

# 4<sup>rd</sup> Quarter Report 2007

**Simtronics ASA**

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Report for the fourth quarter 2007

- Simtronics becomes a full scope fire and gas safety company, offering detection, extinguishing and fire prevention solutions
- The fourth quarter was the Company's third consecutive 'best ever'
- 76 % revenue growth in quarter, 51 % growth for full year 2007
- Substantially improved profitability
- The Company's largest ever single contract awarded by StatoilHydro
- Strong order backlog maintained
- Acquisition of ETech Process and Fire Eater

The fourth quarter reconfirmed that Simtronics' growth and diversification strategy has proven highly successful and that the Company is delivering substantial improvements in terms of sales growth and profitability.

In the fourth quarter, the Company's net revenue grew by 76.5 % compared to the fourth quarter last year and ended at NOK 48.0 million. Simtronics' margins also developed favourably in the quarter. EBITDA ended at NOK 4.0 million, corresponding to an EBITDA margin of 8.3 %. EBITDA in last years final quarter was NOK 0.8 million. EBIT came in at NOK 3.2 million, compared to a NOK 0.0 million EBIT last year.

For the full year 2007, Simtronics had net revenue of NOK 142.5 million, which is a 51.2 % increase over last year. EBITDA for the year was NOK 11.4 million, corresponding to an EBITDA margin of 8 %. In 2006, Simtronics' EBITDA was NOK -1.1 million. EBIT came in at NOK 8.0 million, up from a loss of NOK 3.8 million last year.

In the fourth quarter Simtronics experienced a continued strong order flow, including strategically important orders in new and attractive market segments. A number of new contracts in the FPSO segment were awarded and the Company also received a service and maintenance contract for all permanent extinguishing solutions on StatoilHydro's offshore platforms and onshore terminals. The contract is the Company's largest single contract to date, and the company estimate the potential value of NOK 100 million, provided that StatoilHydro chooses to exercise its options to the full extent during a four year period.

The Company's efforts to improve operational efficiency were successful also in the fourth quarter; while sales increased by 76 %, operating expenses grew by 67 %.

Simtronics took a major step in implementing its growth strategy in the fourth quarter. In December, the company entered into an agreement to acquire 100 % of ETech Process AS and also signed a letter of intent aiming at the acquisition of a 51 % stake in Fire Eater A/S. Both acquisitions are expected to be finalised in February 2008. In doing so, Simtronics becomes a full scope fire and gas safety company, offering detection, extinguishing and fire prevention solutions. The acquisitions are expected to provide considerable synergies in the form of access to new markets, cross sales and improved operational efficiency.

Simtronics ended the fourth quarter with an order backlog of NOK 98 million (StatoilHydro maintenance contract only included with NOK 10 million), which is satisfactory. In addition, ETech Process and Fire Eater had order backlogs in excess of NOK 63 million and NOK 7 million respectively.

Simtronics enjoys a favourable cash position, with a positive cash flow from operations adding to proceeds from successful equity offerings in 2007. The strong cash position enables the Company to offer partly cash settlements in the ETech and Fire Eater acquisitions.

The outlook for Simtronics remains even stronger than after the third quarter. A general positive development in the demand for Simtronics' products, combined with the Company's entry into a broader product offering, is well received by the market.

The ETech and Fire Eater acquisitions, together with Simtronics' organic sales growth, are expected to double the Company's revenue going forward. Total sales in 2008 are expected to exceed NOK 350 million. Margins are expected to remain at current levels or improve slightly going forward.

The financial statements are prepared and presented according to the International Financial Reporting Standards (IFRS). The financial statements of the second quarter 2007 have been prepared in accordance with IAS 34 "Interim Financial Reporting."

