Annual Report 2008




SIMTRONICS group

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2008 highlights

Sophisticated detection systems

During 2008 Simtronics developed into a multi products safety provider. Through the acquisitions of Fire Eater A/S, ETech Process AS and the active fire fighting division of Technor SafeEx, the Group is now well established as an international provider of sophisticated detection systems as well as advanced extinguishing solutions and fire prevention systems. The group represents state of the art technology and products as well as safety engineering expertise.

Improving profitability

A broader product portfolio, coordinated sales initiatives and a wider international reach has released considerable synergies for Simtronics. The group has evolved from a component supplier to a valuable safety partner to its customers. The journey has taken Simtronics from a history of deficits to attractive profit margins.

Creating a breakthrough in Asia

Asia represented 25 per cent of Simtronics' revenues in 2008. From the previous year, the group's sales in the region grew from modest NOK 7 million to almost NOK 90 million in 2008. Branches in Singapore and Korea were established during the year and a China branch will be opened in 2009. With Simtronics' Asian market presence still in its infancy, the potentials are boundless.

Developing a strong order flow

Simtronics' order intake remained strong through 2008. At the end of the year, the group's order backlog stood at NOK 178 million, which was more than 80 per cent higher than the previous year-end. The order flow included a number of major contracts, the largest exceeding NOK 24 million, as well as a number of smaller orders. The order portfolio not only grew, it also became significantly more robust during 2008. Orders were well distributed across business areas and the number of retrofit and maintenance orders, making the portfolio even better balances, grew strongly.

Preparing for continued growth and profitability

Despite the current economic turmoil, Simtronics finds itself well positioned for continued growth and profitability. A wider international reach, a larger number of customers segments, a broader products portfolio and a strong position also in retrofit and maintenance markets all contribute to a continued positive development for Simtronics. The company, which has been a driving force in changing the gas and flame safety industry, will continue to look for restructuring opportunities and is active pursuing a growth strategy. The synergies released over recent years and being created going forward will establish the foundation for continued profit margins at attractive levels.

Simtronics network

● LOCATIONS ○ SALES NETWORK ● LOCATION TO BE OPENED IN 2009

Financial highlights

	2008	2007	2006
Figures in NOK 1 000			
Operating income	359 712	142 477	77 347
Operating profit (loss)	25 515	8 012	(4 461)
Operating margin (%)	7.1	5.6	-5.8
Basic earnings per share (NOK)	0.140	0.100	(0.158)
Diluted earnings per share (NOK)	0.128	0.098	(0.158)
Equity total (%)	37	42	24
Equity majority (%)	29		

Letter from the CEO:

First leg completed; the journey continues

2008 was the year when Simtronics became a multi products safety group with a broad international presence. Just over two years ago we set out on an ambitious journey. Being a relatively small Norwegian detector supplier, we wanted to grow into an international safety group. And we wanted our growth to be profitable and beneficial to our shareholders.

Simtronics' sales are now five times what they were in 2006. Profitability has gone from a deficit to double digit EBITDA margins.

During the first leg of our journey we have acquired a number of companies, expanding our portfolio from gas and flame detectors to also include fire extinguishing solutions and systems preventing explosions and fires. Obviously, a large part of our growth has come from these acquisitions. Nonetheless, organic growth remains strong in our original as well as our acquired businesses. Last year our organic growth was as much as 30 per cent. In my mind, this illustrates the soundness of our strategy and our group.

To our customers, the new Simtronics represents an attractive and complete safety offering. Our development is well in tune with customer demands: They want fewer and more competent vendors assisting them in reaching the highest possible levels of safety. The days when major customers wanted to deal with individual component suppliers are gone. The new Simtronics offers engineering capabilities and a broad range of products, enabling the customer to have safety systems and solutions tailor made to his individual requirements.

For Simtronics, the new group represents considerable operational synergies. As new companies have been added to the Group, the increase in operational costs remains below the Group's top line growth, suggesting that operational synergies have been released from day one. There is still potential for improved operational efficiency. Our sales processes are being restructured, in order to be more efficient as well as bringing our complete offering to all the markets which we are currently serving.

The highest quality available was the hallmark of Simtronics even before we started our journey. As a detector vendor, we served the most demanding safety market in the world: the North Sea oil industry. This market represents the world's strictest safety regulations and also some of the industry's most extreme operating conditions. In this particular market, Simtronics enjoys an 80 per cent market share. This hallmark of quality is now being taken to new markets all over the world.

Simtronics technology and broad safety offering have been particularly well received in Asia. 2008 was a breakthrough year for Simtronics in this region, where our sales reached almost NOK 100 million, 13 times more than the previous year. Branches have been established in Singapore and the Republic of Korea, and in 2009 a permanent presence in China will be established.

Simtronics has become a driving force in changing the safety industry. We are in front of the technological development, we are actively restructuring the industry and we continue to develop new safety offerings. Simtronics remains open to new initiatives for a further reshaping of the industry.

Despite turbulent times, our journey is far from over. The first leg has been successfully completed. However, we are still a relatively small player, but see a lot of upside potential. Even in a period of slow market growth we are in a position to expand our business and growing our market share. The Asian markets, which Simtronics just recently has entered, represent very good opportunities.

Determination, state-of-the-art technology and an attractive offering will take Simtronics even further. Our journey continues, and I am confident that our future will be just as exciting as the first leg.

Rune Martini
President and CEO

Rune Martini
President and CEO

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

Simtronics values the importance of a strong balance sheet with sufficient equity.

The Company is currently in a period of strong growth, organically as well as through acquisitions. The Board intends to use Simtronics' financial results and excess liquidity to invest in further growth. The Board does not foresee dividend in the near future.

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. The AGM 2007 authorised the board to increase total number of shares by 50 per cent.

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 has currently 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 by the Company's previous owner, Simrad Optronics ASA, prior to the de-merger and listing of Simtronics ASA in January 2007. The election period for all Board Members ends in 2009.

A procedure for nomination of Board Members, in keeping with good corporate governance practice, will be established prior to the 2009 General Meeting.

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 2009 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. These options are to be approved by the 2009 AGM. 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 a 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 a 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.

Foto: StatoilHydro

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 a board member of Orion Securities AS, Orion Baltics UAB, Orion AS, Fibroline SA, and partner in Merchant Venture Investments NV. Dr. Afseth is also Chairman of the board of Carpe Diem AS, Verdispar Baltic Development Property I AS and a board member of Verdispar Baltic Development Property II AS as well of Verdispar Emerging Europe CPAS.

Tore Amundsen
Board Member

Mr. Amundsen was CEO of Simrad Optronics from 1999 to 2007 and is now an independent business consultant. 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 Gas and flame detection systems, Extinguishing solutions and Fire prevention systems. The Company represents the most accurate, reliable and robust safety technology available and our products and services are used by the oil and gas industry as well as in shipping, process industries and a number of other applications. Simtronics enjoys a well established market base in Europe and is experiencing a strong growth in Asia.

Simtronics is headquartered in Oslo, Norway with manufacturing and sales facilities in Europe and Asia. The Company is listed on the Oslo Stock Exchange (ticker: SIMTRO).

Highlights for 2008 were:

- High top line growth
- Substantially improved profitability
- Strong order flow
- Impressive growth in Asia
- Improved operational efficiency

Financial results

The Simtronics group posted operating income of NOK 359.7 million in 2008, which is a 152 per cent growth over 2007 operating income of NOK 142.5 million. The top line growth is mainly due to a number of acquisitions made in 2007 and 2008. However, 27 per cent of the sales growth is organic (including organic growth in acquired businesses).

The Group's operating expenses increased by only 141 per cent, suggesting that Simtronics in a period of growth and acquisitions has managed to improve the Group's operational efficiency. EBITDA for 2008 was NOK 34.6 million (2007 EBITDA was NOK 11.4 million).

Earnings before taxes were NOK 16.7 million (2007: NOK 5.1 million) and net profit for the year ended at NOK 12.1 million in 2008, compared to NOK 5.5 million the previous year.

Simtronics' financial position remained strong also in 2008. Following acquisitions the Group's non current assets were NOK 235.3 million (including NOK 30 million in restricted cash) at the end of 2008, compared to NOK 65.4 million the previous year. Current assets were NOK 195.0 million (2007: NOK 119.3 million). The Group's equity ratio at the end of 2008 was 37 per cent in total (29 per cent majority), compared to 42 per cent the previous year. Simtronics' financial position in 2008 was well within the loan covenants. As part of the settlement for Fire Eater A/S, Simtronics issued 4.3 million new shares in November 2008.

Net cash from operations for the Group was NOK -18.3 million in 2008 compared to EBITDA NOK 34.6 million. There were two main elements causing this. One element was the increase in accrued revenue (IAS 11 projects in Extinguishing solutions) from NOK 16.8 million to NOK 34.3 million. Further, the significant growth in Simtronics group has increased the level of accounts receivables with approximately NOK 39 million in the period (excluding the effects of accounts receivables from acquisitions). Obviously, there will be continued focus on cash flow in Simtronics in 2009. Simtronics ASA (the parent company) posted operating income of NOK 72.05 million in 2008, compared to NOK 62.2 million in 2007. The Company's EBITDA was NOK -2.6 million (2007: NOK 0.7 million). All operational costs related to Group Management and acquisitions, have been carried by the parent company.

Net loss for Simtronics ASA for 2008 was

Key contracts in 2008 were (value in excess of NOK 10 million)

Customer	Business area	Contract value (MNOK)
Aker Solutions (Norway)	Extinguishing solutions	24.3
Groveley Detection (UK)	Detection systems	21.6
Leirvik Module Technology (Norway)	Extinguishing solutions	12.3
PIDEC (UAE)	Detection systems, Extinguishing solutions	11.7
Aksay Management (Turkey)	Fire prevention systems	10.3

NOK -3.379 million (2007: NOK -6.934 million).

No material post balance sheet events have in any way had negative impact on the financial position of the parent company or the Group.

Proposed coverage of the loss for 2008 for the parent company

The Board of Directors proposes that the loss for 2008 is covered as follows:

From other paid in capital	- 1.433.000
From share premium reserve	- 2.483.000
To other equity	+ 537.000
Total	**-3.379.000**

Free equity according to Aasl. §8.1 is NOK 0 as per 31 December 2008.

Going concern

The financial statements have been prepared under the going concern principle, and we confirm that the basis for using this assumption is present. The profit expectations for 2009, as well as the Group's strong financial position and unique technology and product offering, have been used as a basis for this assessment.

Market developments

Simtronics estimates that the global market for our products represent a total value of NOK 5-6 billion, of which we currently address markets representing NOK 2-3 billion per year. Annual growth rate in these markets has been estimated at 3-5 per cent over recent years. It is expected that the growth rate will be maintained despite economic uncertainty, due to new regulatory initiatives and the increased focus on safety.

Despite the current financial turmoil, Simtronics' markets developed satisfactory in 2008. Most major customer projects were fully financed and well underway when the world's financial situation became more difficult. During the year, Simtronics has also succeeded in developing a more balanced portfolio, improving its position in the retrofit and maintenance markets. These are markets less vulnerable to shifting business cycles. The 'new Simtronics', resulting from a number of acquisitions, also responds well to an increasing demand for system suppliers rather than component suppliers.

In more than doubling its business over the last year, Simtronics now addresses a number of customer segments better than previously. This has enabled us to benefit from increased investments in the oil and gas industry and maritime sector in a way which more than outweighs the reduced investment levels in sectors such as FPSOs and the nuclear sector.

Operations

2008 was the year when Simtronics made its breakthrough as a multi products safety group. The year also represented a breakthrough in Asia.

Until 2007 Simtronics was a manufacturer of sophisticated gas and flame detectors. The acquisition of Water Mist Engineering in 2007 represented a move into fire extinguishing. In 2008 Simtronics expanded further into extinguishing and also established an offering in fire prevention through the acquisitions of Fire Eater A/S, ETech Process and Technor Safe Ex' active fire fighting systems division.

Order intake was strong also in 2008. At the end of the year, Simtronics enjoyed an order backlog of NOK 177.8 million, which is 80 million more than the order backlog one year earlier.

Sales growth was particularly strong in Simtronics two new business areas, Extinguishing solutions and Fire prevention systems. Both areas had organic growth of more than 40 per cent in 2008.

Extinguishing solutions was the largest business area in 2008, representing 54 per cent of total sales. Detection systems represented 24 per cent while prevention represented 22 per cent of Simtronics' total sales.

The oil and gas industry was Simtronics' largest customer segment in 2008, representing 36 per cent of sales. Process industries represented 31 per cent of the sales while the maritime sector (excl. FPSOs) made up 23 per cent.

The oil and gas industry also represented the

Customer segments

Oil and gas (36%)
Industry (31%)
Martitime (23%)
FPSO (6%)
Other (4%)

Geographical distribution

Europe excl. Norway (38%)
Norway (35%)
Asia/Pacific (25%)
Other (2%)

strongest growth area for Simtronics in 2008, with a sales growth of 164 per cent. Sales to the maritime segment grew by 23 per cent, while customers in process industries increased their purchase by 19 per cent in 2008. Sales to the FPSO, space and nuclear segments were lower in 2008 than in 2007.

