

4th Quarter Report 2008

Simtronics ASA

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Report for the fourth quarter 2008

- Strong top line growth
- Substantially improved profitability
- Improved operational efficiency
- Attractive development in Asia
- Strong order flow maintained

2008 was our first year as a multi product company, following the growth strategy which included a number of acquisitions in 2007 and 2008. The Company experienced strong top line growth and significant improved profitability both in the fourth quarter and for the year as a whole.

Sales in the fourth quarter were 98 per cent (organic 18 per cent) higher than the corresponding quarter the previous year. Sales came in at NOK 94.9 million, up from NOK 48.0 million. The acquisitions of Fire Eater, ETech Process and Technor's fire fighting activities contributed strongly to the sales increase, but the Company also had substantial organic growth in the fourth quarter.

EBITDA for the quarter came in at NOK 8.2 million, up from NOK 4.0 million in the previous year's fourth quarter. The EBITDA margin for the quarter was 8.6 per cent, compared to 8.3 per cent in last year's fourth quarter. EBIT was NOK 4.7 million, up from NOK 3.2 million.

For the year 2008, Simtronics group had an operating income of NOK 357.2 million, a 151 per cent (organic 31 per cent) growth over last year's NOK 142.5 million. EBITDA came in at NOK 35.8 million, up from NOK 11.4 million. Simtronics' EBITDA grew by 214 per cent from 2007. The EBITDA margin came into the double digits, 10.0 per cent compared to last year's 8.0 per cent margin. EBIT for 2008 was NOK 25.5 million, up from NOK 8.0 million.

Simtronics experienced a negative cash flow from operations in the fourth quarter. However, Simtronics has a strong cash position, which provides flexibility in handling market fluctuations and enables the Company to continue its dynamic development.

The Company's order intake in the fourth quarter was NOK 117 million, This include an adjustment for Q2, but still Q4 represents the second best order intake in a single quarter. The order backlog stood at NOK 178 million by the end of 2008. The order situation has further improved from the previous quarter, up NOK 20 million.

Simtronics continued to pursue new market opportunities also in the fourth quarter. The Company was awarded its first contract to a project for Russian gas giant Gazprom. Asia represents the fast growth area for Simtronics, sales in this region grew from NOK 7 million to NOK 96 million in 2008. Towards the end of the year the new branches in Singapore and Korea were operational in preparation for further growth in Asia.

The business areas Detection systems and Extinguishing solutions both experienced strong demand in the fourth quarter and order volumes exceeded actual sales in the quarter. The business area Fire prevention systems experienced a more sideways development, due to a number of large ship building projects being postponed. However, also this business area has a strong pipeline of projects and prospects.

Major contracts disclosed in the fourth quarter were:

	Business area	Time of delivery	Contract value (MNOK)
Groveley Detection Ltd. (UK)	Detection systems	2008-2011	16.8
Autronica Fire & Safety	Detection systems	Q408-Q309	4.6
Gazprom offshore project	Extinguishing solutions	Q109	4.5
MAN Ferrostaal	Detection systems	Q408-Q109	3.0
Petrochemical Industries Design & Engineering Co	Detection systems, Extinguishing solutions	Q408	2.0

The Simtronics group employed a total of 170 people at the end of 2008, compared to 73 at the end of 2007.

Through the recent acquisitions Simtronics' business model has become even more robust than previously. The product portfolio is broader, the Company serves a number of new customer segments and the geographical reach has been expanded. At the same time, the Company enjoys a broad and strong technology base and has succeeded in consolidating its distribution. Being involved in newbuildings as well as upgrade and maintenance projects, Simtronics has become less vulnerable to shifting business cycles.

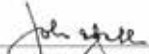
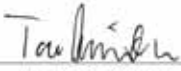
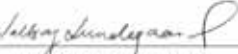
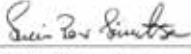
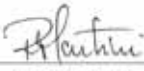
The projects in which Simtronics is involved often have a rather long time horizon, which means that a number of projects already planned, financed and started will continue to provide business for Simtronics in the short as well as medium term, despite the current financial turmoil.

