



Software
Innovation



Software
Innovation



1st Quarter 2008
Financial Report and Status

Presentation
Oslo, April 23rd 2008

Content

- Highlights
- Group financials
- A closer look at operations
- Business status
- Outlook
- Fact Pack



A weak quarter as expected – underlying development continued positive

Financial performance and highlights Q1 2008

- Operating revenues MNOK 115,4
- Earnings before interests and tax (EBIT) MNOK -5,5
- License sales reached MNOK 20,0
- Cash and cash equivalents MNOK 77,6
- Promising launch of the new 360° suite – fully integrated with Microsoft®

The launch of the new 360° – an important milestone

Several important contracts signed in Q1 – six on the Early Customer Programme for the new 360°

Selected contracts in first quarter of 2008

Norway

- Aspelin-Ramm Gruppen (360° 4.0)
- Østfold Energi (360° 4.0)
- Vesterålskraft (360° 4.0)
- Sykehuset Asker og Bærum (360° 4.0)
- Aker Borgestad (ProArc extension)
- APL (ProArc extension)
- Forsvaret (Extension DocuLive)
- Kriminalomsorgen (Extension DocuLive)

Denmark

- Integrationsministeriet (Public 360°)
- Nordisk Minister Råd (Upgrade Public 360°)

Sweden

- Linköpings Universitet (Public 360° 4.0)
- Marks Kommun (Public 360° 4.0)
- Regeringskansliet (Public 360°)
- TeliaSonera (Frame agreement)

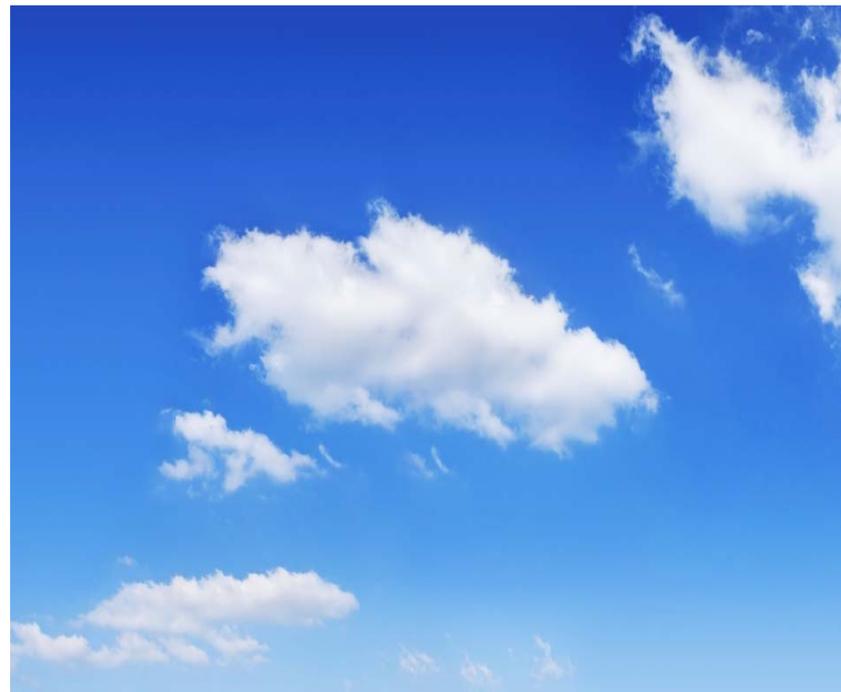
Finland

- Patria Oy (CRM)
- MTV3 (CRM)
- Rudus Oy (CRM)



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Revenue and earnings in Q1 according to expectations

