

4th Quarter Report 2010

Simtronics ASA

Simtronics ASA**Interim report for the fourth quarter and full year 2010**

- Soft markets and project delays continued in fourth quarter
- Reduced sales in quarter and full year
- Slow order flow during quarter, however picking up into 2011
- Autronica announced voluntary offer for all Simtronics shares (post quarter)

Simtronics experienced reduced sales in the fourth quarter of 2011. Compared to the same quarter the previous year, sales were down NOK 1.6 million to NOK 61.9 million. The challenging market situation, including project delays, continued in the fourth quarter.

The Group's EBITDA for the fourth quarter came in at NOK -10.8 million, a slight improvement over NOK -11.8 million in the fourth quarter of 2009. For the full year, Simtronics' revenues were NOK 260.4 million, which is a ten per cent decrease from NOK 288.5 million in 2009 sales. EBITDA for the full year 2010 was NOK -20.4 million, compared to NOK -16.7 million the previous year. Simtronics' net result for 2010 ended at NOK -49.1 million, compared to NOK -41.9 million in 2009.

Simtronics' financial expenses for the full year increased by 58 per cent from 2009 to 2010. The main reasons are interest payments on the convertible loan and bridge financing provided by the Group's largest shareholder and increased costs on bank loans due to breach of covenant requirements.

Simtronics' cost cutting program, which targeted a 10 per cent reduction in operating costs (excl. material costs), proved successful with a 9.3 per cent reduction in 2010.

The challenging market conditions continued also in the fourth quarter. Both the European and Asian markets for extinguishing products remained soft, and several project postponements added further to the negative situation in the fourth quarter. The market for nitrogen generators, which rely heavily on the ship building activity, remained difficult.

The Detection business area performed less satisfactory in the fourth quarter than expected. In particular the detection business in France, but also the North Sea market, saw reduced activity in the fourth quarter. This was, however, mainly due to delays and minor postponements in customer projects.

Compared to previous quarters, Simtronics experienced a reduced order flow in the last three months of 2010. Order intake in the quarter was NOK 55 million, which is less than the Group's sales in the quarter. Simtronics' order backlog at the end of 2010 stood at NOK 140 million. Due to customer uncertainties and potential reductions in scope of contracts the total back log has been reduced by NOK 40 million at Year End.

The order flow has however picked up into 2011 and the pipeline of potential contracts is significantly expanded. During the first six weeks of 2011 Simtronics reported several contracts each with a value in excess of NOK 2 million in various market segments. The largest of these was a frame agreement with a value of NOK 80-110 million over five years.

As a result of the weak performance during 2010, Simtronics is in breach with the bank loan covenants also at the end of the fourth quarter. The bank has issued a covenant waiver.

At the end of the fourth quarter Simtronics had cash and cash equivalents of NOK 25.3 million, including restricted cash of NOK 20 million (see note 4 to the accounts). Despite Simtronics dire financial situation, the Company saw a positive cash flow in the fourth quarter and improved its cash position by NOK 6.0 million.

The Simtronics group employed a total of 155 people at the end of the fourth quarter, compared to 160 at the same time last year.

The difficult market situation, including the frequent delays and postponements in customer projects, has over time led to a lack of working capital for Simtronics. This has led to the Company being in breach with its loan covenants and has forced the Company to seek additional financing from its main shareholder.

Despite the slow order intake in the fourth quarter, the 2011 order flow and the growing pipeline provides a basis for cautious optimism with regards to Simtronics' revenue development and profitability in the months ahead. Initiatives aimed at improving internal processes and procedures have proven successful. The Company is well positioned for a hardening of the markets, in Europe as well as in the Middle East and Asia.

On 15 February 2011, Simtronics' largest shareholder Autronica Fire and Security AS (a subsidiary of UTC Fire & Security) announced a conditional voluntary cash offer for



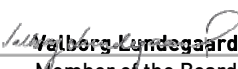


all issued shares of Simtronics not already held by Autronica. The NOK 1.90 per share offer is supported and recommended by Simtronics' Board of Directors (see stock exchange announcement dated 15 February 2011).

The Board finds the offer fair and, under the current circumstances, in the best interest of the Company and its shareholders. The Board points out that Simtronics has been through a challenging period with reduced profitability and constrained liquidity. A number of

alternatives in order to rebuild Simtronics' financial platform has been explored. The Board's conclusion is that the offer made by Autronica is the best available solution, securing operations and the shareholders' investments.

