are required to be recognised when the cumulative unrecognised amount thereof at the beginning of the period exceeds a «corridor». The corridor is 10 per cent of the greater of the present value of the obligation and the fair value of the assets. The corridor is calculated separately for each plan.

	Simtronics ASA	
	2010	2009
Figures in TNOK		
Expense recognised in the income statement		
Current service cost	15	85
Interest cost of pension obligations	4	34
Expected return on plan assets	-	-
Actuarial gains and losses	(280)	17
Social security tax included in pension cost	3	17
Net pension cost	(258)	153
Financial status as at 31 December		
Present value of funded pension obligations	-	-
Present value of unfunded pension obligations	214	540
Fair value of plan assets	-	-
Unrecognised actuarial gains and losses	0	(39)
Social security tax obligation	30	76
Pension liability	245	577
Basis for calculation		
Discount rate	3.20%	4.40%
Expected wage increase	4.00%	4.25%
Expected increase of base amount	3.75%	4.00%
Expected return on plan assets 31 December	4.60%	5.60%
Changes in the net liability for defined benefit obligations as recognised in the balance sheet		
Net liability at 1 January	577	1,433
Contribution received	(65)	(56)
Impact of phased out collective pension scheme	(9)	(952)
Expense recognised in the Income Statement	(258)	153
Net pension liability at 31 December	245	577

Figures in TNOK

The expense is recognised in the following
line item in the income statement

Payroll and related costs	(258)	153
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In addition to the pension costs related to the AFP scheme, it is for 2010 recognised a cost of NOK 1 726 related to the defined contribution pension scheme.

NOTE 18 INCOME TAX EXPENSE**Recognised in the income statement**

Simtronics ASA		
	2010	2009
Figures in TNOK		
Current tax expense		
Current year	-	-
Under/(over) provided in previous years	-	(3)
Tax payable in the balance	-	(3)
Deferred tax expense		
Changes in temporary differences	(316)	1,652
Tax effect of items booked directly against equity	316	(972)
Recognition of deferred tax assets related to this year's loss	-	-
Recognition of previously non-recognised tax asset	-	2,307
	-	2,987
Total income tax expense (benefit) in income statement	-	2,984
Reconciliation of effective tax rate		
Profit before tax	(24,349)	(22,474)
Income tax using the domestic corp. tax rate 28 %	(6,818)	(6,293)
Effect of tax rates in foreign jurisdictions	-	-
Permanent differences, non-deductible expenses	(147)	505
Effect of items booked directly against equity	316	(972)
Effect of non-recognised loss carry-forwards	6,649	9,745
Total income tax expense in income statement		
Actual tax rate	-13.3 %	

NOTE 19 DEFERRED TAX ASSETS AND LIABILITIES

Simtronics ASA

Items of deferred tax assets and liabilities recognised in the balance sheet:

	Assets		Liabilities		Net	
	2010	2009	2010	2009	2010	2009
Figures in TNOK						
Property, plant and equipment	-	-	(1,400)	(433)	(1,400)	(433)
Intangible assets	-	-	-	-	-	-
Inventory	144	-	-	-	144	-
Accounts receivables and other receivables	1,822	230	-	-	1,822	230
Provisions	1,823	28	-	-	1,823	28
Defined benefit plans	244	145	-	-	244	145
Other items	3,280	-	-	(1,029)	3,280	(1,029)
Tax value of loss carry-forwards	-	1,059	-	-	-	1,059
Tax assets/(liabilities)	7,313	1,462	(1,400)	(1,462)	5,913	-
Set off tax	(7,313)	(403)	7,313	403	-	-
Net tax assets/(liabilities)	-	1,059	5,913	(1,059)	-	-

NOTE 20 PROVISIONS

Simtronics ASA

	Warranties		Public taxes		Total	
	2010	2009	2010	2009	2010	2009
Figures in TNOK						
Balance at 1 January	-	100	-	100	-	-
Provision due to acquisition	-	-	-	-	-	-
Provisions made during the year	-	-	-	-	-	-
Provisions used during the year	-	-	-	-	-	-
Provisions reversed during the year	-	-	100	-	100	-
Unwind of discount	-	-	-	-	-	-
Balance at 31 December	-	-	-	-	-	-

Public taxes

The provision made in 2009 related to public taxes on 2007 share-option program vested and «in the money», was reversed during 2010.

NOTE 21 CASH AND CASH EQUIVALENTS

	Simtronics ASA	
	2010	2009
Figures in TNOK		
Bank deposits, available	590	888
Restricted bank deposits (payroll tax funds)	-	-
Money market funds	-	525
Total cash and cash equivalents	590	1,413

Restricted cash deposits

Simtronics ASA has a bank guarantee in place for payroll tax funds, and restricted cash deposit are therefore NOK 0 as at 31 December 2010.