P&L | Balance | Cash Flow

(All figures in TNOK)	Q1 08	Q1 07	▲ %	2007	2006	▲ %
Operating revenues	115 402	115 372	0 %	436 409	376 130	16 %
Cost of goods sold	8 889	5 901	51 %	43 781	28 366	54 %
Salaries and personnel expenses	91 125	87 183	5 %	347 525	336 675	3 %
Other operating expenses	17 603	22 363	-21 %	72 045	96 599	-25 %
Total operating expenses	117 617	115 447	2 %	463 351	461 640	0 %
EBITDA	-2 215	-75	-2853 %	-26 942	-85 510	68 %
<i>EBITDA margin %</i>	<i>-2 %</i>	<i>0 %</i>		<i>-6 %</i>	<i>-23 %</i>	
Depreciation	3 254	2 973		13 137	40 251	
EBIT	-5 469	-3 048	-79 %	-40 079	-125 761	68 %
<i>EBIT margin %</i>	<i>-5 %</i>	<i>-3 %</i>		<i>-9 %</i>	<i>-33 %</i>	
One-time effects	0	0				
Net financial items	-1 741	-1 857		-6 507	-5 039	
EBT	-7 210	-4 905	-47 %	-46 586	-130 800	64 %
Tax expenses [28%]	4	80		8 641	47 343	
Net profit	-7 214	-4 985	-45 %	-55 227	-178 143	69 %

Controlled growth in accounts receivable – satisfactory cash position

P&L | Balance | Cash Flow

(All figures in TNOK)	Q1 08	Q1 07	▲ %	2007	2006	▲ %
Non-current assets						
Goodwill	85 666	89 938		87 310	68 920	
Deferred tax asset	47 272	57 874		47 083	60 033	
Other non-current assets	38 890	35 882		41 657	30 816	
Total non-current assets	171 828	183 694	-6 %	176 050	159 769	10 %
Current assets						
Inventory	946	1 278		927	1 395	
Accounts receivable	88 902	71 613		92 754	79 016	
Work in progress	13 830	22 299		5 453	18 214	
Other receivables	20 276	24 777		14 811	18 603	
Cash and cash equivalents	77 606	100 602		106 122	103 925	
Total current assets	201 560	220 569	-9 %	220 067	221 153	0 %
Total assets	373 388	404 263	-8 %	396 117	380 922	4 %

Satisfactory equity ratio – driven by the reduction in current liabilities

P&L | **Balance** | Cash Flow

(All figures in TNOK)	Q1 08	Q1 07	▲ %	2007	2006	▲ %
Equity						
Share capital	7 435	5 736		7 435	5 449	
Other equity	124 647	128 723		132 196	120 590	
Minority interests	952	-66		860	698	
Total equity	133 034	134 393	-1 %	140 491	126 737	11 %
Long-term debt						
Pensions	11 411	10 870		11 417	10 870	
Other long-term debt	81 332	82 985		82 050	83 927	
Total long-term debt	92 743	93 855	-1 %	93 467	94 797	-1 %
Current liabilities						
Debt to financial institutions	5 246	4 293		5 125	3 912	
Accounts payable	11 795	26 287		36 550	23 310	
Tax / Public duties	35 567	34 180		34 382	43 669	
Other current liabilities	95 003	111 255		86 102	88 497	
Total current liabilities	147 611	176 015	-16 %	162 159	159 388	2 %
Total liabilities	240 354	269 870		255 626	254 185	1 %
Total equity and liabilities	373 388	404 263	-8 %	396 117	380 922	4 %
Equity ratio	36 %	33 %	7 %	35 %	33 %	7 %

Negative cash flow as expected – driven by the termination of DSS-project in Q4 2007

P&L | Balance | Cash Flow

(All figures in TNOK)	Q1 08	Q1 07	▲ %	2007	2006	▲ %
Cash flow from operating activities						
Profit (loss) before tax	-7 210	-4 905		-46 586	-130 800	
Tax paid in the period	-206	0				
Depreciation / Amortization	3 254	2 973		13 137	12 251	
One-time effects						
Change in inventory, accounts receivable and accounts payable	-19 999	12 629		6 051	13 530	
Effect of changes in exchange rates	-104	-2 358		-3 061	715	
Change in other balance sheet items	-2 573	-2 630		-3 918	66 170	
Net cash flow from operating activities	-26 838	5 709	-570 %	-34 377	-38 134	10 %
Cash flow from investment activities						
Investment in tangible fixed assets	-2 713	-8 471		-32 995	-11 805	
Net cash flow from investment activities	-2 713	-8 471	68 %	-32 995	-11 805	-180 %
Cash flow from financing activities						
Share issue	0	0		68 803		
Repayment of long term liabilities	-853	-561		-3 146	85 254	
Payment from long term liabilities	1 888	0		3 912		
Net cash flow from financing activities	1 035	-561	n/a	69 569	85 254	-18 %
Net change in cash and bank deposits	-28 516	-3 323		2 197	35 315	
Cash and bank deposits as at period start	106 122	103 925		103 925	68 609	
Cash and bank deposits as at period end	77 606	100 602	-23 %	106 122	103 925	2 %