The Company expects that Autronica after acquiring more than 90 per cent of the shares and votes of Simtronics, will commence a compulsory acquisition procedure to acquire all remaining Simtronics shares and promote a delisting of the Simtronics shares from Oslo Børs.

Oslo, 18 February 2011

 John Afseth Chairman of the Board	 Tore Amundsen Member of the Board	 Valborg Lundegaard Member of the Board	 Hans Inge Nerby Member of the Board	 Rune Martini President and CEO
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Condensed Consolidated Statement of Comprehensive Income

SIMTRONICS GROUP (NOK 1.000)	Quarterly		Accumulated Q4	
	Q4-10	Q4-09	2010	2009 Notes
Operating income	61,919	63,492	260,382	288,475
Operating expenses	-72,701	-69,970	-280,805	-292,609
EBITDA before restructuring charges	-10,782	-6,478	-20,424	-4,134
Non-recurring expenses and restructuring charges	0	-5,366	0	-12,566 1)
EBITDA after restructuring charges	-10,782	-11,844	-20,424	-16,700
Depreciations excess values	-1,236	-1,309	-4,931	-5,389 2)
Depreciations ordinary items	-1,742	-4,219	-6,066	-8,277
EBIT	-13,760	-17,373	-31,420	-30,366
Net financial items	-4,684	-4,632	-20,472	-12,991
EBT	-18,444	-22,005	-51,893	-43,357
Income tax	-6,606	-3,774	2,837	1,488 3)
Net profit (loss)	-25,050	-25,779	-49,056	-41,869
<i>Other comprehensive income</i>				
Foreign exchange translation differences	-1,926	-2,446	-6,140	-19,747
Total comprehensive income	-26,976	-28,225	-55,196	-61,616
<i>Profit(loss) attributable to</i>				
Non controlling interest	473	1,074	689	2,685
Shareholders of the parent company	-25,523	-26,854	-49,744	-44,555
	-25,050	-25,780	-49,056	-41,869
<i>Total comprehensive income attributable to</i>				
Non controlling interest	-862	-315	-883	-3,526
Shareholders of the parent company	-26,114	-27,909	-54,313	-58,091
	-26,976	-28,225	-55,196	-61,616

Condensed Consolidated Statement of Financial Position

SIMTRONICS GROUP (NOK 1.000)	31/12/2010	31/12/2009
Intangible assets	161,101	166,132 3)
Property, plant and equipment	9,576	11,762
Financial assets (including NOK 20M in restricted cash)	23,433	33,829 4)
Total non current assets	194,110	211,723
Inventories	46,082	60,946
Accounts receivables	48,352	59,949
Accrued revenue - net	14,253	17,175
Other receivables	16,018	10,339
Cash and cash equivalents	5,314	10,498 4)
Total current assets	130,018	158,907
Total assets	324,128	370,630
Paid in capital	81,922	81,922
Retained earnings	-47,756	4,949
Non controlling interest	22,172	25,338
Total equity	56,338	112,209 9, 10)
Convertible loan	66,583	64,235 6)
Other interest bearing liabilities	4,265	4,265 8)
Other non current liabilities	10,898	13,107 8)
Total non current liabilities	15,163	17,372
Bank loans and other loans	48,817	41,777 5, 7)
Bank overdraft	49,876	47,373 5)
Accounts payables	40,981	41,674
Other short term liabilities	46,369	45,990
Total current liabilities	186,043	176,814
Total equity and liabilities	324,128	370,630

Condensed Consolidated Statement of Cash Flows**SIMTRONICS GROUP**

(NOK 1.000)

	Quarterly		Accumulated Q4	
	Q4-10	Q4-09	2010	2009
Cash flow from operating activities	13,540	12,702	-14,834	6,056
Cash flow from investing activities	-1,412	-17,941	-7,263	-26,374
Cash flow from financing activities	-6,153	11,451	6,912	22,591
Net change in cash and cash equivalents	5,976	6,212	-15,184	2,273
Cash and cash equivalents at the beginning of period *)	19,338	34,286	40,498	38,225
Cash and cash equivalents at the end of period *)	25,314	40,498	25,314	40,498

*) Cash and cash equivalents includes restricted cash of TNOK 20 000 at 31.12.2010 (TNOK 30 000 previous year), ref. note 3

Consolidated Statement of Changes in Equity**SIMTRONICS GROUP**

(NOK 1.000)

