

Quarterly Report Q1 2007



24SevenOffice®
Internet business systems

24SevenOffice AS

Quarterly Report – Q1 2007

24SevenOffice AS continues its growth and had operating revenues of MNOK 5.3 in 1Q07. This represents growth in sales of 60 per cent compared to 1Q06. All revenue is recurring which is equivalent to yearly revenue of MNOK 21.2, a 36% growth compared to 2006. Operating profit (EBIT) for 1Q07 was MNOK 2.9 and Operating profit before depreciation (EBITDA) was MNOK -1.8 in 1Q07.

Highlights Q1

- Operating revenues of MNOK 5.3 in 1Q07, up from MNOK 3.2 in 1Q06
- Earnings before interest, tax, depreciation and amortisation (EBITDA) of MNOK -1.8 in 1Q07, compared to MNOK -6 in 1Q06
- 24SevenOffice sets the standard in Ajax technology by joining the OpenAjax Alliance together with companies such as Google and Microsoft
- 24SevenOffice signs partner agreement with WebEx, the world leading Software as a Service (SaaS) provider within web conference applications with its 2.2 million registered users
- 24SevenOffice acquires Regnskapsfabrikken and offer its customers accounting and financial consulting services in connection with the system
- Partnership with Fokus Bank and Bluegarden, the allinone[®] concept, was launched with road shows throughout Fokus Bank's local branches
- Nominated to the Innovation prize for the 3rd consecutive year

First Quarter 2007

24SevenOffice AS increased its operating revenues to MNOK 5.3 in 1Q07, up from MNOK 3.2 in 1Q06. EBITDA for 1Q07 was MNOK -1.8 compared to MNOK -6 in 1Q06. EBIT for 1Q07 was MNOK -2.9, compared to MNOK -6.4 in 1Q06. Operating result before taxes was MNOK -3.1, which is an improvement of 3.4 MNOK from 1Q07. The debt to equity ratio increased from 41% in 1Q06 to 100% in 1Q07, despite the conversion of a MNOK 4 convertible loan into shares. This is mainly due to the negative result in 2006. An equity issue is planned in 2Q07.

Cash and cash equivalents were MNOK 0.6 at the end of 1Q07 compared to MNOK 6.4 in 1Q06. Equity ratio was 49.9% and deferred revenues reached MNOK 1.2.

At the end of 1Q07 the company had 54 employees, compared to 20 at the end of 1Q06 and 49 at the end of 4Q06.

Segment Information

The group's business is divided into two main areas – software and services. Services include accounting and financial consulting delivered by Ergo Services.

24SevenOffice experienced a 65% year-over-year growth in total operating revenue from 1Q07. As the acquisition of Ergo Services was not finalised until 2Q06, services revenue is zero in 1Q06. By introducing pro-forma figures, we find that the organic

growth in services revenue is approximately 82%. Similarly, the organic year-on-year growth in operating revenue for software was 21%.

Sales revenue by geographical area shows an 84% increase in Norway, which has been the main focus area over the last year.

Business Update

24SevenOffice has increased its activities in all markets and are increasing its sales of software and services to new and existing customers. 24SevenOffice has also strengthened its position within the SaaS technology by joining OpenAjax Alliance. Partnership with WebEx has been signed with integration work in progress and market launch is being prepared. Fokus Bank and Bluegarden partnership has been launched in the market with a road show throughout Fokus Bank's local branches.

24SevenOffice are growing at a rate of approximately 200 new users per month.

The company continues to prepare and launch additional products and services and partner agreements to strengthen distribution in all markets.

Outlook

24SevenOffice is well positioned for further growth as a European technology leader within business systems delivered as SaaS. The worldwide SaaS market is growing rapidly with strong analyst firms predicting SaaS sector to make up 25 per cent of the new software market within 3-5 years, reaching a \$50-\$80 billion market. The company continues to maintain its focus on building a strong internal sales organisations as well as strengthening strategic partnerships with strong international partners in the different markets to increase the distribution of 24SevenOffice's products and services.

Oslo, May 8 2007
The Board of Directors
24SevenOffice AS

Profit and loss statement

	IFRS Q1 2007	IFRS Q1 2006 *
<i>Revenue</i>		
Revenue	5 274 669	3 235 602
Governmental grants	50 670	9 000
Net revenues	5 325 339	3 235 602
<i>Expenses</i>		
Cost of sales	1 773 786	4 316 847
Wages and salaries	3 431 063	2 037 393
Other operating expenses	1 986 375	2 951 789
Operating expenses excl. depreciation	7 191 224	9 306 029
Depreciation	1 101 810	357 127
Operating profit	(2 967 695)	(6 427 554)
Other interest income	1 098	9 834
Other interest expenses	96 535	34 561
Operating result before taxes	(3 063 132)	(6 452 281)
Taxes	-	-
Net profit / loss	(3 063 132)	(6 452 281)