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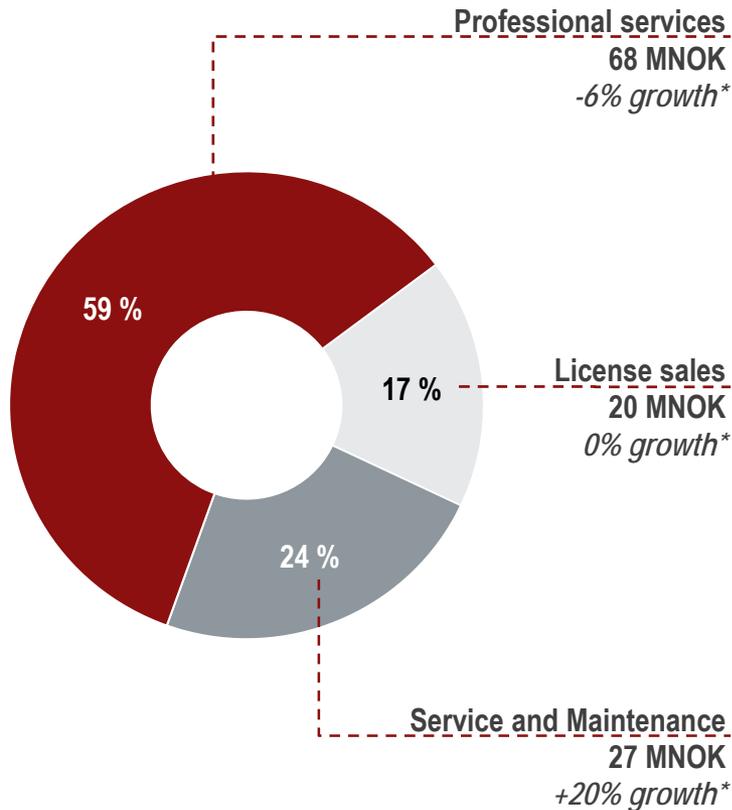
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The three main sources of income deliver growth rates as expected considering seasonality and one time effects in 2007

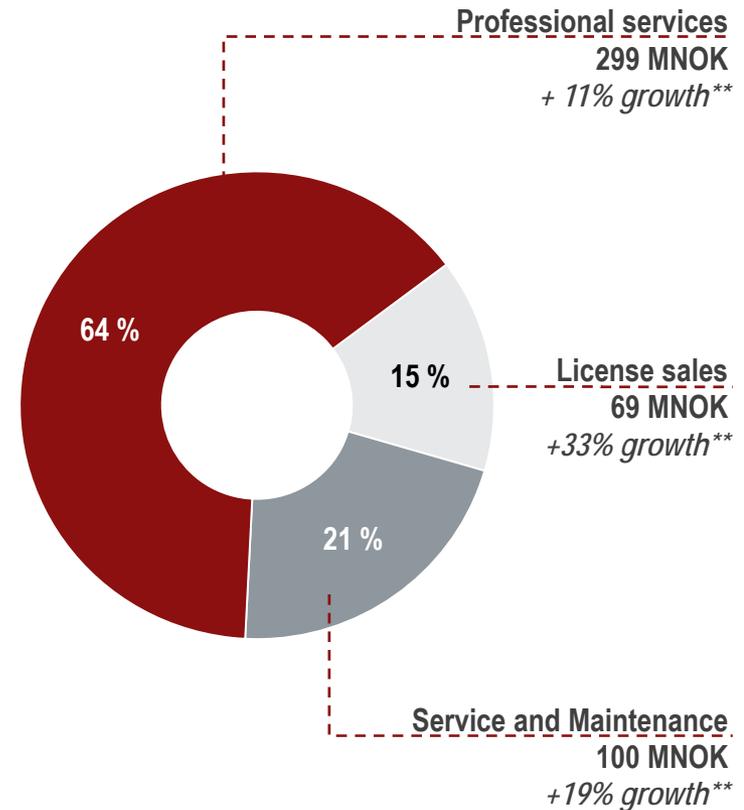
Revenue analysis | Cost analysis | Results analysis