John Afseth  
Chairman  
*(sign.)*

Tore Amundsen  
Board Member  
(Vice Chairman)  
*(sign.)*

Valborg Lundegaard  
Board Member  
*(sign.)*

Svein Roar Sivertsen  
Board Member  
(Employee Representative)  
*(sign.)*

<b>Key Figures</b>	<b>Q4-07</b>	<b>Q4-06 <sup>1</sup></b>	<b>31.12.07</b>	<b>31.12.06 <sup>1</sup></b>	<b>31.12.06</b>
<b>Growth</b>					
Operating Income (compared to 2006)	76.5 %		51.2 %		
EBITDA mNOK (compared to 2006)	n/a		n/a		
<b>Margins</b>					
EBITDA / Operating Income	8.3 %	2.9 %	8.0 %	-1.1 %	-3.1 %
EBIT / Operating Income	6.7 %	0.1 %	5.6 %	-4.1 %	-5.8 %
<b>Balance</b>					
EQ %			41.6 % <sup>3</sup>		24.1 %

SIMTRONICS GROUP Profit and Loss Account (NOK 1.000)	Periodic		Accumulated		2006 Reported	
	Q4-07	Q4-06 <sup>1</sup>	31.12.07	31.12.06 <sup>1</sup>	Q4-06	31.12.06
Operating income	48,035	27,221	142,477	94,213	20,700	77,347
Operating expenses	-44,064	-26,436	-131,075	-95,296	-21,125	-79,727
EBITDA	3,971	785	11,403	-1,083	-425	-2,380
Depreciations	-738 <sup>4</sup>	-747	-3,392	-2,742	-826	-2,080
EBIT	3,233	38	8,011	-3,825	-1,251	-4,460
Net financial items	-1,033	-970	-2,905	-2,606	-680	-1,745
EBT	2,200	-932	5,106	-6,431	-1,931	-6,205
Income tax	780	261	-280	673		
Profit / Loss	2,980	-671	4,826	-5,758	-1,931	-6,205

Balance Sheet (NOK 1.000)	31.12.07	31.12.06
Intangible fixed assets	42,483 <sup>4</sup>	13,786
Tangible fixed assets	1,225	1,863
Financial fixed assets	901	207
Total non current assets	44,609	15,856
Inventories	18,468	15,484
Accounts receivable	29,256	18,884
Accrued revenue - net	0	-
Other receivables	23,381	2,816
Cash and cash equivalents	69,298	1,365
Total current assets	140,403	38,549
Total assets	185,011	54,405
Equity	77,013	13,099
Third party debt	31,825	20,000
Other long term liabilities	16,296 <sup>3</sup>	4,913
Total non current liabilities	48,121	24,913
Bank overdraft	17,255	-
Accounts payables	25,608	10,872
Other short term liabilities	17,015	5,521
Total current liabilities	59,878	16,393
Total equity and liabilities	185,011	54,405

Cash Flow Statement	Q4-07	31.12.07
Cash flow from operating activities	1,368	7,540
Cash flow from investing activities	-1,581	-22,170
Cash flow from financing activities	6,122	82,564
Net change in cash and cash equivalents	5,909	67,933
Cash and cash equivalents at the beginning of period	63,389	1,365
Cash and cash equivalents at the end of period	69,298	69,298

Equity Reconciliation	31.12.07
Equity at the beginning of period	13,099
Allocated earned share option	422
Paid in share capital and/ or dividends paid <sup>2</sup>	58,046
Net income for the period	4,826
Effect of change in exchange rates	620
Equity at the end of period	77,013

<sup>1</sup> Comparable numbers for 2006, presented as the F&G division of Simrad Optronics Group prior to demerger of SIMTRONICS group by January 1. 2007.

Water Mist Engineering AS is included from Q2, equally treated as in the forthcoming annual accounts of 2007.

<sup>2</sup> Public offerings completed February 5. and August 15. 2007.

<sup>3</sup> Provisions of 10 mNOK to fulfill earn out obligations are presented in the balance sheet as long term liabilities.

The conditioned redemption of these obligations will be by issuing of shares. SIMTRONICS EQ % adjusted for the effect restating these provisions to equity is 47.0 %.

<sup>4</sup> Preliminary purchase price allocation for the acquisition of Water Mist Engineering AS states an access value of 23.3 mNOK, of which 1.7 mNOK is allocated to depreciable balance items. The annual effect of these depreciations are 1 mNOK for 2007, and 0.7 mNOK for 2008.

**Note:**

Simtronics is in the process of completing the planned acquisitions of ETech Process AS (100%) and Fire Eater A/S (51%). Reference is made to the Information Memorandums issued on 6 February 2008 and 20 February 2008 respectively. The price for the acquisition of Etech Process AS is estimated to be mNOK 44,8, while the price for the 51% of Fire Eater A/S is estimated to mNOK 59,7. Pending the finalization of Due Diligences and the final Board approval, the purchase price allocations are currently not performed.

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