Simtronics faces no particular risk beyond what is considered normal in the industry. The Company is exposed to currency fluctuations, particularly the ratio between USD/NOK and EUR/NOK. The currency risk relates to future sales, the valuation of its assets and liabilities and to potential investments made abroad. The Company is actively mitigating the currency risk to ensure the best possible position.

Simtronics expects a continued good order intake in the months ahead. A number of initiatives have been taken to release post acquisition synergies and several other initiatives are underway. All indicators point at a further organic sales growth in 2009 and Simtronics expects its gross profit margins to be maintained at current levels.

Key Figures	Q4-08	Q4-07	31 Dec. 2008	31 Dec. 2007
Earnings per share (NOK)				
EPS basic	0.017	n/a	0.149	0.100
EPS diluted	0.017	n/a	0.147	0.098

Oslo, 26 February 2009

				
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

P&L AND BALANCE SHEET				
SIMTRONICS GROUP				
Income Statement (NOK 1.000)	Quarterly		Accumulated	Accumulated
	Q4-08	Q4-07	31 Dec 2008	31 Dec. 2007
Operating income	94 942	48 035	357 157	142 477
Operating expenses	-86 695	-44 064	-321 381	-131 337
EBITDA	8 247	3 971	35 776	11 140
Depreciations excess values	-1 371		-5 426 ¹⁾	-2 110
Depreciations ordinary items	-2 148	-738	-4 835	-1 019
EBIT	4 728	3 233	25 516	8 011
Net financial items	-2 481	-1 033	-8 829	-2 905
EBT	2 247	2 200	16 687	5 106
Income tax	-243	780	-3 882	404
Net profit (loss)	2 004	2 980	12 806	5 510
Minority interest	842	0	3 245	0
Balance Sheet (NOK 1.000)			31 Dec. 2008	31 Dec. 2007
Intangible fixed assets			200 080 ¹⁾	42 569
Tangible fixed assets			8 392	1 962
Financial fixed assets (including NOK 30M in cash)			32 961 ²⁾	20 901
Total non current assets			241 433	65 432
Inventories			62 986	18 468
Accounts receivable			78 493	28 758
Accrued revenue - net			40 954	16 853
Other receivables			4 894	5 910
Cash and cash equivalents			3 162 ²⁾	49 298
Total current assets			190 489	119 287
Total assets			431 922	184 719
Paid in capital			91 728	71 581
Retained earnings			35 461	6 228
Minority interests			32 971 ¹⁾	0
Total equity			160 160	77 809
Third party debt			72 467	28 425
Other long term liabilities			55 680 ³⁾	13 562
Total non current liabilities			128 148	41 987
Bank overdraft			49 462	20 655
Accounts payables			45 040	25 608
Other short term liabilities			49 114	18 660
Total current liabilities			143 615	64 923
Total equity and liabilities			431 922	184 719
Cash Flow Statement (NOK 1.000)				
	Q4-08	Q4-07	Accumulated	Accumulated
			31 Dec. 2008	31 Dec. 2007
Cash flow from operating activities	-4 333	1 368	-17 920	7 547
Cash flow from investing activities	-6 969	-1 581	-74 537	-22 177
Cash flow from financing activities	1 117	6 122	56 329	82 564
Net change in cash and cash equivalents	-10 191	5 902	-36 135	67 934
Cash and cash equivalents at the beginning of period *)	43 353	63 397	69 298	1 365
Cash and cash equivalents at the end of period *)	33 162	69 298	33 162	69 298
*) Cash and cash equivalents includes restricted cash, ref. note 2				
Equity Reconciliation (NOK 1.000)				
	Q4-08	Q4-07	31 Dec. 2008	31 Dec. 2007
Equity at the beginning of period (majority)	111 219	71 395	77 809	13 101
Share option expense	781	212	1 433	422
Paid in share capital and/or dividends paid	0	1 163	0	59 158
Debt conversion	0	0	20 146	0
Net income for the period, majority share	1 163	2 980	9 560	5 510
Effect of change in exchange rates	14 027	2 059	18 242	-377
Equity at the end of period (majority)	127 190	77 809	127 190	77 809
Minority interests at the beginning of period	27 341	0	0	0
Minority interests share from acquisitions	0	0	23 379	0
Minority share of net income for the period	842	0	3 245	0
Minority interests, effect of change in exchange rates	4 787	0	6 346	0
Minority interest at the end of period	32 971	0	32 971	0
Equity at the end of period (total)	160 160	77 809	160 160	77 809

Notes to the interim report

The 2008 and 2007 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 2007. 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 2007. The quarterly figures have not been audited.