Revenues by source – Q1 2008



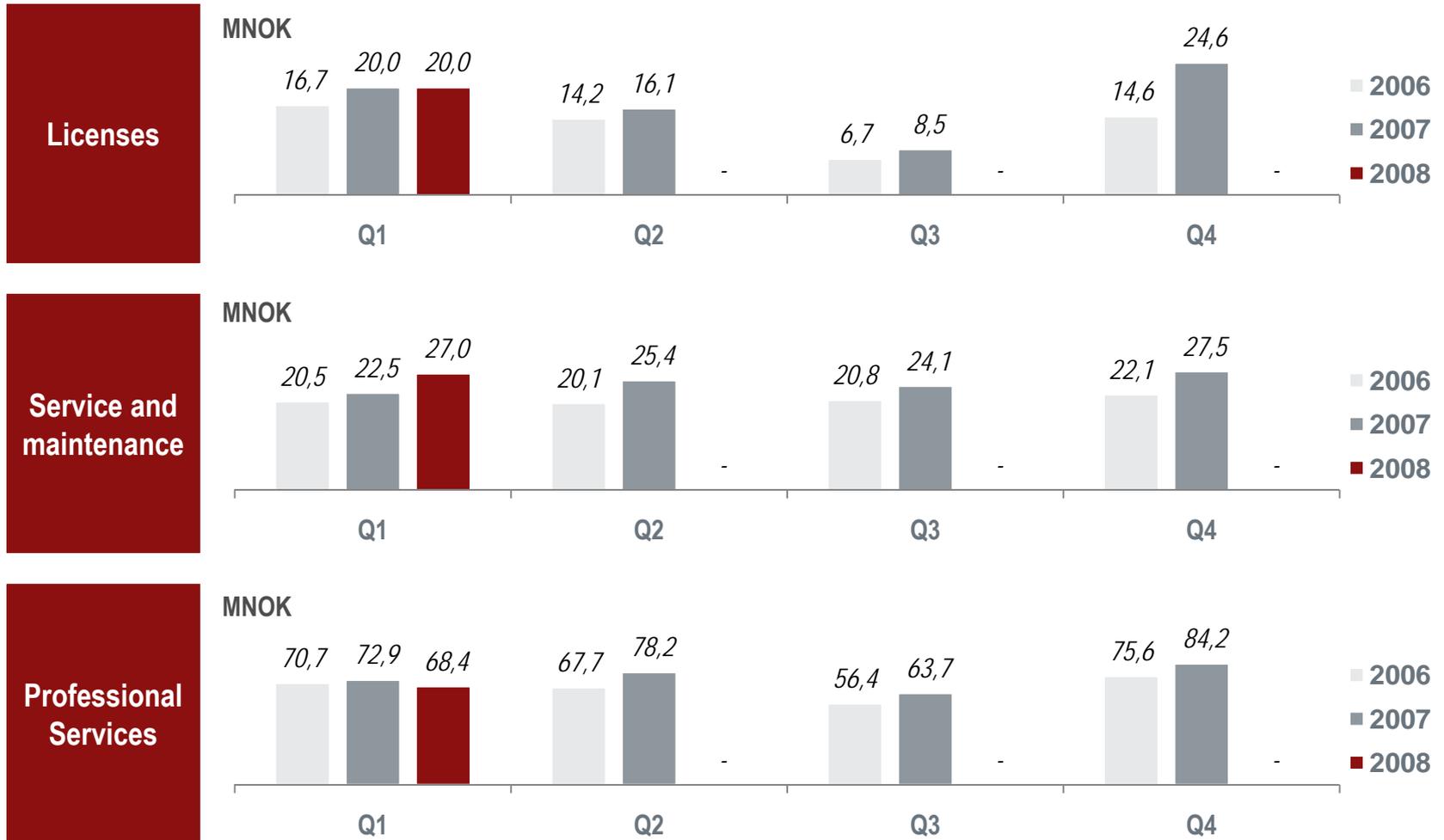
*) Growth compared to Q1 2007

Revenues by source – full year 2007



***) Growth compared to 2006

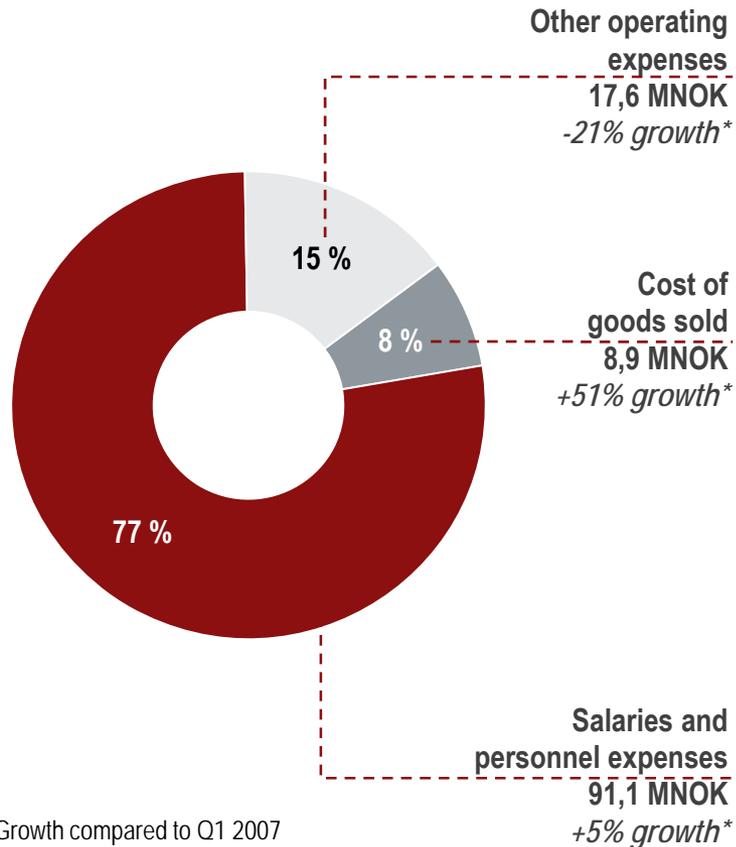