Asia was geographically an important growth area for Simtronics in 2008. While sales in Asia in 2007 were NOK 7 million, the Group posted NOK 89.6 million in Asian sales in 2008. During the year Simtronics established branches in Singapore and Korea and expects to start operations at its new China branch in the first half of 2009.

For the year, Europe outside Norway represented 38 per cent of the Group's sales. Norwegian customers represented 35 per cent and customers in Asia 25 per cent.

Organization

Following the acquisitions of Water Mist Engineering AS in 2007 and ETech Process AS, Fire Eater A/S and Technor Safe Ex active fire fighting division in 2008, Simtronics has three business areas:

- Detection systems
- Extinguishing solutions
- Fire prevention systems

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

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

Fire prevention systems consists of ETech Process AS with manufacturing in Norway.

The Group's sales efforts have been reorganized to encourage cross sales and systems deliveries including engineering and a broad range of safety products. In addition to sales resources in Norway, Denmark and France, Simtronics now operates sales offices in Hungary, Poland, the Czech Republic, Russia, Dubai, Singapore and the Republic of Korea.

Research and development

Simtronics' products represent state-of-the-art safety technology. Considerable resources are invested in developing new products and improving our current technology. 10.3 million was invested in R&D in 2008, representing 2.8 per cent of total sales. In 2007 R&D costs were 6.6 million.

Resulting from the Group's R&D activities, Simtronics in 2008 launched a new generation toxic gas detector, recognized as the most sophisticated of its kind. The new product was well received by the market and is expected to further enhance Simtronics' technological leadership in the detector field.

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 2008, 170 employees worked in Simtronics group (2007: 73 employees).

Our employees do not undertake hazardous tasks and we are committed to maintaining high standards for health, environment and safety. The Group's activities do not represent dangers to the environment.

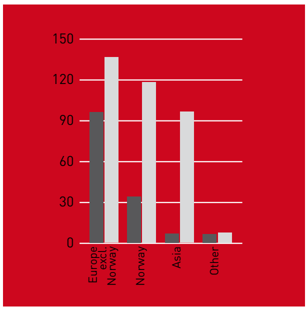
In Simtronics ASA the registered level of absence during 2008 was 6.64 per cent (2007: 1.2 per cent). No accidents or injuries occurred during the year.

Simtronics strives to be an equal opportunity employer with regards to gender and ethnic background. 46 per cent of the employees in Simtronics ASA are women. Simtronics will continue to encourage a good gender balance among its employees and maintains an equal opportunity policy. The Board of Directors has representation of both genders in accordance with Norwegian 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.

Sales development



2008
2007

Business areas

Detection (24%)
Extinguishing (54%)
Prevention (22%)

We believe that our broader product base and more customers segments have contributed to a reduction of the risk factors tied to business cycles. Our move into the retrofit and maintenance markets has also contributed in this direction.

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

Cost and organizational control are key issues in a period of strong growth. As a general rule, growth carries a risk of reduced cost control and organizational wear. Growth therefore requires development of the Company's administrative systems and routines. Further expansion in Simtronics' business will place significant demands on all our human resources.

The Company's competitors will always be a possible threat to our performance. The Company operates in international markets with open competition. Should a large competitor enter market niches currently occupied by Simtronics, reduced profitability could be an effect.

The Group has substantial goodwill and intangible assets from acquisitions in 2007 and 2008. These assets are subject to a continuous follow up by Group Management with regards to valuation and possible impairment issues. The positive development in the acquired businesses in 2008, together with the promising prospects for 2009 and forward has made the Board of Directors confident that there are currently no special valuation issues related to these assets. Impairment tests have been prepared showing no indication of impairment. Reference is made to note 10 in the financial statements.

The consolidated accounts are reported in NOK. Revenue is mainly generated in NOK, DKK, USD and EUR while costs mainly are in NOK and local currencies. The currency risk relates to future sales, the valuation of our assets and liabilities. The Company is actively mitigating the currency risk to ensure the best possible position.

The Simtronics group cash balance at end of 2008 was NOK 38.2 million, thereof NOK 30 million restricted cash according to loan conditions. In addition the Group has approximately NOK 25 million in available credit limits as per year end 2008.

The Group's liquidity risk is according to the Board of Director's judgement limited. Access to equity and credit has not been a limitation for developing the Group in 2008. The outlook for the global economy is very concerning for us as for all our peers and there is most likely higher credit risk tied to our business compared to one year ago. Still, the Board of Directors believe that access to equity and credit will not be an important limitation for the development of the Group in 2009.

Our management is aware of the increased credit risk following the global financial crisis, and the Group will continue its focus on reducing credit risk. Active use of Factoring, advance payment and letters of credit are all instruments for us to limit the credit risk

Outlook for 2009

The financial uncertainty seen in all markets will obviously also affect Simtronics. In the short term however, Simtronics is well positioned for continued growth and profitability at current levels.

The strong order backlog and prospect pipeline into 2009 suggests that Simtronics will enjoy a steady order flow in the months ahead. A number of customer and pipeline projects are fully financed and well underway. Some projects have been delayed, but few have so far been cancelled. Our move into the retrofit and maintenance markets will continue to provide revenue in 2009.

2008 was a year of breakthrough for us in Asia. The Group's market share in the Asian markets is still relatively small. Even in the difficult current market conditions, Simtronics may improve market shares and generate sales growth.

Simtronics will continue to pursue its growth strategy. Going forward, the Company expects a further strengthening of its positions in current markets and successful introduction to new customer groups and geographical areas. Simtronics has over the last couple of years been a leading force in restructuring the fire and gas safety industry. The Group remains open to further consolidation initiatives also in 2009.

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

Overall, the Board of Directors expects sales growth in 2009 with profit margins at current levels.

Events after the balance sheet date

Issuance of new shares

The Board of Directors of Simtronics ASA has decided to issue 3,731,343 new shares to the former owners of Water Mist Engineering AS and 674,044 new shares to the former owners of ETech Process AS. The companies were acquired by Simtronics AS in 2007 and 2008 (see previous announcements). The shares have been issued as part of a final settlement of all outstanding amounts under the sales and purchase agreements, including earn-out provisions. The shares are issued at this time in order to facilitate a planned merger of these two Simtronics subsidiaries.

Simtronics ASA will after issuance of these new shares have a share capital of NOK 10,152,672.72 divided on 69,463,511 shares each with a par value of NOK 0,146158358. The settlement was completed on 18 March 2009.

The new shares will temporarily be registered on a separate ISIN awaiting the completion and approval of a prospectus.

Simtronics acquires Technor - sales and profits doubled

Simtronics ASA announced 30 March 2009 that the Company has entered into a sales and purchase agreement to acquire the activities of Technor AS, owned by the private equity firm HitecVision. Total consideration is NOK 186.9 million, financed through share issuances, also open to existing and new shareholders. Through this transaction Technor will become Simtronics' prinsipal shareholder.

The acquisition is subject to certain conditions, including due diligence, approvals from relevant authorities and consent from the two parties' financial institutions. Furthermore, an Extraordinary General Meeting of Simtronics ASA will need to approve of the issuance of consideration shares to Technor AS and the rights offering. The EGM will be called for as soon as possible.

Oslo, 6 April 2009
The Board of Directors of Simtronics ASA

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

Simtronics ASA					Simtronics group		
2008	2007	2006*		Notes	2008	2007	2006*
			Figures in NOK 1 000				
72 047	62 236	44 370	Sales revenues	2, 8	359 712	142 477	77 347
72 047	**62 236**	**44 370**	**Total operating income**		**359 712**	**142 477**	**77 347**
39 297	34 073	21 032	Cost of materials	6	197 432	77 317	38 284
21 975	16 377	14 007	Payroll and related cost	11, 19	76 464	34 700	26 279
1 003	479	468	Depreciation	9, 10	9 075	3 129	2 009
13 419	11 106	10 419	Other operating expenses		51 226	19 320	15 236
75 694	**62 036**	**45 926**	**Total operating expenses**		**334 197**	**134 466**	**81 808**
(3 647)	**200**	**(1 556)**	**Profit (loss) from operations**		**25 515**	**8 012**	**(4 461)**
2 713	2 168	595	Interest income		4 220	1 983	368
9 019	2 099	1 368	Other financial income		11 580	2 142	1 595
8 920	2 836	2 605	Interest expense		11 867	2 837	2 692
3 446	10 510	987	Other financial expense		12 762	4 193	1 016
(634)	**(9 080)**	**(1 629)**	**Net financial costs**	**7**	**(8 829)**	**(2 905)**	**(1 745)**
(4 281)	**(8 879)**	**(3 185)**	**Profit (loss) before tax**		**16 686**	**5 106**	**(6 206)**
(902)	(1 945)	-	Income tax expense (benefit)	20	4 508	(404)	
(3 379)	**(6 934)**	**(3 185)**	**Profit (loss) after tax**		**12 177**	**5 510**	**(6 206)**
			Shareholders of the parent company		8 973	5 510	(6 206)
			Minority interest		3 204	-	-
			Profit (loss) after tax		**12 177**	**5 510**	**(6 206)**
			Distribution of year's result				
(1 433)	(422)	-	Paid-in capital				
(2 483)	(6 512)	-	Share premium reserve				
537	-	(3 185)	Other equity				
(3 379)	**(6 934)**	**(3 185)**	**Total distributed**	**17**			
			Basic earnings per share	17	0,140	0,100	(0,158)
			Diluted earnings per share	17	0,128	0,098	(0,158)

* The comparative figures are for the business that was demerged from Simrad Optronics ASA with effect in the financial statements from 1 January 2007. See note 1, paragraph on basis of preparation, section (e).

Balance sheet

Simtronics ASA		As at 31 December		Simtronics group	
2008	2007		Notes	2008	2007
		Figures in NOK 1 000			
		ASSETS			
		Intangible assets			
3 959	3 057	Deferred tax assets	21	4 695	823
-	-	Goodwill	9	106 980	22 691
12 676	7 589	Development costs	9	50 913	16 986
1 269	1 201	Other intangible assets	9	31 761	2 069
17 904	**11 846**	**Total intangible fixed assets**		**194 349**	**42 569**
3 465	766	Property, plant and equipment	10	8 392	1 962
3 465	**766**	**Total tangible fixed assets**		**8 392**	**1 962**
23 488	1 133	Long term receivables	5, 25	1 406	901
130 251	36 391	Investments in subsidiaries	5, 14	-	-
-	-	Other long term investments	5	1 150	-
30 000	20 000	Restricted cash reserves	5, 23	30 000	20 000
183 738	**57 524**	**Total financial fixed assets**		**32 557**	**20 901**
205 108	**70 136**	**Total fixed assets**		**235 297**	**65 432**
19 622	9 703	Inventories	6	62 986	18 468
31 065	18 354	Accounts receivables	3, 18	84 163	28 758
-	-	Unbilled revenue from long-term contracts	3, 8	34 333	16 853
1 419	5 598	Other receivables	3	5 299	5 910
32 485	**23 952**	**Total receivables**		**123 795**	**51 522**
4 058	39 201	Cash and cash equivalents	23	8 224	49 298
56 165	**72 856**	**Total current assets**		**195 005**	**119 287**
261 273	**142 992**	**Total assets**		**430 302**	**184 719**

		EQUITY AND LIABILITIES			
		Equity			
9 509	8 879	Share capital		9 509	8 879
79 735	62 702	Share premium reserve		79 735	62 702
89 244	**71 581**	**Total paid-in capital**		**89 244**	**71 581**
	(537)	Retained earnings		37 583	6 228
-		Minority interest		33 573	-
-	**(537)**	**Total other capital**		**71 156**	**6 228**
89 244	**71 043**	**Total equity**	**17**	**160 400**	**77 808**
		Non-current liabilities			
64 295	28 425	Liabilities to financial institutions	15	64 307	28 425
-	-	Other interest-bearing liabilities	15	4 936	-
1 433	319	Pension liabilities	19	2 262	988
-	-	Deferred tax liabilities	21	14 689	2 574
30 000	10 000	Other non-current liabilities	14, 24	30 964	10 000
95 728	**38 744**	**Total non-current liabilities**		**117 159**	**41 987**
		Current liabilities			
45 005	12 576	Liabilities to financial institutions	15	63 234	20 655
14 244	7 642	Accounts payables and other payables	4	45 040	25 608
1 690	1 689	Public duties payable		13 033	6 875
-	-	Tax payable		(787)	-
-	354	Provisions	22	964	853
16 260	10 944	Other short-term liabilities		31 260	10 932
77 200	**33 204**	**Total current liabilities**		**152 743**	**64 923**
262 172	**142 992**	**Total equity and liabilities**		**430 302**	**184 719**

Oslo, 6 April 2009
The Board of Directors of Simtronics ASA

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

Statement of cash flow

Simtronics ASA			Simtronics group	
2008	2007		2008	2007
		Figures in NOK 1000		
		Cash flow from operating activities		
(4 281)	(8 880)	Profit before tax	16 686	5 106
849	323	Depreciation	5 415	1 775
154	156	Depreciation of capitalised development costs	3 660	1 366
1 114	(611)	Difference between pension costs and pensions paid	1 274	(732)
(9 918)	115	Changes in inventory	(2 391)	201
(13 465)	(5 888)	Changes in accounts receivables	(39 223)	(5 821)
6 602	3 150	Changes in accounts payable	(259)	11 797
-	-	Changes in accrued, not invoiced revenue	(17 480)	(14 284)
9 705	5 898	Changes in other balance sheet items	11 144	8 138
-	-	Taxes paid in this period	(3 565)	-
		Effect of changes in exchange rates	6 449	-
-	6 808	Items classified as investing or financing activities	-	-
(9 240)	**1 071**	**Net cash flow from operating activities**	**(18 290)**	**7 547**
		Cash flow from investing activities		
(2 988)	(1 740)	Acquisition of property, plant and equipment	(10 063)	(1 943)
(5 294)	(3 887)	Capitalized development costs	(7 605)	(5 079)
(53 714)	(15 291)	Acquisition of subsidiaries, net of cash acquired	(53 714)	(15 155)
(61 996)	**(20 918)**	**Net cash flow from investment activities**	**(71 382)**	**(22 177)**
		Cash flow from financing activities		
-	58 047	Net proceeds from the issue of share capital	-	58 047
(22 206)	-	Changes in short-term loan to subsidiaries	-	-
40 630	8 425	Increased long-term borrowings	38 231	8 434
27 669	12 576	Net change in overdraft facility and other short-term financing	20 368	16 083
46 093	**79 048**	**Net cash flow from financing activities**	**58 599**	**82 564**
(25 143)	59 201	Net change in cash and cash equivalents	(31 073)	67 933
59 201	-	Cash and cash equivalents 1 January	69 298	1 365
34 058	**59 201**	**Cash and cash equivalents 31 December** [1]	**38 225**	**69 298**

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 30 000 for Simtronics ASA (2007: NOK 20 000) and NOK 30 000 for Simtronics group (2007: NOK 20 000). See note 23.