The quarterly reporting require management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgements made by management in preparing these condensed financial statements, in applying the Group's accounting policies and the key sources of estimation uncertainties, were the same as those applied in the preparation of the annual Financial Statements for 2007.

The annual Financial Statements for 2007 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 2007. A number of new standards, amendments to standards and interpretations are not effective for the period ending 31 December 2008, and have not been applied in the preparation of this quarterly report.

- * IFRS 8 Operating Segments
- * Amendments to IAS 23 Borrowing costs
- * Amendments to IAS 1 Presentation of financial statements - a revised presentation
- * Amendments to IFRS 2 Share-based payments - Vesting conditions and cancellations
- * Amendments to IAS 32 Financial instruments - presentation and IAS 1 Presentation of financial statements
- * Revised IFRS 3 Business Combinations and amended IAS 27 Consolidated and Separate Financial Statements
- * Amendments to IFRS 1 First-time adoption of IFRSs and IAS 27 Consolidated and Separate Financial Statements
- * IFRIC 15 Agreements for the Construction of Real Estate
- * IFRIC 16 Hedges of a Net Investment in a Foreign Operation
- * Amendments to IAS 39 Financial Instruments: Recognition and Measurement - Eligible Hedged Items
- * IFRIC 17 Distributions of Non-Cash assets to Owners
- * IFRIC 18 Transfer of assets from Customers

1) Acquisition of Fire Eater A/S and ETech Process AS

Simtronics ASA acquired Fire Eater A/S (51%) and ETech Process AS (100%) during the first half of 2008 with acquisition dates 1 February and 29 February respectively. The two companies have been consolidated and included in the financial reporting from that date. If consolidated from the beginning of 2008 the total income in 2008 would have increased with NOK 15.1M to NOK 372.3M. The 2007 financial information has not been restated.

A provisional purchase price allocation has been performed for the two acquisitions, resulting in the following main categories of excess values:

	ETech	Fire Eater
Acquisition cost	31,821	61,800
Book value of equity (100%)	-20,405	22,280
Excess values	52,226	39,520
Goodwill (majority share only)	45,757	37,467
Developed technology	6,621	26,406
Customer relationships	632	8,647
Other items	1,732	268
Deferred tax on excess values	-2,516	-9,890
Minority share	0	-23,379
Total excess values	52,226	39,520

The acquisition of Fire Eater A/S included a deferred payment of DKK 18.7M to be settled in Simtronics shares. This settlement was completed on 17 September 2008. The number of shares issued, was dependant on the listed share price of Simtronics ASA post the presentation of the 2008 first half year. The share price was calculated to NOK 4,6759, which resulted in the issuance of 4,308,370 shares in Simtronics ASA.

The acquisition of ETech Process AS has a contingent transaction price of up to NOK 20M. The contingent payment can be settled in Simtronics shares at Simtronics request. A provision for the contingent settlement has been made as per 31 December 2008 as it is managements best estimate that the earn-out criterias will be met.

For information purposes, depreciations have been split in ordinary depreciations and depreciation of excess values (from acquisitions made this year and in prior years).

2) Restricted cash

Non-current financial assets includes NOK 30M in restricted cash (31.12.2007 NOK 20M). Classified as long term financial assets due to loan covenants.

3) Long term liabilities

Long term liabilities includes contingent payments of NOK 10M and 20M related to earn-out clauses from the acquisitions of Water Mist Engineering AS and ETech Process AS respectively. Reference is made to the Financial Statements for 2007, note 24.

4) Net financial items

Net financial items include a fair value adjustment of NOK -1.7M in the quarter and NOK -3.6M for the year, related to outstanding foreign exchange forward contracts. The corresponding effect in Q407 and 2007 was NOK 0M.

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