* Corresponding IFRS figures for Q1 2006 in this document are unaudited

Balance Sheet

ASSETS	IFRS 31.03.2007	IFRS 31.03.2006
<i>Non current assets</i>		
Deferred income tax	0	33 070
Research and development	10 215 853	5 080 529
Goodwill	6 134 329	0
Portfolio	4 810 110	177 422
Property and plant	965 348	1 291 350
Equipment	2 381 207	197 491
Other non-current assets	80 450	1 015 755
Total non current assets	24 587 297	7 795 617
<i>Current assets</i>		
Inventory	10 749	0
Trade receivables	2 830 724	866 966
Other current receivables	1 617 542	4 462 677
Cash and short-term deposits	634 888	6 438 144
Total current assets	5 093 903	11 767 787
TOTAL ASSETS	29 681 200	19 563 404

EQUITY AND DEBT**IFRS
31.03.2007****IFRS
31.03.2006*****Equity***

Share Capital	987 574	866 542
Treasury Shares	-6 050	0
Share premium reserve	16 878 116	19 427 671
Result 01.01 - 31.03	-3 063 132	-6 452 281
Equity before minority interest	<u>14 796 508</u>	<u>13 841 933</u>

Minority	0	0
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<i>Total equity Capital</i>	<u>14 796 508</u>	<u>13 841 933</u>
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Liabilities***Other non current liabilities***

Debt to credit institutions	1 526 205	1 966 000
Other long term liabilities	<u>3 620 645</u>	<u>2 107 853</u>
<i>Total non current liabilities</i>	<u>5 146 850</u>	<u>4 073 853</u>

Current liabilities

Accounts payable	1 929 232	428 799
Taxes payable	1 284 356	332 448
Other current liabilities	<u>6 524 254</u>	<u>886 372</u>
<i>Total current liabilities</i>	<u>9 737 842</u>	<u>1 647 619</u>

<i>Total liabilities</i>	<u>14 884 692</u>	<u>5 721 472</u>
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TOTAL EQUITY AND LIABILITIES	<u>29 681 200</u>	<u>19 563 404</u>
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Statement of changes in equity

IFRS	Share capital	Own Shares	Share premium	Retained earnings	Total equity
Equity 01.01.2007	925 241	-6 050	12 329 325	-	13 248 516
Equity issue	62 333		7 941 328		8 003 661
Foreign exchange rate diff.			9 284		9 284
Changes in equity due to acquisition			-3 401 821		-3 401 821
Net profit / loss			-3 063 132		-3 063 132
Equity 31.03.2007	987 574	-6 050	13 814 984	-	14 796 508

Cash Flow Statement

Operating Activities

Net income before tax	-3 063 132
Depreciation and Amortization	1 101 810
Net paid leasing	-133 282
Decrease (increase) in Accounts Receivable	-142 455
Increase (decrease) in Accounts Payable	502 629
Decrease (increase) in inventory	0
Deferred income	28 665
Tax paid	0
Increase (decrease) in other operating Activities	-328 348
Net cash flow from other operating activities	(2 034 113)

Investment activities

Development costs recognized in the balance sheet	-1 404 092
Goodwill due to acquisition of minority interests	-4 613 117
Purchase price of minority interests beyond goodwill	-3 386 883
Investments in tangible fixed assets	0
Net investments stocks and shares	0
Net investments stocks and shares	(9 404 092)

Financing activities

Increase (decrease) long-term Debt	1 971 759
Deposited equity	8 003 661
Acquired own stocks	0
Other cash flow from financing activities	-1 940 102
Net cash flow from financing activities	8 035 318

IB Cash and bank deposits	4 037 775
Net changes of cash and bank deposits	-3 402 887
UB Cash and bank deposits	634 888

Segment Information

The group's business is grouped in two main areas: software and services.

31.03.07 IFRS

Business segment	Software	Services	Total
Operating income	3 507 981	1 817 358	5 325 339
Operating Expenses	5 182 587	2 008 637	7 191 224
Operating profit before depreciation	(1 674 606)	(191 279)	(1 865 885)
Depreciation	777 545	324 265	1 101 810
Operating Result	(2 452 151)	(515 544)	(2 967 695)

31.03.06 IFRS

Business segment	Software	Services	Total
Operating income	3 235 602	-	3 235 602
Operating Expenses	9 306 029	-	9 306 029
Operating profit before depreciation	(6 070 427)	-	(6 070 427)
Depreciation	357 127	-	357 127
Operating Results	(6 427 554)	-	(6 427 554)

Sales revenue by Geographical Area

	Q1 07	Q1 06
Norway	5 171 365	2 805 462
Sweden	153 974	430 140
Total	5 325 339	3 235 602



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