Statement of recognised income and expense

Simtronics ASA			Simtronics group	
2008	2007		2008	2007
		Figures in NOK 1 000		
-	-	Foreign exchange translation differences	25 467	(377)
-	-	Net income (expense) recognised directly in equity	25 467	(377)
(3 379)	(6 934)	Profit (loss) for the period	12 177	5 510
(3 379)	**(6 934)**	**Total recognised income and expense for the period**	**37 643**	**5 133**
		Attributable to:		
(3 379)	(6 934)	Shareholders of the parent company	27 445	5 133
-	-	Minority interest	10 198	-
(3 379)	(6 934)	Total recognised income and expense for the period	37 643	5 133
		Application		
(1 433)	(422)	Paid-in capital	-	-
(2 483)	(6 512)	Share premium reserve	-	-
537	-	Other equity	27 445	5 133
-	-	Minority interest	10 198	-
(3 379)	**(6 934)**	**Total recognised income and expense for the period**	**37 643**	**5 133**

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 2008 the Group consists of three business segments and the following legal entities.

Detection systems:
Simtronics ASA (Oslo, Norway)
Simtronics SAS (Aubagne, France)

Extinguishing solutions:
Water Mist Engineering AS (Kristiansand, Norway)
Fire Eater A/S (Hillerød, Denmark)
- Fire Eater spol.s.r.o (Czech Republic)
- Fire Eater Hungaria kft (Hungary)
- Fire Eater Polska sp.z.o.o.
- Ineros Ltd. (Russia)

Fire prevention systems:
ETech Process AS (Kristiansand, Norway)

Basis of preparation

The financial statements for 2008 were completed as at 31 December 2008. The financial statements comprise the income statement, balance sheet, statement of recognised income and expense, 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 2008.

The proposed financial statements were approved by the Board of Directors and CEO on 6 April 2009. The financial statements will be proposed for final approval by the Annual General Meeting (AGM) 13 May 2009.

(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:

<u>Note 8</u>
Revenue recognition for construction contracts
<u>Note 9</u>
Impairment test for intangible assets
<u>Note 13</u>
Measurement of share-based payments
<u>Note 19</u>
Measurement of defined benefit obligations
<u>Note 24 and 25</u>
Purchase price allocation on acquisitions

(e) Comparative figures in the 2008 financial statements
The Company was established on 28 August 2006, with the purpose of acquiring the Fire & Gas business demerged from Simrad Optronics ASA. The Company had no activity in 2006, and the demerger was carried out with effect on the financial statements from 1 January 2007. In order to present comparative figures in the income statement and balance sheet, the comparative figures are prepared based on the following fundamental principles:

The income statement for the parent company and the Group for 2006 are prepared with the purpose of displaying the turnover, costs and results that the acquired company had as part of Simrad Optronics ASA in 2006.

In preparing the income statement for 2006 the revenues and expenses have, in principle, been divided between Simtronics' and Simrad Optronics' operations according to which of the operations they actually relate to. Where it has not been possible to carry out an exact distribution in this way, a proportional calculation has been made based on Simtronics' operations relative share of the total operations in Simrad Optronics.

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
<u>Consolidated companies</u>
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.

<u>Subsidiaries</u>
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, po-

tential 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.

Minority interests
The minority interests share of the net profit and equity are classified as separate items in the income statement and balance sheet.

(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 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. 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 are recognised directly in equity, as a separate component of equity. 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
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.

(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 and is no longer amortised but is tested annually for impairment.

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 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 as-

sets. 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.

(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.

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 balance sheet.

(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.

(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 19 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.

All actuarial gains and losses as at 1 January 2007, at the time of the Group's transition to IFRS, were recognised in the statement of changes in equity. Actuarial gains and losses that arise on the calculation of the Group's liabilities for pension plans adopted after 1 January 2007 are recognised in the income statement over the estimated remaining service period to the extent that the accumulated actuarial gains and losses exceed 10 per cent 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 income statement over the period of the borrowings on an effective interest basis.

(m) Trade and other short term payables
Trade and other payables are stated cost.

(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 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. Similar, if 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 income statement in proportion to the stage of completion of the contact. 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 income statement.

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 20 and 21. 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 repoting 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 income statement 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
A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), and which is subject to risks and returns that are different from those of other segments. The Group has identified three business segments Detection systems, Extinguishing solutions and Fire prevention systems.

(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 standards and interpretations not yet adopted
A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2008, and have not been applied in preparing these consolidated financial statements:
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 payment – 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
Amandments to IFRS 1 First-time adoption of IFRSs and IAS 27 Consolidated and Separate Financial Statements
IIFRIC 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

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 24 and 25 regarding acquisitions.

(ii) Intangible assets
The fair value of intangible assets is based on the present value of expected future cash flows. See note 24 and 25 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

General

Segment information is presented in respect of the Group's business and geographical segments. The primary reporting format, business segments, is based on the Group's management and internal reporting structure.

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.

Business segments

As at 31 December 2008 the Group had the following business segments:
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.

The business segment «Extinguishing solutions» was established in 2007 through the acquisition of Water Mist Engineering AS. WME produces fire-extinguishing systems which use «water mist» technology. The oil and offshore industries are also the most important markets for this business segment. Fire Eater A/S is a company that delivers gas based fire extinguishing system primary based on the extinguish gas INERGEN.

The business segment «Fire prevention systems» was established in 2008 through the acquisition of ETech Process AS. ETech Process AS provides nitrogen generators for installation on tankers and offshore installations, and for use in land-based petrochemical industry. The nitrogen generators contribute to the stabilization of flammable and explosive cargo, and the membrane technology that is used is self-developed.

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, but have activities 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 of customers. Segment assets are based on the geographical location of the assets. The Company has not identified impairment losses.

	Detection systems			Extinguishing solutions			Fire prevention systems			Consolidated		
	2008	2007	2006	2008	2007	2006	2008	2007	2006	2008	2007	2006
Figures in NOK 1000												
Revenue from external customers												
Norway	16 671	18 004	9 842	103 852	42 851	-	5 628	-	-	126 151	60 854	9 842
France	24 200	18 141	16 218	3 200	214	-	-	-	-	27 400	18 355	16 218
Denmark	1 680	4 157	3 717	32 600	-	-	-	-	-	34 280	4 157	3 717
The Netherlands	9 039	13 789	12 328	-	-	-	-	-	-	9 039	13 789	12 328
Rest of Europe	12 492	26 754	23 918	36 306	9 783	-	17 420	-	-	66 218	36 537	23 918
Korea	-	-	-	-	-	-	36 100	-	-	36 100	-	-
Asia/Pacific	16 037	-	-	17 399	-	-	20 104	-	-	53 540	-	-
Other	5 142	8 346	11 323	1 842	438	-		-	-	6 984	8 784	11 323
Total revenue from external customers	**85 261**	**89 191**	**77 347**	**195 199**	**53 286**	**-**	**79 252**	**-**	**-**	**359 712**	**142 477**	**77 347**
Cost of materials	36 915	46 273	38 284	110 628	30 994		49 889	-	-	197 432	77 268	38 284
Depreciation	2 405	2 344	2 009	4 070	1 048		2 600	-	-	9 075	3 392	2 009
Other operating expenses	50 304	42 921	41 515	52 470	10 886	-	24 917	-	-	127 690	53 806	41 515
Operating profit (loss)	**(4 363)**	**(2 347)**	**(4 461)**	**28 031**	**10 357**	**-**	**1 846**	**-**	**-**	**25 515**	**8 012**	**(4 461)**
Net financing costs										8 829	(2 905)	(1 745)
Income tax expense										4 508	(404)	-
Profit (loss)										12 177	5 510	(6 206)

	Detection systems			Extinguishing solutions			Fire prevention systems			Consolidated		
	2008	2007	2006	2008	2007	2006	2008	2007	2006	2008	2007	2006
Figures in NOK 1 000 000												
Segment assets												
Norway	236.6	91.5	25.7	53.0	59.5	-	50.9	-	-	340.5	151.0	25.7
France	20.3	33.7	28.7	-	-	-	-	-	-	20.3	33.7	28.7
Denmark	-	-	-	67.1	-	-	-	-		67.1		
Consolidated total assets	**256.9**	**125.2**	**54.4**	**120.1**	**59.5**	-	**50.9**	**-**	**-**	**427.9**	**184.7**	**54.4**
										-		
Segment liabilities	149.0	85.9	41.3	55.6	21.1	-	50.9	-	-	255.5	106.9	41.3
Consolidated total liabilities	**149.0**	**85.9**	**41.3**	**55.6**	**21.1**	**-**	**50.9**	**-**	**-**	**255.5**	**106.9**	**41.3**
Capital expenditures												
Norway	9.6	4.6	1.7	1.3	24.7	-	61.7	-	-	72.6	1.3	1.7
France	1.0	2.4	1.0	-	-	-	-	-	-	1.0	2.4	1.0
Denmark	-	-	-	79.1	-	-	-	-	-	79.1	0	-
Consolidated capital expenditures	**10.6**	**7.0**	**2.7**	**80.5**	**24.7**	**-**	**61.7**	**-**	**-**	**152.8**	**3.7**	**2.7**

Capital expenditures includes goodwill and excess values from acquisitions. There are no significant segment revenues from transactions with other segments. All segments are continuing operations.

NOTE 3 SHORT-TERM RECEIVABLES

Simtronics ASA			Simtronics group	
2008	2007		2008	2007
		Figures in NOK 1000		
17 497	10 720	Accounts receivables, external, gross	85 069	28 882
14 351	7 709	Accounts receivables, intra group	-	-
(480)	(76)	Provision for bad debt	(906)	(124)
-	-	Unbilled revenue from long-term contracts	34 334	16 853
1 116	1 590	Other external short term receivables	5 298	5 910
-	4 008	Other intra-group short term receivables	-	-
32 485	**23 952**	**Total short-term receivables**	**123 795**	**51 522**

NOTE 4 CURRENT LIABILITIES

Short-term liabilities

Simtronics ASA			Simtronics group	
2008	2007		2008	2007
		Figures in NOK 1000		
11 671	7 580	Accounts payable, external	45 040	25 608
2 574	63	Accounts payable, intra group	-	-
14 244	**7 642**	**Total trade payables**	**45 040**	**25 608**
9 807	8 128	Advance payments from DnB Factoring	9 807	8 128
2 585	1 297	Provision for payroll and related costs	5 671	1 665
-	-	Prepayment from customers	4 286	-
3 869	1 519	Other short-term liabilities	11 496	1 140
16 261	**10 944**	**Total other short-term liabilities**	**31 260**	**10 932**

Advance payments from DnB NOR Finans AS comprise payments received through a factoring system. In the balance sheet the accounts receivable are presented gross.

NOTE 5 FINANCIAL NON-CURRENT ASSETS

Simtronics ASA			Simtronics group	
2008	2007		2008	2007
		Figures in NOK 1000		
404	432	Loan to Simtronics SAS	-	-
20 324	-	Loan to ETech Process AS	-	-
1 932	-	Other long-term receivables, intra group	-	-
828	701	Other long-term receivables, external	1 406	901
25 291	25 291	Investment in Water Mist Engineering AS	-	-
11 100	11 100	Investment in Simtronics SAS	-	-
31 822	-	Investment in ETech Process	-	-
62 038	-	Investment in Fire Eater A/S	-	-
-	-	Other investment	1 150	-
30 000	20 000	Cash deposits, restricted	30 000	20 000
183 738	**57 524**	**Total financial non-current assets**	**32 557**	**20 901**

In conjunction with the Company's loan agreement, the Company has committed itself to establishing a cash deposit of NOK 30 000. See note 15 for further information.