	31/12/2010	31/12/2009
Equity at the beginning of period (majority)	86,871	126,827
Share option expense	1,884	2,285
Paid in share capital and/or dividends paid	0	13,350
Debt conversion / convertible loan	0	2,500
Net income for the period, majority share	-49,744	-44,555
Other comprehensive income, majority share	-5,257	-13,536
Equity at the end of period (majority)	33,753	86,871
Non controlling interest at the beginning of period	25,338	33,573
Non controlling interest share from acquisitions and dividends	-2,559	-4,709
Non controlling share of net income for the period	689	2,685
Other comprehensive income, Non controlling share	-883	-6,211
Non controlling interest at the end of period	22,585	25,338
Equity at the end of period (total)	56,338	112,209

Key Figures	Quarterly		Accumulated Q4	
	Q4-10	Q4-09	2010	2009
Earnings per share (NOK)				
EPS basic	-0.367	-0.387	-0.716	-0.650
EPS diluted	-0.367	-0.392	-0.716	-0.650

Notes to the interim report**Basis of preparation**

The financial figures have been prepared and presented based on IFRS (International Financial Reporting Standards). This quarterly report has been prepared on the basis of IAS 34 and the accounting principles described in the Annual Financial Statements for 2009, except as mentioned below. However, the quarterly report does not contain the information required for a full year financial statement for the Group, and should be read in conjunction with the Annual Financial Statements for 2009. The quarterly figures have not been audited.

The Annual Financial Statements for 2009 was prepared on the basis of the EU-adopted IFRS's and the 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 accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2009, except as for the changes in IFRS 3 and IAS 27 with effect for the Group from 1 January 2010.

* IFRS 3 (revised) introduces significant changes in the accounting for business combinations occurring after 1 January 2010. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs and future reported results.

* IAS 27 (amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. 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 preparation of interim 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. 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 the same as those described in the Annual Report for 2009.

1) Non-recurring expenses and restructuring charges 2009

The Board of Directors proposed for the extraordinary General Assembly held on 4 May 2009 that Simtronics Group should acquire the Electrotech 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 quarter in 2009.

During the fourth quarter of 2009 the Group 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 (including non-recurring depreciation) for the full year. Restructuring expenses is shown on a separate line in the report for the purpose of presenting the results of the ordinary operations in the group, totalling NOK 12.6M (15.6M if non-recurring depreciation is included) for the full year 2009.

2) Depreciation of excess values

For information purposes, depreciations have been split in ordinary depreciations and depreciation of excess values (from acquisitions made in 2007 and 2008).

3) Income tax / deferred tax asset

The company has throughout the Year recognised a deferred tax asset relating to losses incurred in 2010 and consequently posted negative tax expense in Q1-Q3 reporting. An entity shall reduce the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. The carrying amount of the deferred tax asset has again been reviewed, and based on an evaluation at Year end the tax reductions posted for the period 01.01 - 30.09.2010 has been reversed.

4) Restricted cash

Non-current financial assets includes NOK 20M in restricted cash, restricted cash at year-end was NOK 30M. Classified as long term financial assets due to loan covenants.

5) Loan covenants

Simtronics Group has loan agreements with DnB NOR for both long term bank loans and overdraft facilities. The loans and overdraft facilities have loan covenants which should be complied with at the end of each quarter. Simtronics ASA have 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. DNB NOR has on February 11, 2011 given a waiver for the anticipated covenant breach for the EBITDA measurement in Q4-2010. The first measurement under the covenants for the original loan agreement will take place after first quarter 2011. Consequently, in the condensed Statement of Financial Position, the long term loans of NOK 32.0 M have been reclassified from non-current liabilities to current liabilities in fourth quarter 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."

6) Convertible loan

On 18 November 2009 an extraordinary General Assembly approved a convertible loan of NOK 71,575M 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 rank 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, ref. note 4.

Simtronics has on 15 February summoned an extraordinary general meeting to be held 8 March 2011, where the Board of Directors proposes 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.

7) Autronica bridge loan

On August 3. 2010 Simtronics ASA received a bridge funding of NOK 18 million with Autronica Fire and Security AS. Autronica has entered into a 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.

8) Non-current liabilities

Other non current loans as per 31 December of NOK 4,265M is related to loans from Innovasjon Norge. Other non-current liabilities mainly relate to deferred tax liabilities of NOK 9.0M.

9) Voluntary cash offer

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.

On 15. February, Autronica Fire and Security AS ("Autronica"), a subsidiary of UTC Fire & Security, has agreed to put forward a voluntary cash offer for all issued shares of Simtronics not already held by Autronica. The NOK 1.90 per share offer is supported by Simtronics' Board of Directors, who have entered into a Transaction Agreement with Autronica, setting out the terms and conditions for the offer.