As a condition of the current loan agreements, Simtronics ASA has committed itself to establishing a cash deposit of NOK 20 000, see note 13. These funds are classified as non-current assets, see note 4.

Money market funds

Simtronics ASA had invested in 50,47 shares in the fund DnB NOR Likviditet 20 (IV). As at 31 December 2009 the market value was NOK 525. The shares was sold in February 2010 in it's entirety.

NOTE 23 SEGMENT REPORTING

Operating segments

Simtronics ASA has revenue from the «Detection segment», as described below. The Group's CEO reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on the basis of a reasonable distribution formula. Segment capital expenditures are the total costs incurred during the period to acquire segment assets that are expected to be used for more than one period.

Detection Systems

The business segment «Detection systems» covers the company's activity in the area of development and production of gas and flame detectors for use in the shipping, oil and mining and other industries.

Geographical segments

Simtronics products are exported to approximately 25 countries world wide through a global network of agents and distributors. The segments are managed from Norway. Manufacturing facilities are operated in Norway, France, Denmark and Singapore, with sales offices in Norway, France, Denmark, Czech Republic, Hungary, Poland, Russia, UAE, and Singapore.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of the assets. The company has not identified any impairment losses.

Simtronics ASA	2010	2009
Figures in NOK 1000		
Revenue from external customers	17,411	27,464
Norway	824	680
Denmark	5,746	7,276
The Netherlands	25,194	22,235
Rest of Europe	14,675	17,734
Asia/Pacific	4,099	2,463
Other (rest/unallocated)	-	-
Total revenue from external customers	67,949	77,852
Cost of materials	34,983	44,077
Depreciation	2,461	2,517
Other operating expenses	40,591	44,954
Operating profit (loss)	(10,086)	(13,696)
Net financing costs	14,262	8,777
Income tax expense	-	2,984
Profit (loss)	(24,347)	(25,457)

Simtroincs ASA	2010	2009
Figures in NOK 1000		
Segment assets		
Norway		
Denmark	251,278	260,310
France	-	-
Singapore	-	-
Others	-	-
Total non current assets (excluding restricted cash)	251,278	260,310
Segment liabilities		
Norway	191,823	178,389
Denmark	-	-
France	-	-
Singapore	-	-
Others	-	-
Consolidated total liabilities	191,823	178,389
Capital expenditures		
Norway	3,514	7,688
Denmark	-	-
France	-	-
Others	-	-
Consolidated capital expenditures	3,514	7,688

Simtroincs ASA	2010	2009
Figures in NOK 1000		
Analysis of operating revenues by category		
Revenue from construction contracts	-	-
Sales of goods	67,949	77,852
Revenue from services	-	-
Other	-	-
Total	67,949	77,852

NOTE 24 SUBSEQUENT EVENTS

Voluntary cash offer on all issued shares in Simtronics ASA

In July Autronica Fire and Security AS notified Simtronics ASA of its non-binding intention to make a voluntary cash offer for all issued shares of Simtronics ASA not already held by Autronica Fire and Security AS.

The offer period expired, 26 April 2011. Autronica has received acceptances from the holders of 40,687,712 shares under the Offer, which, when combined with those held by Autronica, represent approximately 85.8 % of the shares of Simtronics. When combining shares held, acceptances received and the right to shares under the convertible loan previously issued by Autronica to Simtronics, Autronica now has the right to acquire approximately 90.8% of the shares of Simtronics. Autronica expects all conditions for the Offer to be fulfilled by 29 April 2011 and consequently expects to announce completion of the Offer and settle with tendering shareholders under the Offer at such date

Autronica Fire and Security AS is Simtronics' largest shareholder, holding 18,878,305 shares, comprising approximately 27.2% of issued shares.

Convertible loan

On the 15th of February 2011, Simtronics ASA summoned an extraordinary general meeting which was held on 8 March 2011. At that meeting the board of directors proposed that the conversion price under the convertible loan provided by Autronica of NOK 71,575,000 shall be amended to the offer price (NOK 1.90), subject to the offer being completed.

Bank loan

As per 31 December 2010 Simtronics ASA had a bank loan of NOK 30 817. The loan have a term of maturity of 5 years from the payout date, and a 10 year installment plan. This plan requires that the loan shall be repaid based on a 10 year installment plan for the first 60 months, and repayment of the remaining loan balance at 60 months. The loan was originally of NOK 47 600 and was paid out in February 2008.

After Year End previously held restricted cash of MNOK 20 has been applied to pay down the the Bank loan from NOK 30 817 to NOK 10 817.

Bridge funding

Simtronics ASA has on 18 April 2011 signed an agreement for bridge funding of NOK 10 million with Autronica Fire and Security AS. The bridge funding is an additional funding to the NOK 18 million bridge loan that was announced 3rd August last year.