NOTE 6 INVENTORIES AND COST OF MATERIALS

Simtronics ASA				Simtronics group		
2008	2007	2006		2008	2007	2006
			Figures in NOK 1000			
			Cost of goods sold			
49 216	33 958	23 421	Cost of goods sold, gross	241 950	80 301	38 696
(9 919)	115	(2 389)	Change in inventory	(44 518)	(2 984)	(412)
39 297	**34 073**	**21 032**	**Cost of goods sold, net**	**197 432**	**77 317**	**38 284**
			Inventories			
4 585	1 510	6 557	Raw materials	39 765	9 230	10 673
921	-	1 235	Work in progress	5 071	1 045	2 785
14 116	8 193	2 026	Finished goods	18 149	8 193	2 026
19 622	**9 703**	**9 818**	**Total inventories**	**62 986**	**18 468**	**15 484**
19 181	9 703	9 818	Of which valued at initial cost	62 986	18 468	15 484
441	-	-	Of which valued at net realisable value	548	-	-

Cost of materials includes a write down of inventory of NOK 120 (2007: NOK 0) for Simtronics ASA and NOK 676 for Simtronics group (2007: NOK 77).

Simtronics ASA has put up security in the form of inventories for the use of overdraft facilities. See notes 15 and 16 for further information.

NOTE 7 FINANCIAL ITEMS

Simtronics ASA				Simtronics group		
2008	2007	2006		2008	2007	2006
			Figures in NOK 1000			
-	-	-	Profit from affiliated companies			
-	-	-	Dividend from subsidiaries			
805	-	-	Group contributions from subsidiaries			
2 713	2 168	595	Interest income	4 220	1 983	368
8 214	2 099	1 368	Foreign exchange gain	11 580	2 142	1 595
11 732	**4 267**	**1 963**	**Total financial income**	**15 800**	**4 125**	**1 963**
8 811	2 816	1 689	Interest expenses, bank loan and overdraft facilities	10 606	2 972	1 707
1 194	1 168	916	Other interest expenses and guarantee commissions	1 261	1 251	985
-	6 808	-	Changes in fair value of financial derivatives	-	-	-
2 361	2 554	987	Foreign exchange loss	12 726	2 807	1 016
12 366	**13 346**	**3 592**	**Total financial expenses**	**24 629**	**7 029**	**3 708**
(634)	**(9 080)**	**(1 629)**	**Net financial income and expenses**	**(8 829)**	**(2 905)**	**(1 745)**

Interest income and interest expenses for Simtronics ASA includes interest income from subsidiaries of NOK 0 (2007: NOK 184).

Borrowing costs are recognised as an expense in the period in which they are incurred. Water Mist Engineering AS gave a group contribution with tax effect in 2007, which according to IFRS are recognised as income in 2008.

NOTE 8 LONG-TERM CONTRACTS

Simtronics ASA			Simtronics group	
2008	2007		2008	2007
		Figures in NOK 1000		
		Long-term contracts in progress per 31 December		
		This period		
-	**-**	**Total amount of revenue recognised in the period**	**105 789**	**32 622**
-	-	Unbilled revenue, gross	34 333	17 471
-	-	Advance payments netted against unbilled revenue	-	617
-	**-**	**Net unbilled revenue**	**34 333**	**16 853**
-	-	Advance payment from contracts in progress	-	617
-	-	Advance payments netted against unbilled revenue	-	(617)
		Cash collected in excess of revenues recognised		
-	-	from customers	-	-
		Accumulated		
-	-	Total revenue recognised from long-term contracts per 31 December	105 789	35 035
-	-	Total costs recognised from long-term contracts per 31 December	(73 297)	(24 632)
-	**-**	**Total net recognized profit from contr. in progress**	**32 492**	**10 404**

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 circumstances require, 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

	Simtronics ASA			
Cost	Development costs and patents	Backlog of orders	Other	Total
Figures in NOK 1000				
Balance at 1 January 2007	4 171	-	-	4 171
Acquisitions through business combinations [4]	-	-	-	-
Other acquisitions - internally developed	3 887	-	1 426	5 313
Effect of movements in exchange rates	-	-	-	-
Balance at 31 December 2007 [1]	**8 058**	**-**	**1 426**	**9 484**
Balance at 1 January 2008	8 058	-	1 426	9 484
Acquisitions through business combinations [5]	-	1 300	-	1 300
Other acquisitions - internally developed	5 243	-	51	5 294
Effect of movements in exchange rates	-	-	-	-
Balance at 31 December 2008 [2]	**13 301**	**1 300**	**1 477**	**16 078**
Depreciation and impairment losses				
Balance at 1 January 2007	314	-	-	314
Depreciation charge for the year	156	-	225	381
Other changes	-	-	-	-
Effect of movements in exchange rates	-	-	-	-
Balance at 31 December 2007 [1]	**470**	**-**	**225**	**695**
Balance at 1 January 2008	470	-	225	695
Depreciation charge for the year	154	799	484	1 437
Effect of movements in exchange rates	-	-	-	-
Balance at 31 December 2008 [2]	**624**	**799**	**709**	**2 132**
Depreciation rate [3]	10%	-	20%	-
Useful lives	10 yrs	-	5 yrs	-
Net carrying amounts				
At 1 January 2007	3 857	-	-	3 857
At 1 January 2008	7 588	-	1 201	8 789
At 31 December 2008	**12 676**	**501**	**768**	**13 945**

1) Exchange rates as of 31 December 2007 are used in calculating intangible assets of foreign subsidiaries.
2) Exchange rates as of 31 December 2008 are used in calculating intangible assets of foreign subsidiaries.
3) Development costs are depreciated on a straight line basis, based on a 10 year economic life.
4) Relates to the acquisition of Water Mist Engineering in 2007.
5) Relates to the acquisition of Fire Eater A/S and ETech Process AS in 2008.

Simtronics group							
Goodwill	Order backlog	Development costs and patents	Customer Relationships	Right to use	Softwares	Other	Total
-	-	15 751	-	-		134	15 885
22 691	1 695	-	-	-	-	-	24 386
-	-	5 079	-	-	-	1 426	6 505
-	-	(328)	-	-	-	23	(305)
22 691	**1 695**	**20 502**	**-**	**-**	**-**	**1 583**	**46 471**
22 691	1 695	20 502	-	-	-	1 583	46 471
75 298	2 427	25 936	9 279	9 872	5 483	-	128 293
-	-	7 605	-	-	-	51	7 656
8 991	65	5 256	2 105	2 404	1 335	240	20 396
106 980	**4 187**	**59 299**	**11 384**	**12 276**	**6 818**	**1 874**	**202 816**
-	-	2 170	-	-	-	-	2 170
-	983	1 522	-	-	-	225	2 575
-	-	-	-	-	-	-	-
-	-	(20)	-	-	-	-	(20)
-	**983**	**3 672**	**-**	**-**	**-**	**225**	**4 881**
-	983	3 672	-	-	-	225	4 881
-	1 165	3 660	955	-	522	593	6 896
-	25	1 011	162	-	103	85	1 386
-	**2 174**	**8 343**	**1 117**	**-**	**625**	**903**	**13 162**
-	-	10%	-	10%	20%	20%	-
-	-	10 yrs	-	10 yrs	5 yrs%	5 yrs	-
-	-	13 581	-	-	-	134	13 715
22 691	712	16 830	-	-	-	1 358	41 746
106 980	**2 014**	**50 955**	**10 266**	**12 276**	**6 193**	**971**	**189 654**

Goodwill

Goodwill as per 31 December 2008:	Segment	Amount	Owner share	Acquired
Figures in NOK 1000				
Water Mist Engineering AS	Extinguishing solutions	22 691	100%	2007
Fire Eater A/S	Extinguishing solutions	45 918	51%	2008
ETech Process AS	Fire prevention systems	38 371	100%	2008
Sum Goodwill		**106 980**		

Goodwill is not amortised, and the book value of NOK 106 980 has been tested for impairment loss as per 31 December 2008. 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. Cash flows for additional 5 years are derived by assuming a yearly growth-rate of 10-15 per cent for the different cash flow generating units. In calculating the present value a discount rate of 12 per cent before tax is used.

In the impairment tests it is assumed that the companies in Extinguishing solutions will have a sales growth of 15 per cent from 2008 to 2009. In subsequent years the following assumption are used; a growth of approximately 25-30 per cent the first three years, and a growth of 15 per cent the following years. For ETech Process the assumptions used are a growth in sales and 10 per cent from 2008 to 2009. In the subsequent years a growth of approximately 20 per cent for the first three years, and 10 per cent the following years.

Neither an increase in the discount rate of 500 basic points or a reduction in the expected cash flows of 20 per cent would have resulted in a write-down of goodwill. Other assumptions left unchanged.

Order backlog
The book value at the beginning of the year arises entirely from the purchase of Water Mist Engineering AS (WME) in 2007, see note 24. The remainder of the order backlog relates to identified excess value from the acquisitions of Fire Eater A7S and ETech Process AS, see note 25. 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 products, 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 323 (2007: NOK 1 001) in the parent company and NOK 2 679 (2007: NOK 1 484) in the Group.

NOTE 10 PROPERTY, PLANT AND EQUIPMENT

	Simtronics ASA				Simtronics group			
	Furniture and fixtures	Machinery	Equipment	Total	Furniture and fixtures	Machinery	Equipment	Total
Figures in NOK 1000								
Cost								
Balance at 1 January 2007	160	413	419	992	160	1 711	1 227	3 097
Acquisitions through business combinations	-	-	-	-	116	139	-	255
Other acquisitions	214	-	101	315	250	68	199	517
Disposals	-	-	-	-	-	-	-	-
Effect of movements in exchange rates	-	-	-	-	-	(54)	(63)	(117)
Balance at 31 December 2007 [1]	**373**	**413**	**520**	**1 306**	**526**	**1 864**	**1 363**	**3 752**
Balance at 1 January 2008	373	413	520	1 305	526	1 864	1 363	3 752
Acquisitions through business combinations [4]	-	-	-	-	7 244	2 386	924	10 554
Other acquisitions	1 024	1 883	81	2 988	2 798	2 848	566	6 212
Disposals	-	-	-	-	1 250	1 163	47	2 460
Effect of movements in exchange rates	-	-	-	-	997	(7)	397	1 387
Balance at 31 December 2008 [2]	**1 396**	**2 296**	**601**	**4 293**	**10 315**	**5 927**	**3 203**	**19 444**
Depreciation and impairment losses								
Balance at 1 January 2007	109	95	238	442	128	500	607	1 235
Acquisitions, business combinations	-	-	-	-	9	17	-	26
Depreciation charge for the year	21	39	38	98	50	228	277	554
Other changes	-	-	-	-	-	-	-	-
Effect of movements in exchange rates	-	-	-	-	-	(10)	(15)	(25)
Balance at 31 December 2007 [1]	**130**	**134**	**276**	**540**	**187**	**735**	**869**	**1 790**
Balance at 1 January 2008	130	134	276	540	187	735	869	1 790
Acquisitions, business combinations	-	-	-	-	4 303	1 610	475	6 388
Depreciation charge for the year	77	159	53	290	693	1 201	285	2 179
Disposals	-	-	-	-	179	471	-	650
Effect of movements in exchange rates	-	-	-	-	532	519	292	1 343
Balance at 31 December 2008 [2]	**207**	**293**	**329**	**830**	**5 536**	**3 594**	**1 921**	**11 050**
Depreciation rate [3]	10%	10-20%	10-33%		10%	10-20%	10-33%	
Useful lives	10 yrs	5-10 yrs	3-10 yrs		10 yrs	5-10 yrs	3-10 yrs	
Net carrying amounts								
At 1 January 2007	51	318	181	550	32	1 211	620	1 862
At 1 January 2008	242	279	244	766	339	1 129	494	1 962
At 31 December 2008	**1 189**	**2 003**	**272**	**3 463**	**4 779**	**2 333**	**1 282**	**8 392**

1) Exchange rates as of 31 December 2007 are used in calculating tangible assets of foreign subsidiaries.
2) Exchange rates as of 31 December 2008 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 A/S in 2008.

Impairment losses
No impairment losses have been recognised in 2008 (2007: 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 group rents its premises under an operating lease arrangement. The value of the premises is therefore not recognised 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 1 565. 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.

Simtronics group has, in addition, rental agreements in its' subsidiaries. The majority of the rental agreements have a duration until 2011, with a renewal option.

Total expensed operational leases in 2008 is NOK 7 150 (2007: NOK 3 815).