There is an underlying revenue growth within all three revenue sources



Strong cost focus allows competitive salary development

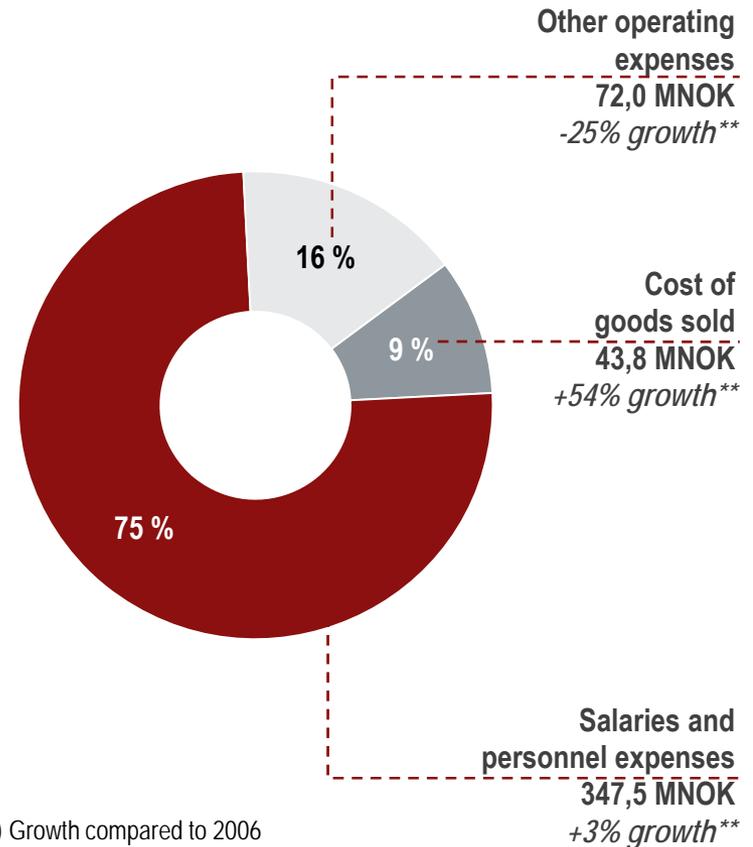
Revenue analysis | **Cost analysis** | Results analysis