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

10) Share based payment

Simtronics ASA has granted a new share-option plan in 2010, in addition to the two previous programs reported in the annual report for 2009, with a total of 3.400.000 shares. The share-option plans give the right to acquire shares in the parent company. The share-option plans are divided into three parts, whereby one third of the share 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 new share-options plans	Numbers of options	strike	vesting date	expiry
Share-option plan a 2010	1,133,333	2.05	04/06/2011	04/06/2014
Share-option plan b 2010	1,133,333	2.05	04/06/2012	04/06/2014
Share-option plan c 2010	1,133,333	2.05	04/06/2013	04/06/2014
Total new outstanding options	3,400,000			

The sole vesting criteria for share-options are 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. December 2010 none of the existing share-option plans have been exercised.

Fair value of granted options in 2010	2010 plan
Fair value at grant date	2,658,000
Average share price at grant date	2.05
Average strike price	2.05
Expected volatility in percent	60%
Expected dividends	-
Risk Free interest rate	2.25%

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.

Total share option cost in the condensed consolidated statement of comprehensive income	1,883,000
Share options granted in 2010	394,000
Share option cost options granted in 2010 in the condensed consolidated statement of comprehensive income	394,000

Share-option costs are presented as payroll and related costs in the income statement. The 2010 share-option plan is not «in the money», no provision for social security tax has been made on this plan.

11) 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.

Simtronics products are exported to approximately 25 countries worldwide through a global network of agents and distributors. The segments are managed from Norway, but have activities in Hungary, Poland, Russia, UAE, and Singapore and markets worldwide. Manufacturing facilities are operated in Norway, France and Denmark, with sales offices in Norway, France, Denmark, Korea, 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 geographical location of the assets. The company has not identified any impairment losses.

Recognition and measurement applied in the segment reporting are consistent with the accounting policies in these condensed consolidated interim financial statements.

Segment- Detection systems	Accumulated Q4		
Revenue from external customers	Q4-10	2010	2009
Norway	6,354	23,542	18,665
France		22,410	28,210
Denmark		824	680
The Netherlands		5,746	7,290
Italy			1,257
Rest of Europe	18,991	28,534	25,544
Korea			
Asia/Pacific	2,419	14,724	17,229
Singapore			877
Middel East		4,317	
Other (rest/unallocated)	1,739	3,155	4,189
Total revenue from external customers	29,503	103,252	103,940
Cost of materials	13,661	51,484	46,727
Depreciation	1,285	3,774	4,287
Other operating expenses	13,180	46,627	42,707
Operation profit (loss)	1,377	1,367	10,219

Segment- Extinguishing solutions	Accumulated Q4		
Revenue from external customers	Q4-10	2010	2009
Norway	12,549	44,071	75,941
France		5,187	8,220
Denmark		17,813	21,868
The Netherlands		3,740	2,119
Italy		11,677	7,247
Rest of Europe	11,295	25,894	24,558
Korea		1,432	9,306
Asia/Pacific	992	9,904	13,892
Singapore		125	13,793
Middel East	4,284	30,222	-
Other (rest/unallocated)	3,296	7,065	7,590
Total revenue from external customers	32,416	157,130	184,535
Cost of materials	16,505	82,276	96,628
Depreciation	1,693	7,223	9,379
Other operating expenses	24,277	87,946	96,451
Operation profit (loss)	(10,059)	(20,315)	(17,923)

Segment- corporate	Accumulated Q4		
Revenue from external customers	Q4-10	2010	2009
Total revenue from external customers			-
Cost of materials			-
Depreciation			
Other operating expenses	5,078	12,472	22,662
Operation profit (loss)	(5,078)	(12,472)	(22,662)

Total - all segments	Accumulated Q4		
	Q4-10	2010	2009
Total revenue from external customers	61,919	260,382	288,475
Total cost of materials	30,166	133,760	143,355
Total depreciation	2,978	10,997	13,666
Total other operating expenses	42,535	147,045	161,820
Total operation profit (loss)	(13,760)	(31,420)	(30,366)
Net financial costs	4684	20,472	12,991
Income tax expense	6606	(2,837)	(1,488)
Profit (loss)	(25,050)	(49,055)	(41,869)

Segment information on sales for Q4 is limited to 4 geographical segments, since the full information is not available. Reports in the future will contain segment information for each quarter.

SIMTRONICS group

CEO Rune Martini
P: +47 48 07 80 80
M: rune.martini@simtronics.no

Simtronics ASA
P: +47 22 64 50 55
F: +47 22 64 50 18
M: mail@simtronics.no
www.simtronics.eu