Minimum lease payments under operational lease of offices

	Simtronics ASA 2008	Simtronics group 2008
Figures in NOK 1000		
Less than one year	1 808	4 588
Between one and five years	7 232	12 769
More than five years	7 232	7 538

NOTE 11 EMPLOYEE BENEFITS

Simtronics ASA				Simtronics group		
2008	2007	2006		2008	2007	2006
			Figures in NOK 1000			
17 103	13 030	12 359	Wages and salaries	61 245	27 401	20 633
1 433	422	-	Equity-settled share-based payment transactions	1 433	422	-
2 312	2 504	1 869	Social security tax	9 140	7 422	5 867
1 576	1 170	1 341	Pension costs	3 731	2 114	1 341
3 666	1 490	39	Other benefits	6 151	1 399	39
(4 115)	(2 779)	(1 601)	Capitalised development costs	(5 129)	(3 733)	(1 601)
-	-	-	Capitalised production costs	(105)	(325)	-
21 975	**16 377**	**14 007**	**Total personnel costs**	**76 464**	**34 700**	**26 279**
29	25	21	Number of employed man-labour years	151	70	56

As of 31 December 2008 Simtronics group has 164 employees (2007: 70), of which 38 are employed in Simtronics ASA, 29 in Simtronics SAS, 22 in Water Mist Engineering AS, 28 in ETech Process AS and 47 in Fre Eater A/S. In total 151 man-labour years have been employed in 2008

NOTE 12 TRANSACTIONS WITH RELATED PARTIES

Identification of related parties
Simtronics ASA has related party transactions with its subsidiaries (see note 14), 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 is also Chairman of the Board in Orion Securities AS. Orion Securities is used as financial advisor for Simtronics ASA. All transactions are based on the arm's lenght principle.

Information regarding 2008

	Share-holding [2]	Share-options [3]	Board fees [4]	Salary [5]	Bonus [6]	Pension-premium [7]	Other compensation [8]
Shares and share options in whole numbers, other amounts in NOK 1 000							
Members of the Board							
John Afseth (Chairman of the Board)	1 672 271	100 000	275	-	-	-	-
Tore Amundsen (Member of the Board)	-	100 000	165	154	-	-	-
Valborg Lundegaard (Member of the Board)	-	100 000	180	-	-	-	-
Svein Roar Sivertsen (Member of the Board)	10 000	250 000	110	624	-	47	29
Total for members of the Board	**1 682 271**	**550 000**	**730**	**778**	**-**	**47**	**29**
Members of Group Management							
Rune Martini (President and CEO) [1]	200 000	1 250 000	-	1 636	-	78	6
Frode Arnesen (CFO) **	168 000	600 000	-	697	-	92	3
Torbjørn Laursen (General Manager, Fire Eater A/S)	4 851 370	-	-	897	376	184	3
Kjetil Sivertsen (Managing Director, Water Mist Engineering AS)	601 000	250 000	-	843	-	15	22
Claus Fossum (SVP Business Development and Marketing)	100 000	250 000	-	828	-	99	6
Terje Engervik (Managing Director ETech Process AS)	-	-	-	945	-	11	21
Total for members of Group Management	**5 920 370**	**2 350 000**	**-**	**6 266**	**376**	**479**	**61**

Total compensation to Group Management:	**2008**
Short term employee benefits	7 335
Post employee benefits	526
Share-based payments *	-
Total	**7 861**

* No share-options have been exercised in the period 2007 - 2008
** Frode Arnesen was appointed 01.05.2008, and the compensation described above relates to this period.

Total number of persons defined as management is 5. Loans to employees as of 31 December 2008 amounted to NOK 0. The information above provides a thorough overview of compensation of members of the Board and Group Management for 2008

Information regarding 2007

	Share-holding [2]	Share-options [3]	Board fees [4]	Salary [5]	Bonus [6]	Pension-premium [7]	Other compensation [8]
Shares and share options in whole numbers, other amounts in NOK 1 000							
Members of the Board							
John Afseth (Chairman of the Board)	1 474 271	-	25	-	-	-	-
Tore Amundsen (Member of the Board)	30 000	-	15	-	-	-	-
Valborg Lundegaard (Member of the Board)	-	-	-	-	-	-	-
Svein Roar Sivertsen (Member of the Board)	-	-	15	596	-	88	47
Total for members of the Board	**1 504 271**	**-**	**55**	**596**	**-**	**88**	**47**
Members of Group Management							
Rune Martini (CEO) [1]	200 000	1 000 000	-	1 063	420	107	7
Pål Selboe Valseth (CFO)	142 000	600 000	-	839	210	94	7
Kjetil Sivertsen (Managing Director Water Mist Engineering AS)	160 000	-	-	724	-	14	4
Salvator La Piana (General Manager, Simtronics SAS)	-	250 000	-	421	-	38	-
Claus Fossum (Sales and Marketing Director)	50 000	250 000	-	812	-	129	7
Total for members of Group Management	**552 000**	**2 100 000**	**-**	**3 859**	**630**	**382**	**25**

Total compensation to Group Management:	**2007**
Short term employee benefits	5 212
Post employee benefits	470
Share-based payments *	-
Total	**5 682**

* No options have been exercised in the period 2007.

Total number of persons defined as management is 7. Loans to employees as of 31 December amounted to NOK 0. The information above provides a thorough overview of compensation of members of the Board and Group Management for 2007

Further information on compensation for 2008 and on the above table

1) Remuneration of the CEO. President and CEO Rune Martini received NOK 1 636 in salary in 2008, and is part of Simtronics ASA pension plan with the same conditions as other employees. The salary increase from 2007 comprises a compensation of NOK 183 due to the changes in the pension plan for income above "12 G" (12 times the base amount set by Norwegian National Insurance), NOK 250 is a conversion of bonus to fixed salary. In addition, a one-off compensation payment has been made in 2008 of NOK 103 for the changes in the pension plan for income above "12 G" from 2007. Other changes are due to a salary increase of 6 per cent. Rune Martini has earned a bonus of NOK 500 in 2008. In 2009, Rune Martini can earn a maximum bonus of NOK 875.

Rune Martini has been granted 250 000 options in Simtronics ASA in 2008. The first vesting date is 2 February 2009, at which point 83 333 options will vested. In 2007, Rune Martini was granted 1 000 000 option. Of these 333 333 are vested as at 31 December 2008.

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 1 622 271 shares through Carpe Diem Afseth AS (where he owns 100 per cent of the shares).

3) Share-options. The column shows the total number of options granted as of 31 December 2008. No options have been exercised in 2008, and there are no entirely vested option plans as of 31 December 2008.

4) Board fees. The column comprises board fees paid in 2008.

5) Salary. The column comprises ordinary salary paid in 2008.

6) Bonus. No bonuses have been paid in 2008. Provisions of NOK 500 and NOK 100 have been for bonus earned in 2008 by the CEO and CFO in Simtronics ASA respectively.

7) Pension premium. The Company has established a collective pension scheme. The column comprises premium contribution in 2008. 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.

Renumeration 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 manager are offered fringe benefits in the form of free mobile phone, company car etc.

The Company offers remuneration in the form of share-based payments to its senior mangers. Such share-option programs will be in compliance with the share-option programs implemented as of 31 December 2008.

The Company's remuneration of senior managers for 2008 has been in compliance with the statement on management compensation approved by the Annual General Meeting on 14 May 2008.

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:

	Receivables		Liabilities	
	2008	2007	2008	2007
Simtronics SAS	7 577	7 041	94	63
Water Mist Engineering AS	5 037	5 108	30	-
ETech Process AS	23 989	-	-	-
Fire Eater A/S	909	-	2 450	-
Total	**37 512**	**12 149**	**2574**	**63**

Expensed auditors' fees:

	ASA	Group
Audit	600	894
Audit related services	763	835
Tax related services	-	28
Other services	858	981
Total	**2 221**	**2 738**

Total fees to KPMG are NOK 2 639, and fees to others than KPMG are NOK 99

NOTE 13 SHARE-BASED PAYMENTS

Simtronics group
During 2008 Simtronics ASA has granted a total of 2 150 000 share-options to employees and Board Members. The share-option plans give them 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 existing share-option plans

	Number of options	Strike	Vesting date	Expiry
Shares and options in whole numbers, other amounts in NOK 1 000				
Simtronics group				
Share-option plan May 2007	666 667	2.46	02-05-08	03-05-11
Share-option plan May 2007	666 667	2.46	04-05-09	03-05-11
Share-option plan May 2007	666 667	2.46	03-05-10	03-05-11
	2 000 000			
Share-option plan February 2008	516 667	4.52	06-02-09	06-02-12
Share-option plan February 2008	516 667	4.52	06-02-10	06-02-12
Share-option plan February 2008	516 667	4.52	06-02-11	06-02-12
Share-option plan February 2008	200 000	4.60	06-02-09	06-02-12
Share-option plan February 2008	200 000	4.60	06-02-10	06-02-12
Share-option plan February 2008	200 000	4.60	06-02-11	06-02-12
	2 150 000			
Total outstanding options	**4 150 000**			

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 excercisable 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 per cent of gains before tax, in company shares. Shares which are acquired have a minimum holding period of 12 months.

Simtronics ASA
The share-option plan for employees in Simtronics ASA is identical with the plan for the Group. Employees in the parent company had as of 31 December 2008 a total of 1 750 000 share-options outstanding in «Share-option plan May 2007» and 1 900 000 share-options outstanding in «Share-option plan February 2008». In total there is 3 650 000 share-options.

Fair value of granted options

	Simtronics group		Simtronics ASA	
	2008	2007	2008	2007
Fair value at grant date	3 263	1 386	2 882	319
Average share price at grant date	4.54	2.46	4.55	2.46
Average strike price	4.54	2.46	4.55	2.46
Expected volatility in per cent	70%	60%	70%	60%
Expected dividends	-	-	-	-
Risk free interest rate	4.29%	6.00%	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 the average interest rate for the vesting period.

Number of options and weighted average strike price is:

	2008		2007	
	Number of share options	Weighted average strike	Number of share options	Weighted average strike
Options outstanding as per 1 January	2 600 000	2.46	-	-
Options exercised	-	-	-	-
Options cancelled/forfeited	(600 000)	2.46	-	-
Options granted in the period	2 150 000	4.55	2 600 000	2,46
Outstanding options as at 31 December	4 150 000	3.54	2 600 000	-

Outstanding options as at 31 December 2008 have an average expiry of 3,3 years. Options cancelled relates to a former employee in Simtronics ASA who left the Company during 2008.

Share options cost in the income statement

	Simtronics group		Simtronics ASA	
	2008	2007	2008	2007
Share-options granted in 2007	427	422	427	422
Share-options granted in 2008	1 006	-	1 006	
Total share-option cost in income statement	**1 433**	**422**	**1 433**	**422**

Share-option costs are presented as payroll and related costs in the income statement. No provision has been made for possible social security tax on exercised options, as no share options are «in the money» as at 31 December 2008.

NOTE 14 INVESTMENTS IN SUBSIDIARIES

Simtronics ASA has the following investments in subsidiaries:

Group company	Location	Vote- and owner share	Book value 31 December 2008	Book value 31 December 2007
Figures in NOK 1000				
Fire Eater A/S	Hillerød, Danmark	51%	62 038	-
ETech Process AS	Kristiansand, Norge	100%	31 822	-
Simtronics SAS	Aubagne, Cedex, France	100%	11 100	11 100
Water Mist Engineering AS	Kristiansand, Norway	100%	25 291	25 291
Total investment in subsidiaries			**130 251**	**36 391**

51 per cent of the shares in FireEater A/S were acquired with effect from 1 February 2008 for a consideration of DKK 56 100, of which DKK 37 400 was settled in cash at the time of acquisition. The remaining DKK 18 700 are settled by issue of shares in Simtronics ASA, see note 25. Furthermore, NOK 2 076 in acquisition costs have been capitalised.

The shares in ETech Process were acquired with effect from 1 March 2008. A cash settlement of NOK 10 000 was paid. In addition, as at 31 December 2008, a provision has been made for a conditional payment of NOK 20 000, and NOK 1 822 in directly attributable transaction costs. See note 25 for further information.

Simtronics ASA has no investments in associates or joint ventures.

NOTE 15 LIABILITIES TO FINANCIAL INSTITUTIONS

Simtronics ASA			Simtronics group	
2008	2007		2008	2007
		Figures in NOK 1000		
		Long-term liabilities		
64 295	28 425	Bank loan	64 307	28 425
-	-	Other long-term interest bearing liabilities	4 936	-
64 295	**28 425**	**Total**	**69 243**	**28 425**
		Short-term liabilities		
8 160	3 400	Short-term part of long term bank loan	8 619	3 400
-	-	Other short-term interest bearing liabilities	550	-
36 845	9 176	Overdraft facility	54 065	17 255
45 005	**12 576**	**Total**	**63 234**	**20 655**

Bank loan
As per 31 December 2008 Simtronics ASA had a bank loans totalling NOK 72 455 (2007: NOK 31 825), comprising of three loans of NOK 44 030, NOK 15 645 and NOK 12 750. All the loans have an term of maturity of 5 years from the payout date, and a 10 year installment plan. This plan requires that the loans 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 of NOK 15 645 was originally for NOK 19 000 and was paid out in December 2006, whilst the loan of NOK 12 750 was originally NOK 15 000 and was paid out in April 2007. The loan of NOK 44 030 was originally NOK 47 600 and was paid out in February 2008.

ETech Process AS have three risk loans in Innovasjon Norge of NOK 1 900, NOK 665 and NOK 2 800 respectively. The loans have a term of maturity 10 years from the payout date, and a 10 year installment plan. Installments in the first year amount to NOK 550.

Overdraft facility
Simtronics ASA has an overdraft facility limit of NOK 50 000. The Group has a further NOK 10 000 available through the overdraft facility in the subsidiary Water Mist Engineering AS and NOK 10 000 in ETech Process AS. Fire Eater A/S have overdraft facility of DKK 8 000.