The loan shall be used for financing present and future working capital requirements of the company. The loan, together with accrued interest and fees shall be repaid on 30 September 2011 or at such earlier date as Autronica may notify to Simtronics.

Sale of Shares in Fire Eater A/S

Reference is made to Autronica Fire and Security AS' voluntary offer for all of the shares of Simtronics ASA as set out in the voluntary offer document of 1 March 2011. As per ultimo April all conditions for completion of the Offer have been fulfilled, including the renegotiation of Simtronics' ownership of Fire Eater A/S, as Simtronics has entered into an agreement with Fire Eater Holding A/S pursuant to which Simtronics will sell 4% of the outstanding equity of Fire Eater A/S to Fire Eater Holding A/S and Simtronics has an option to repurchase 4% of the outstanding equity in Fire Eater A/S from Fire Eater Holding A/S at the same price. There is no time limit of the option to repurchase the shares from Fire Eater Holding A/S. The transaction will have a negative result of TNOK 875 in the parent company Simtronics ASA.

Fire Eater A/S will after the transaction be presented as an associated company and not be consolidated in the Simtronics' Financial Statements.

Declaration from the Board and Manager

The board and manager have today prepared and approved the board of directors report and the consolidated and separate annual financial statements for Simtronics ASA, for the calendar year 2010 and per the 31 December 2010 (the Annual report for 2010).

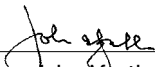
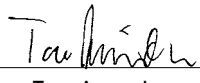
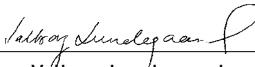
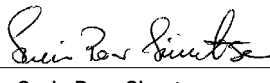
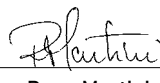
The annual report for 2010 has been prepared in accordance with IFRS and IFRIC as adopted by the EU and by a Norwegian supplementary requirement in the Securities Trading Act, including the additional requirements applicable as per 31 December 2010 under the Norwegian Accounting Act . The Board of Directors report is prepared in accordance with the requirements in the Norwegian Accounting Act and the Norwegian Accounting Standard no. 16. as per 31 December 2010.

To the best of the board's and manager's knowledge, the consolidated and separate financial statements have been prepared in accordance with applicable accounting standards, and the information in the accounts gives a true and fair view of the assets, debts and financial position and profit/loss in general as per 31 December 2010 for the group and the parent company.

To the best of the board's and manager's knowledge, the Board of Directors report gives a correct summary of important events in the accounting period and their influence on the annual year accounts. To the best of the board's and manager's knowledge, the description of the most central risk and uncertainty factors which the business faces in the next accounting period, and the description of closely related parties' significant transactions, is also a correct summary.

Oslo, 5 May 2011

The Board of Directors of Simtronics ASA

				
John Afseth Chairman of the Board	Tore Amundsen Member of the Board	Valborg Lundegaard Member of the Board	Svein Roar Sivertsen Member of the Board	Rune Martini President and CEO

The Auditor's Report



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To
Simtronics ASA

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Simtronics ASA, comprising the financial statements for the Parent Company and the Group. The financial statements of the Parent Company comprise the balance sheet as at 31 December 2010, the statements of income showing a deficit of TNOK 24 348 and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements of the Group comprise the consolidated balance sheet as at 31 December 2010, the statements of income and comprehensive income showing a deficit of TNOK 55 187, cash flow statement and changes in equity for the year then ended as well as a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Management's responsibility for the financial statements

The Board of Directors and The Managing director are responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the Parent Company and the International Financial Reporting Standards as adopted by , and for such internal control as the Board of Directors and The Managing director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

BDO AS, ansvarlig selskapskap, er deltaker i BDO International Limited, et engelsk selskapskap og registrert i Storbritannia, og er ansluttet til den transnasjonale nettverket BDO, som består av uavhengige selskaper i 105 land og land. Forhåndsregistrert: NO 955 606 660 MVA.



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Opinion on the financial statements of the Parent Company

In our opinion, the financial statements give a true and fair view of the financial position of Simtronics ASA as of 31 December 2010 and of its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Opinion on the financial statements of the Group

In our opinion, the financial statements give a true and fair view of the financial position of the Simtronics Group as of 31 December 2010 and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards.

Emphasis of matter

Without qualifying our opinion, we draw attention to the fact that the Company as per December 31.12.2010 was in breach with loan agreement covenants. The lenders have waived the ordinary loan covenants until 1th June 2010.

The company is in need of further financing in 2011 and Group management is working with alternative plans to ensure sufficient financing.

We refer to further information in The Board of Director's report and in the notes to the financial statements.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit are consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, -Assurance Engagements Other than Audits or Reviews of Historical Financial Information-, it is our opinion that the company's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 5th of May 2011

BDO AS

Marianne Hamre
State Authorised Public Accountant (Norway)

(This translation from Norwegian has been prepared for information purposes only)

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SIMTRONICS group

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