Covenants
In conjunction with the establishment of the above-mentioned loan agreement for 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 four years:

	Book value of equity	Equity	NIBD / EBITDA
→ 31 December 2008	70 000	25%	4,0
→ 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 is to take place quarterly on a continuous basis, with the first measurement to be made for the previous four quarters on 31 December 2008. 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

Reference is made to note 16 on guarantees and collaterals where it is shown that for loans where borrowing has taken place as of 31 December 2008, a cash deposit of NOK 30 000 is required.

NOTE 16 GUARANTEES AND COLLATERALS

Figures in NOK 1 000

Bank guarantees

Simtronics ASA

Simtronics ASA has obtained guarantees for NOK 22 044 as of 31 December 2008. NOK 19 583 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.

Simtronics group

Guarantees are generally obtained via the parent company Simtronics ASA. Fire Eater A/S has obtained a guarantee of NOK 80.

Collaterals

Simtronics ASA

In conjunction with Simtronics ASA's bank loan and overdraft facility, the Group has put up security in the form of inventories, outstanding accounts receivables, property, plant and equipment, and 100% of the Company's shares in Water Mist Engineering AS, ETech Process AS, Fire Eater A/S, and Simtronics SAS. In addition, there is a requirement for a NOK 30,000 cash deposit, and a negative pledge has been given for the subsidiaries Simtronics SAS, Water Mist Engineering AS and ETech Process AS.

Net book values as at 31 December 2008 of these assets were as follows: inventories NOK 19 622, outstanding accounts receivables NOK 31 065, property, plant and equipment NOK 3 465, WME shares NOK 25 291, ETech shares NOK 31 822, Fire Eater shares NOK 62 038, and Simtronics SAS shares NOK 11 100. The cash deposit requirement is covered by the Company's restricted cash deposit, see notes 5 and 23.

Simtronics group

In addition to collateral established in Simtronics ASA, the Group has collateral relating to the overdraft facility in the subsidiary Water Mist Engineering AS. The collateral includes inventories, accounts receivable and property, plant and equipment. The carrying amounts of these items are NOK 545, NOK 16 846 and NOK 741 respectively, as at 31 December 2008.

NOTE 17 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 NOK 1 000							
Balance as at 1 January 2007	**1 000**	**17 941**	**-**	**18 941**	**(537)**	**18 404**	**100**
Reduction in share capital 4 Januar 2007	(1 000)			(1 000)		(1 000)	(100)
Share issue with contribution in kind [1]	5 984	(4 984)		1 000		1 000	40 944 754
Share issue with cash contribution	2 088	27 911		29 999		29 999	14 285 000
Share issue with cash contribution	807	31 209		32 016		32 016	5 520 000
Emission costs after tax		(2 857)		(2 857)		(2 857)	
Share-based payment expense			422	422		422	
Profit (loss) after tax		(6 512)	(422)	(6 934)		(6 934)	
Balance as at 31 December 2007	**8 879**	**62 702**	**-**	**71 581**	**(537)**	**71 043**	**60 749 754**
Share issue through debt conversion	630	19 516		20 146		20 146	4 303 370
Share-based payment expense			1 433	1 433		1 433	
Profit (loss) after tax		(2 483)	(1 433)	(3 916)	537	(3 379)	
Balance as at 31 December 2008	**9 509**	**79 735**	**-**	**89 244**	**-**	**89 244**	**65 053 124**

Par value of shares
Par value per share as of 31 December 2006 was NOK 10 000. In conjunction with the demerger of Simtronics ASA effective on 4 January 2007 the par value was reduced to NOK 0 by a repayment to Simrad Optronics ASA, with a simultaneous increase to NOK 0.146158358 through contribution in kind received.

Distributable equity
Distributable equity according to the Norwegian Act relating to public limited liability companies, as at 31 December 2008 amounted to NOK 0 (2007: NOK 0).

Simtronics group

	Total paid in capital	Currency translation differences	Retained earnings	Total majority-interest' equity	Minority-interests	Total equity
Figures in NOK 1 000						
Balance as at 1 January 2007	**18 941**	**(58)**	**(5 782)**	**13 101**	**-**	**13 101**
Reduction in share capital 4 January 2007	(1 000)	-	-	(1 000)	-	(1 000)
Share issue with contribution in kind [1)]	1 000	-	-	1 000	-	1 000
Share issue with cash contribution	29 999	-	-	29 999	-	29 999
Share issue with cash contribution	32 016	-	-	32 016	-	32 016
Emission costs after tax	(2 857)	-	-	(2 857)	-	(2 857)
Share-based payment expense	422	-	-	422	-	422
Profit (loss) after tax	(6 934)	-	12 444	5 510	-	5 510
Effects of movements in exchange rates	-	(377)	-	(377)	-	(377)
Balance as at 31 December 2007	**71 581**	**(435)**	**6 662**	**77 808**	**-**	**77 808**
Minority interests from acquistion	-	-	-	-	23 379	23 379
Share issue through debt conversion	20 146	-	-	20 146	-	20 146
Share-based payment expense	1 433	-	-	1 433	-	1 433
Profit (loss) after tax	(3 916)	-	12 890	8 973	3 204	12 177
Effects of movements in exchange rates	-	18 472	-	18 472	6 995	25 467
Balance as at 31 December 2008	**89 244**	**18 037**	**19 552**	**126 827**	**33 573**	**160 400**

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations that are not integral 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 8 973 (2007: NOK 5 510) and a weighted average number of ordinary shares outstanding during 2008 of 64 243 710 before diluting and 70 038 303 including diluting (2007: 55 123 233 before diluting and 55 973 075 including diluting).

	2008	2007	2006 ***
Net profit after minority interests	8 973	5 510	(6 206)
Weighted average number of ordinary shares outstanding	64 243 710	55 123 233	39 300 760
Number of share options outstanding	4 750 000	2 600 000	-
Agreed future issue of shares *	1 492 537	2 238 806	-
Potential future issue of shares **	4 845 991	3 353 454	
Weighted average number of ordinary shares outstanding including diluted shares	**70 038 303**	**55 973 075**	**39 300 760**
Basic earnings per share	0.140	0.100	(0.158)
Diluted earnings per share	0.128	0.098	(0.158)

	2008	2007	2006 ***
Number of ordinary shares outstanding 1 January	60 749 754	40 944 754	37 222 504
Effect of increase of share capital	1 255 150	12 499 375	2 078 256
Effect of agreed future issue of shares	2 238 806	1 679 104	-
Weighted average number of ordinary shares as of 31 December	**64 243 710**	**55 123 233**	**39 300 760**

* Simtronics has committed to the issuance of 2 238 806 shares 14 May 2010 in conjunction with the acquisition of Water Mist Engineering AS. See note 24. In the calculations of basic- and diluted earnings per share for 2007, these shares are included as shares outstanding from 1 April 2007 until 31 December 2008. On 15 March 2009 it was resolved to settle this liability through the issue of shares 18 March 2009. See notes 24 and 26.

** Simtronics ASA has entered into agreements of contingent settlement relating to the acquisition of Water Mist Engineering As in 2007 (up to NOK 4 000) and ETech Process AS in 2008 (up to NOK 20 000). The agreements contain clauses that the contingent settlement can be settled through the issue of shares. As at 31 December 2008, provisions of NOK 4 000 and NOK 20 000 respectively have been made for these liabilities. In the calculations of basic- and diluted earnings per share for 2008, the number of shares that would be issued if these liabilities were to be settled, 4 845 991, have been included. On 15 March 2009 it was resolved to settle this liability through the issue of shares 18 March 2009. See notes 24, 25 and 26.

*** At the establishment of Simtronics ASA 1 January 2007, the share capital consisted of the equivalent number of shares in Simrad Optronics ASA. In the calculations of basic- and diluted earnings per share, the assumption is made that the number of shares in Simtronics ASA in 2006 was equivalent to the number of shares in Simrad Optronics ASA at the same date.

The Company's largest shareholders registered at 31 December 2008

	Number of shares	Ownership
Ørnes AS	7 872 246	12.10%
Autronica Fire & Secuity AS	6 440 754	9.90%
Fire Eater Holding A/S	4 851 370	7.46%
MP Pensjon	2 278 556	3.50%
Carpe Diem Afseth AS	1 622 271	2.49%
Kåre Mikal Mikalsen	1 432 000	2.20%
Ragnar Syvertsen	1 245 000	1.91%
AGAT AS	1 000 000	1.54%
INGEFO 1 AS	952 000	1.46%
Otto Teksum Lund	720 000	1.11%
Jyske Bank	639 020	0.98%
Graving og Transport AS	618 000	0.95%
Kjetil Sivertsen	601 000	0.92%
Terje Baraldsnes	545 000	0.84%
Magne Horn Aarø	531 000	0.82%
Rolf Alfred Næss	525 000	0.81%
Trond Gunnar Berg	502 000	0.77%
Partrederiet Mast Ans	500 000	0.77%
Tore Jan Paulsen	500 000	0.77%
Runestad Investering AS	480 000	0.74%
Total shares owned by the 20 largest	33 855 217	52.04%
Other shareholders	31 197 907	47.96%
Total	**65 053 124**	**100.00%**
Shares owned by Norwegian shareholders	58 248 368	89.54%
Shares owned by foreign shareholders	6 804 756	10.46%
Total	**65 053 124**	**100.00%**

NOTE 18 FINANCIAL INSTRUMENTS

Figures in NOK 1 000

The Simtronics group is exposed to credit-, interest rate- and currency risks 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 costs in both NOK and EUR. In order to limit interest rate risk, ongoing evaluations of SWAP solutions for existing credits are carried out

Credit risk

Simtronics ASA

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. In 2007, the parent company 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 a 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 a agreement for providing credit assurance of trade receivables outside the Nordic countries. Simtronics ASA has an excess of 5 per cent in this agreement, such that the insured amount is 95 per cent of the amount of outstanding trade receivables.

Age distribution of trade receivables at the balance sheet date is:

	2008		2007	
	Gross	Impairment	Gross	Impairment
Not overdue trade receivables	23 468	-	9 487	-
Overdue trade receivables 0-30 days	2 430	-	3 203	-
Overdue trade receivables 31-90 days	1 156	-	323	-
Overdue trade receivables 91-120 days	278	-	412	-
Overdue trade receivables, more than 120 days	4 435	(702)	5 004	(76)
	31 767	**(702)**	**18 429**	**(76)**

Receivables from subsidiaries at NOK 14 027 (2007: NOK 7 709) are included in the total amount of receivables at 31 December. Receivables from subsidiaries at NOK 2 520 are included in the total for overdue receivables over 120 days, and the total for overdue receivables over 120 also includes receivables at NOK 567 in which payment plans have been agreed.

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

	2008	2007
Balance as per 1 January	**(76)**	**-**
Recorded impairment losses	(702)	(76)
Balance as per 31 December	**(778)**	**(76)**

Simtronics group

Age distribution of trade receivables at the balance sheet date is:

	2008		2007	
	Gross	Impairment	Gross	Impairment
Not overdue trade receivables	62 443	(330)	21 081	(45)
Overdue trade receivables 0-30 days	12 126	-	3 835	-
Overdue trade receivables 31-90 days	3 063	-	1 544	-
Overdue trade receivables 91-120 days	4 775	-	834	-
Overdue trade receivables, more than 1 year	2 789	(702)	1 588	(78)
	85 195	**(1 032)**	**28 883**	**(124)**

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

	2008	2007
Balance as per 1 January	**(124)**	**(45)**
Recorded impairment losses	(908)	(78)
Balance as per 31 December	**(1 032)**	**(124)**

The Group's trade receivables over 120 days include receivables at NOK 567 in which payment plans have been agreed.

Liquidity risk

It is the managements' assessment that the Company's liquidity risk is limited. Equity and credit access have not been a restriction for the development of the Company in 2008. Despite the fact that the credit and equity market has altered significantly in 2008, it is the management's opinion that access to capital will not be any limitation for the development of the Group.

As a result of significant expansion in 2008 through the acquisition of Fire Eater A/S and ETech Process AS, Simtronics ASA and Group have increased their loans significantly in 2008.

The Group has established a cash pool system which ensures that the Group companies have necessary liquidity flexibility. This also ensures that the parent company has overall control of the liquidity that is available at any given time within the Group.

The parent company had a net cash flow of NOK -25 143, of which NOK -9 240 was from operating activities. Corresponding figures for the Group were a net cash flow of NOK -31 073, of which NOK -18 290 was from operating activities.

The table below shows the expected due dates of financial obligations based on contract. The loans have a 5 year term based on a 10 year installment plan, such that installments are paid 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. Other non-current interest-bearing debt is ETech Process AS loans from Innovation Norway. In the calculation of the interest costs, a net present value of 4 per cent interest is applied.

As per note 23, the Company had NOK 4 058 in available funds as at 31 December 2008. In addition, the Company has available overdraft facilities mentioned below and in note 15.

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	72 455	82 811	5 961	5 569	10 869	60 412	-
Overdraft facility	36 845	36 845	36 845	-	-	-	-
Trade payables	14 244	14 244	14 244	-	-	-	-
	123 544	**133 900**	**57 050**	**5 569**	**10 869**	**60 412**	**-**

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	72 926	82 811	5 961	5 569	10 869	60 412	-
Other long-term interest bearing loans	5 486	6 466	382	377	737	2 079	2 891
Overdraft facility	54 065	54 065	54 065	-	-	-	-
Trade payables	45 040	45 040	45 040	-	-	-	-
	177 517	**188 382**	**105 448**	**5 946**	**11 606**	**62 491**	**2 891**

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 an bank overdraft limit of NOK 50 000, and as of 31 December 2008 the Company had drawn NOK 36 845 from this overdraft facility. In addition Simtronics ASA has three loans (where security has been put up) of NOK 15 000, NOK 19 000 and NOK 47 600 , and as of 31 December 2008 a total of NOK 72 455 had been drawn (see note 15 for further information).

Both the overdraft facility and collateral loans are subject to floating interest rates, at NIBOR +60 basis points for the overdraft facility, NIBOR +100 basis points for the loan of NOK 19.000, NIBOR +80 basis points for the loan of NOK 15.000 and NIBOR +100 basis points for the loan of NOK 47 600. Fire Eater A/S bank overdraft as of 31 December 2008 has an interest rate of 7.5 per cent. Water Mist Engineering AS and ETech Process AS bank overdrafts as of 31 December 2008 has an rate of interest of 6.75 per cent.

A change in the interest rate of +/- 1 per cent would have increased/decreased the interest expenses by +/- NOK 1 093 respectively.

Simtronics ASA has no interest-bearing receivables as at 31 December 2008.

Simtronics group
The Group has in addition to the parent company, an overdraft facility in Water Mist Engineering AS and ETech Process AS. Water Mist Engineering AS has an overdraft facility limited to NOK 10 000 and ETech Process AS has an overdraft facility limited to NOK 10 000. The subsidaries have no bank loans. Fire Eater A/S has an overdraft facility limited to DKK 8 000.

Both the overdraft facility and the collateral loan are subject to floating interest rates. A change in the interest rate of +/- 1 per cent would have increased/decreased the interest expenses by +/- NOK 1 357 respectively.

Currency risk
Simtronics group is exposed to changes in NOK relative to other currencies. Approximately 36 per cent of the parent company income is in foreign currency, while the Group has approximately 54 per cent of income in foreign currency. An increase in the value NOK will have a negative impact on the result. The Company trades predominantly in NOK and EUR.

To some extent, the Group uses foreign exchange contracts in order to do economical hedge of expected future cash flows.

Outstanding forward foreign exchange contracts, as of 31 December 2008:

Contract	Expiry	Contract amount	
Sale Euro	2009	277 000	Euro
Sale USD	2009	989 000	USD
Sale USD	2010	544 000	USD
Total EUR/NOK		**277 000**	
Total USD/NOK		**1 533 000**	

The aggregate fair value of the forward exchange contracts was NOK -2 638 as per 31 December 2008.

The split of revenues in different currencies was as follows:

	Simtronics ASA		Simtronics group	
	2008	2007	2008	2007
NOK	64%	60%	46%	59%
EUR	33%	36%	37%	40%
DKK	0%	0%	9%	0%
USD	3%	4%	8%	1%
	100%	**100%**	**100%**	**100%**

The following exchange rates are used throughout the year:

	Average		Reporting date	
	2008	2007	2008	2007
EUR	8.22	8.02	9.87	7.96
DKK	1.11		1.32	

The distribution of the balance sheet per 31 December 2008 according to the various Group companies was as follows:

	NOK	DKK	EURO	Total
Total intangible fixed assets	88%	0%	12%	100%
Total tangible fixed assets	59%	39%	2%	100%
Total financial assets	99%	0%	0%	100%
Total inventories	43%	41%	15%	100%
Total receivables	77%	16%	7%	100%
Total cash and cash equivalents	91%	8%	1%	100%
Total assets	81%	14%	6%	100%
Total non-current liabilities	99%	0%	1%	100%
Total current liabilities	79%	12%	9%	100%
Total liabilities	87%	7%	5%	100%

An increase/decrease in the value of the Norwegian krone of 10 per cent will normally result in a 5-6 per cent increase/decrease in the Group`s operating profit and a 5-6 per cent increase/decrease in the Group's equity.

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 19 PENSIONS

Simtronics ASA

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

Simtronics ASA covers its pensions through a collective pension scheme which provides rights to defined future benefits. The pension scheme is treated in accordance with IAS 19 in the accounts. The pension scheme covers 35 active employees. The retirement age is 67 years

The defined future benefits are mainly dependent upon years within the plan, salary at date of retirement and size of compensation from the government. The obligations are covered through Vital insurance company. For demographic and resignation factors, the assumptions given in the recommendations for use of pension assumptions under IAS 19 issued by the Norwegian Accounting Standards Board in November 2008 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.

In addition, Simtronics ASA has uninsured pension commitments related to the AFP scheme which covers 21 employees and 1 pensioner. The AFP-obligation is calculated based on an expected retirement rate of 30 per cent at 62 years.

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				Simtronics group		
2008	2007	2006 *		2008	2007	2006 *
			Figures in NOK 1 000			
			Expense recognised in the income statement			
1 443	1 676	1 083	Current service cost	1 443	1 676	1 083
442	385	666	Interest cost of pension obligations	442	385	666
(515)	(410)	(678)	Expected return on plan assets	(515)	(410)	(678)
20	139	116	Actuarial gains and losses	20	139	116
186	240	154	Social security tax included in pension cost	186	240	154
1 576	**2 030**	**1 341**	**Net pension costs**	**1 576**	**2 030**	**1 341**
			Financial status as of 31 December			
9 920	8 745	7 734	Present value of funded pension obligations	9 920	8 745	7 734
743	708	478	Present value of unfunded pension obligations	743	708	478
(5 644)	(8 797)	(6 550)	Fair value of plan assets	(5 644)	(8 797)	(6 550)
(4 294)	(437)	(1 824)	Unrecognised actuarial gains & losses	(4 294)	(437)	(1 824)
708	100	1 091	Social security tax obligation	708	100	1 091
1 433	**319**	**930**	**Pension liability**	**1 433**	**319**	**930**
			Basis for calculation			
4.30%	4.70%	4.35%	Discount rate	4.30%	4.70%	4.35%
4.25%	4.25%	4.25%	Expected wage increase	4.25%	4.25%	4.25%
4.25%	4.25%	4.25%	Expected increase of base amount	4.25%	4.25%	4.25%
6.30%	5.75%	5.40%	Expected return on plan assets 31 December	6.30%	5.75%	5.40%
			Changes in the net liability for defined benefit obligations as recognized in the balance sheet			
319	930	753	Net liability at 1 January	319	930	753
(461)	(2 640)	(1 164)	Contributions received	(461)	(2 640)	(1 164)
1 576	2 030	1 341	Expense recognised in the Income Statement *	1 576	2 030	1 341
1 434	**319**	**930**	**Net pension liability at 31 December**	**1 433**	**319**	**930**

Simtronics ASA				Simtronics group		
2008	2007	2006 *		2008	2007	2006 *
			Figures in NOK 1 000			
			The expense is recognised in the following * line item in the income statement			
1 576	**2 030**	**1 341**	**Payroll and related costs**	**1 576**	**2 030**	**1 341**
			Additional information			
-	**402**	**447**	**Actual return on plan assets**	**-**	**402**	**447**

* Comparison figures for 2006 are pro-forma figures calculated based on the actual distribution of pension funds and pension obligations carried out in conjunction with the demerger from Simrad Optronics ASA 1 January 2007.

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

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 829 has been included in pension liabilities in the balance sheet as at 31 December 2008 (2007: NOK 669).

Sensitivity analysis:
The table below shows how changes in the assumptions will lead to changes in calculated pension costs and obligations in the Group's defined benefit plan. As the Group only has a defined benefit plan in the parent company, the figures will be the same for the parent company and the Group.

Economic assumptions			
Discount rate	4.30%	3.80%	3.80%
Rate of return	6.30%	6.30%	6.30%
Wage regulation	4.25%	4.00%	4.25%
Base amount regulation	4.25%	3.75%	4.25%
Pension regulation	2.00%	1.50%	2.00%

Result			
Figures in NOK 1 000			
Net present value of this year's pension return	2 431	2 428	2 737
Accumulated benefit obligation	7 315	7 570	7 991
Present benefit obligation	10 361	10 350	11 448
Total benefit obligation	42 208	42 161	48 418
Pension funds	5 644	5 644	5 644

Placement of funds
The funds in the insured plan are, based on information from the insurance company, placed in the following areas as at 31 December 2008

Shares	4%
Short-dated bonds	44%
Long-dated bonds	29%
Property	17%
Other	7%

NOTE 20 INCOME TAX EXPENSE

Recognised in the income statement

Simtronics ASA				Simtronics group		
2008	2007	2006 *		2008	2007	2006 *
			Figures in NOK 1 000			
			Current tax expense			
-	-	-	Current year	2 778	-	-
-	-	-	Prepaid tax	(3 565)	-	-
-	-	-	Tax payable	(787)	-	-
			Deferred tax expense			
(411)	36	(923)	Changes in temporary differences	2 694	1 803	709
-	1 111	-	Tax effect of items booked directly against equity	-	1 111	-
-	225	-	Tax effect of received group contribution *	-	-	-
(491)	(1 568)	-	Recognition of deferred tax assets related to this year's loss	964	(1 568)	-
-	(1 750)	923	Recognition of previously non-recognised tax asset	-	(1 750)	(709)
(902)	(1 945)	-	Deferred tax expense	1 730	(404)	-
(902)	**(1 945)**	**-**	**Total income tax expense (benefit) in income statement**	**4 508**	**(404)**	**-**
			Reconciliation of effective tax rate			
(4 281)	(8 879)	(3 184)	Profit before tax	16 686	5 106	(6 206)
(1 199)	(2 486)	(892)	Income tax using the domestic corp. tax rate (28%)	4 672	1 430	(1 738)
-	-	-	Effect of tax rates in foreign jurisdictions	(625)	80	(117)
296	955	32	Permanent differences	461	(936)	32
-	225	-	Effect of received group contribution	-	-	-
-	1 111	-	Effect of items booked directly against equity	-	885	-
-	(1 750)	859	Effect of non-recognised loss carry-forwards	-	(1 863)	1 823
(902)	**(1 945)**	**-**	**Total income tax expense in income statement**	**4 508**	**(404)**	**-**
21,1%	**21,9%**	**0,0%**	**Actual tax rate**	**27,0%**	**-7,9%**	**0,0%**

* Relates to Group contribution from Water Mist Engineering AS to Simtronics ASA with tax effect for 2007. The Group contribution is, in accordance with IFRS, recognised as income in the 2008 when received.

NOTE 21 DEFERRED TAX ASSETS AND LIABILITIES

Simtronics ASA

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

	Assets		Liabilities		Net	
	2008	2007	2008	2007	2008	2007
Figures in NOK 1 000						
Property, plant and equipment	-	-	(217)	(56)	(217)	(56)
Intangible assets	-	-	-	-	-	-
Other investments	-	-	-	-	-	-
Inventory	89	34	-	-	89	34
Long-term contracts	-	-	-	-	-	-
Accounts receivables and other receivables	324	21	-	-	324	21
Provisions	-	-	-	-	-	-
Defined benefit plans	401	89	-	-	401	89
Other items	-	99	(5)	(6)	(5)	93
Tax value of loss carry-forwards	3 366	2 875	-	-	3 366	2 875
Tax assets/(liabilities)	**4 180**	**3 119**	**(222)**	**(62)**	**3 959**	**3 057**
Set off tax	(222)	(62)	222	62	-	-
Net tax assets/(liabilities)	**3 959**	**3 057**	**-**	**-**	**3 959**	**3 057**

Tax value of loss carry-forwards have been recognised as it is the management's opinion that these loss carry-forwards can be utilised against future profits. This assumption has been strengthened in the course of 2008 due to the Company's growth and increased Group contribution possibilities.

Unrecognized deferred tax assets	2008	2007
Tax asset/(liability) related to deductible temporary differences	-	-
Tax asset/(liability) related to losses	-	-

Simtronics group

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

	Assets		Liabilities		Net	
	2008	2007	2008	2007	2008	2007
Figures in NOK 1 000						
Property, plant and equipment	59	-	(217)	(64)	(158)	(64)
Intangible assets	-	-	(14 829)	(2 574)	(14 829)	(2 574)
Inventory	422	34	-	-	422	34
Long-term contracts	-	-	(9 098)	(2 275)	(9 098)	(2 275)
Accounts receivables and other receivables	435	21	-	-	435	21
Provisions	84	49	-	-	84	49
Defined benefit plans	401	89	-	-	401	89
Other items	739	99	(379)	(6)	360	93
Tax value of loss carry-forwards	12 388	2 875	-	-	12 388	2 875
Tax assets/(liabilities)	**14 529**	**3 168**	**(24 523)**	**(4 919)**	**(9 994)**	**(1 751)**
Set off tax	(9 833)	(2 345)	9 833	2 345	-	-
Net tax assets/(liabilities)	**4 695**	**823**	**(14 689)**	**(2 574)**	**(9 994)**	**(1 751)**

Unrecognised deferred tax assets	2008	2007
Tax asset/(liability) related to deductible temporary differences	155	21
Tax asset related to losses	4 057	3 405

Unrecognised deferred tax assets relate to loss carry-forwards in the French subsidiary. This subsidiary has experienced growth in 2008, but the future possibility to utilise this deferred tax asset has not yet been adequately substantiated.

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 22 PROVISIONS

Simtronics ASA			Simtronics group	
2008	2007		2008	2007
		Figures in NOK 1 000		
354	-	Balance at 1 January	853	330
-	-	Provision due to acquisition	184	-
-	354	Provisions made during the year	841	1 097
-	-	Provisions used during the year	-	242
354	-	Provisions reversed during the year	915	330
-	**354**	**Balance at 31 December**	**963**	**853**

Simtronics ASA
The provision as per 1 January 2008 is related to a provision for social security tax on options that were «in the money» at 31 December 2007. The provision is reversed in 2008.

Simtronics group
The provision as per 31 December 2008 is related to a provision for warranty obligations in Simtronics SAS and Water Mist Engineering AS.

NOTE 23 CASH AND CASH EQUIVALENTS

Simtronics ASA			Simtronics group	
2008	2007		2008	2007
		Figures in NOK 1 000		
3 550	967	Bank deposits, available	7 688	10 721
-	-	Restricted bank deposits (payroll tax funds)	28	342
508	38 234	Money market funds	508	38 234
4 058	**39 201**	**Total cash and cash equivalents**	**8 224**	**49 298**

Restricted cash deposits
Simtronics ASA has a bank guarantee in place for payroll tax funds, and restricted cash deposits are therefore NOK 0 as at 31 December 2008.

As a condition of the current loan agreements Simtronics ASA has committed itself to establishing a cash deposit of NOK 30 000, see note 16. These funds are classified as non-current assets, see note 5.

Money market funds
Simtronics ASA has invested in 50.47 shares in the fund DnB NOR Likviditet 20 (IV). As at 31 December 2008 the market value is NOK 508 and in 2008, NOK 273 has been recognised in the income statement as a change in value of this investment.

Interest-rate (bonds) are mainly issued by the Norwegian government, local government authorities, banks and insurance companies. Funds are available at the latest 5 days after a withdrawal request is made.

NOTE 24 ACQUISITIONS IN 2007

Figures in NOK 1 000

In April 2007, Simtronics ASA acquired 100% of the shares in Water Mist Engineering AS (WME). WME provides a full range of fire extinguishing solutions, including systems based on «water mist» technology, to the oil and other industries.

The purchase price was NOK 21 000, with an additional contingent settlement of up to NOK 4 000. The settlement of NOK 21 000 comprises a cash settlement of NOK 15 000, and a contingent settlement of NOK 6 000 which shall be settled in conjunction with the issuance of shares 14 May 2010. The shares will be issued at the closing price on 16 April 2007, which is the date the acquisition agreement was made public. The share price was 2,68 on this date, which will require the issuance of 2 238 806 shares assuming the face value of Simtronics shares remains at the current value.

The contingent settlement of NOK 0 to NOK 4.000 is dependent on the attainment of specific targets for operating income, incoming orders, gross margin and EBITDA in WME in the period 2007 to 2009. The contingent settlement shall be settled in conjunction with the issuance of shares 14 May 2010. The shares will be issued at the closing price on 16 April 2007, which is the date the acquisition agreement was made public. The share price was 2,68 on this date, which will require the issuance of 1 492 537 shares assuming the face value of Simtronics shares remains at the current value. The agreement contains a clause stating that the market value of the amount of shares to be issued in conjunction with the contingent settlement, shall not exceed NOK 10 000. The amount of shares will be reduced accordingly if this should be the case.

As at 31 December 2008, it is according to the assessment of management probable that the contingent settlement will have to be paid. A provision has therefore been made as at 31 December 2008 for NOK 6 000 for the deferred settlement and for NOK 4 000 for the contingent settlement.

Transaction costs amount to NOK 291, so that the total transaction costs was NOK 25 291. The calculated net cash flow effect of the transaction is NOK 15 155 before the effect of the deferred and contingent settlements.

A thorough analysis and allocation of the purchase price has been performed in accordance with IFRS 3. Excess value has been allocated to identifiable assets based on fair value assessments. Residual value has been recorded as goodwill. Goodwill mainly relates to employee expertise and expected synergy effects through the integration of WME into the Group's existing operations.

Net assets acquired	Acquired company's carrying amount before combination	Fair value adjustments	Fair value
Order backlog	-	1 695.0	1 695.0
Goodwill	-	22 691.0	22 691.0
Tangible fixed assets and financial fixed assets	228.3	-	228.3
Inventory	5 107.1	-	5 107.1
Receivables	4 128.4	-	4 128.4
Bank and cash balances	135.7	-	135.7
Current liabilities (excl deferred tax liabilities)	(8 212.1)	-	(8 212.1)
Deferred tax liability	(7.7)	(474.6)	(482.3)
Total	**1 379.7**	**23 911.4**	**25 291.1**

In the consolidated financial statements for 2007 sales income of NOK 53 286 is recognised in the income statement, with an operating result of NOK 10 357 from Water Mist Engineering AS.

NOTE 25 ACQUISITIONS IN 2008

Figures in NOK 1 000

In the first quarter of 2008, Simtronics ASA agreed to acquire a majority share in two companies, ETech Process AS (100 per cent) and Fire Eater A/S (51 per cent). Reference is made to information given in stock exchange announcements and Information Memorandums dated 6 February 2008 (ETech Process AS) and 18 February 2008 (Fire Eater A/S). Final agreements were signed on 19 February 2008 (Fire Eater A/S) and 29 February 2008 (ETech Process AS).

ETech Process AS is consolidated in the Group financial statements with effect from 1 March 2008, while Fire Eater A/S is consolidated with effect from 1 February 2008. If these entities had been consolidated in the Group financial statements with effect from 1 January 2008, turnover for 2008 would increase by NOK 15 100.

ETech Process AS
Simtronics ASA acquired 100 per cent of the Company's shares for a cash settlement of NOK 10 000. Further, there is an agreement of a contingent settlement of up to NOK 20 000 dependent on the financial performance of ETech Process AS for the first three years following the acquisition. The contingent settlement shall in principle be settled by a cash payment, but Simtronics ASA may choose to settle the amount in shares based on the closing Simtronics share price on 29 February 2008 (4.97).

Based on financial performance since the acquisition date, it is according to the assessment of management probable that the requirements of the contingent settlement will be met. A provision has therefore been made for NOK 20 000 for this accrued liability.

If the contingent settlement is to be paid for in shares, the settlement in shares is to be adjusted to reflect the share price development of Simtronics ASA shares in the period until the settlement date. The final share settlement will be determined by dividing NOK 20 000 by the share price on the closing date of the transaction (4.97) and multiplying by the volume weighted average share price for the period starting 1 February 2011 and ending 28 February 2011, such that the amount does not exceed NOK 80 000, and such that the share price is not set at lower than 50 per cent of 4.97.

Fire Eater A/S
Simtronics ASA acquired 51 per cent of the Company's shares for a cash settlement of DKK 56 100, converted to NOK 59 724, and an additional payment of DKK 18 700 converted to NOK 20 200 to be settled in Simtronics shares. The additional payment was settled 17 September 2008. 4 308 370 shares were issued, based on a share price of 4.6759. The offer price was based on the Simtronics share price on the date that Simtronics announced Q2 results for 2008.

Overview of the allocation of the acquisition settlement

Net assets	ETech Process AS	Fire Eater A/S
Total settlement	31 821	61 800
Book value of equity (100%)	(20 405)	22 820
Excess value	52 226	39 520
Goodwill (majority interests' share)	38 371	37 467
Deferred tax assets, not previously recognised in the balance sheet	7 386	-
Self-developed technology	6 621	26 406
Customer relations	632	8 647
Other intangible assets	1 732	268
Deferred tax liability, from excess value	(2 516)	(9 890)
Minority interest	-	(23 379)
Total excess value	**52 226**	**39 520**
Net cash settlement at the transaction date		
Cash settlement including share-option costs	11 822	41 892
Cash acquired	-	-
Net cash settlement	**11 822**	**41 892**

NOTE 26 SUBSEQUENT EVENTS

Figures in NOK 1 000

The following significant events have taken place in 2009, before the financial statements for 2008 have been approved, and have an impact on the equity and the shareholder structure in Simtronics ASA.

Share settlement relating to Water Mist Engineering AS
Reference is made to note 24.

On 15 March 2009 the Board of Directors resolved to carry out a share issue through conversion of debt in Simtronics owed to the previous shareholders of Water Mist Engineering AS based on the above-mentioned agreement concering deferred and contingent settlements. The Board considered it appropriate to bring forward the settlement date since the conditions for meeting the contingent settlement were found to be met based on the preliminary financial statements from Water Mist Engineering AS for 2008.

The share issue was carried out on 18 March 2009 by use of the mandate granted to the Board of Directors by the General Meeting on 14 May 2008. The liability arising from the deferred and contingent settlements was settled by being set off. The settlement totalling NOK 10 000 was converted to 3 731 343 shares based on an offer price of 2.68.

Share settlement relating to ETech Process AS
Reference is made to note 25.

On 15 March 2009 it was decided to enter into an additional agreement with the previous shareholders of ETech Process AS. This was due to the fact that the Board of Directors considered it appropriate to bring forward the resolution of the settlement. The additional agreement involved the conversion of the maximum contingent settlement of NOK 20 000 to a one-off settlement of NOK 6 700. The one-off settlement is to be settled by a cash payment of NOK 3 350 and the remaining NOK 3 350 through the issuance of 674 044 shares in Simtronics ASA based on an agreed offer price of 4.97.

The share issue was carried out on 18 March 2009 by use of the mandate granted to the Board of Directors by the General Meeting on 14 May 2008. The liability arising from the deferred and contingent settlements was settled by being set off. The settlement totalling NOK 3 350 was converted to 674 044 shares based on an offer price of 4.97.

Acquisition of a business division from Technor AS
Simtronics ASA entered into an agreement with HitechVision on 30 March 2009 to acquire the ElectroTech division in Technor. This involves the purchase of all shares in Technor SafeEx, Technor Italsmea, Technor Atex, Technor Middle East, and 60 per cent of the shares in Italsmea Pte Ltd.

The total acquisition price is NOK 186 944 and will be settled through the issuing of up to 62 314 672 shares in Simtronics ASA. In connection with the agreement, subscription rights will be issued to existing shareholders for a private placing of up to 19 388 611 shares. Technor AS will therefore receive a minimum of 44 426 061 shares in Simtronics due to this transaction. The offer price is NOK 3 per share.

The transaction is dependent on the completion of due diligence, approval from the Norwegian Competition Authority, as well as pledges from the parties' lenders. The transaction is further dependent on approval from the Extraordinary General Meeting in Simtronics ASA.

Declaration from the Board and Manager

The Board and Manager have today prepared and approved the Board of Directors Report and the Annual Report for Simtronics group and Simtronics ASA, for the calendar year 2008 and per the 31 December 2008 (the Annual Report for 2008).

The Annual Report for 2008 has been prepared in accordance with the requirements in IAS 34 Reporting for Interim Periods, which were determined by the EU and by a Norwegian supplementary requirement in the Securities Trading Act, including the additional requirements applicable as per 31 December 2008 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 2008.

To the best of the Board's and Manager's knowledge, the annual accounts for 2008 for the parent company and for the Group have been prepared in accordance with applicable accounting standards, and the information in the accounts gives a correct image of the Group's assets, debts and financial position and profit/loss in general per the 31 December 2008.

To the best of the Board's and Manger'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, 6 April 2009
The Board of Directors of Simtronics ASA

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

The Auditor's Report

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To the Annual Shareholders' Meeting of Simtronics ASA

AUDITOR'S REPORT FOR 2008

Respective Responsibilities of Directors and Auditors
We have audited the annual financial statements of Simtronics ASA as of 31 December 2008, loss of NOK 3 379 000 for the parent company and a profit of NOK 12 177 000 for the group. We have also audited the information in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the coverage of the loss. The annual financial statements comprise the parent company's financial statements and the group accounts. The parent company's financial statements comprise the balance sheet, the statements of income and cash flows, the statement of changes in equity and the accompanying notes. The group accounts comprise the balance sheet, the statements of income and cash flows, the statement of changes in equity and the accompanying notes. The rules of the Norwegian accounting act and International Financial Reporting Standards as adopted by the EU have been applied to prepare the financial statements. These financial statements and the Board of Directors' report are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on the other information according to the requirements of the Norwegian Act on Auditing and Auditors.

Basis of Opinion
We conducted our audit in accordance with the Norwegian Act on Auditing and Auditors and good auditing practice in Norway, including standards on auditing adopted by Den norske Revisorforening. These auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and good auditing practice an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

Opinion
In our opinion,

- the financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of the Company and of the Group as of 31 December 2008, the results of its operations, its cash flows and the changes in equity for the year then ended, in accordance with the rules of the Norwegian accounting act and International Financial Reporting Standards as adopted by the EU
- the company's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of accounting information
- the information in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the coverage of the loss is consistent with the financial statements and comply with the law and regulations.

Oslo, 17 April 2009
KPMG AS

Bjørn Kristiansen
State Authorized Public Accountant
Note: This translation from Norwegian has been prepared for information purposes only

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