Cost by source – Q1 2008



*) Growth compared to Q1 2007

Cost by source – full year 2007



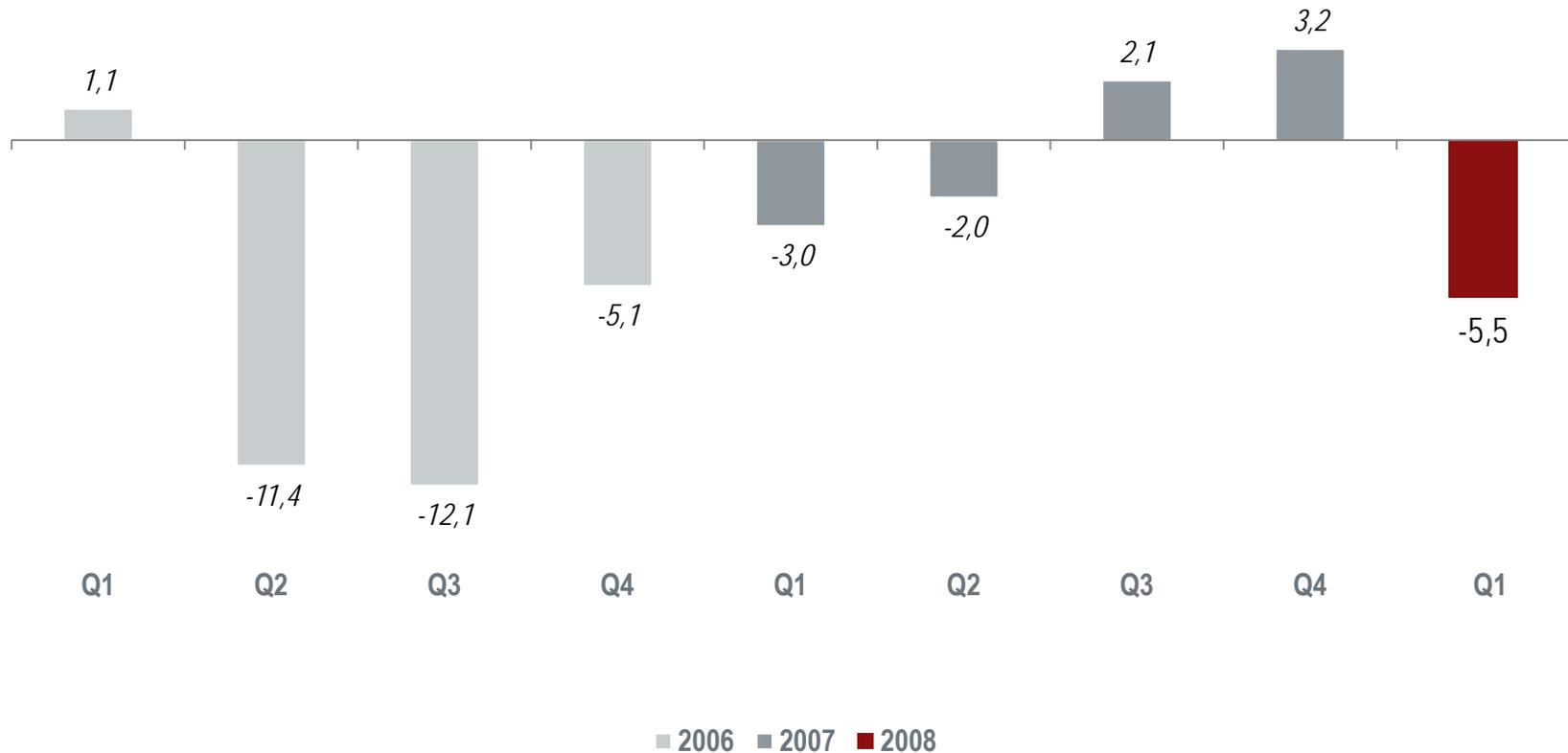
***) Growth compared to 2006

As expected – earnings dipped in Q1 mainly due to seasonality

Revenue analysis | Cost analysis | **Results analysis**

EBIT Quarterly

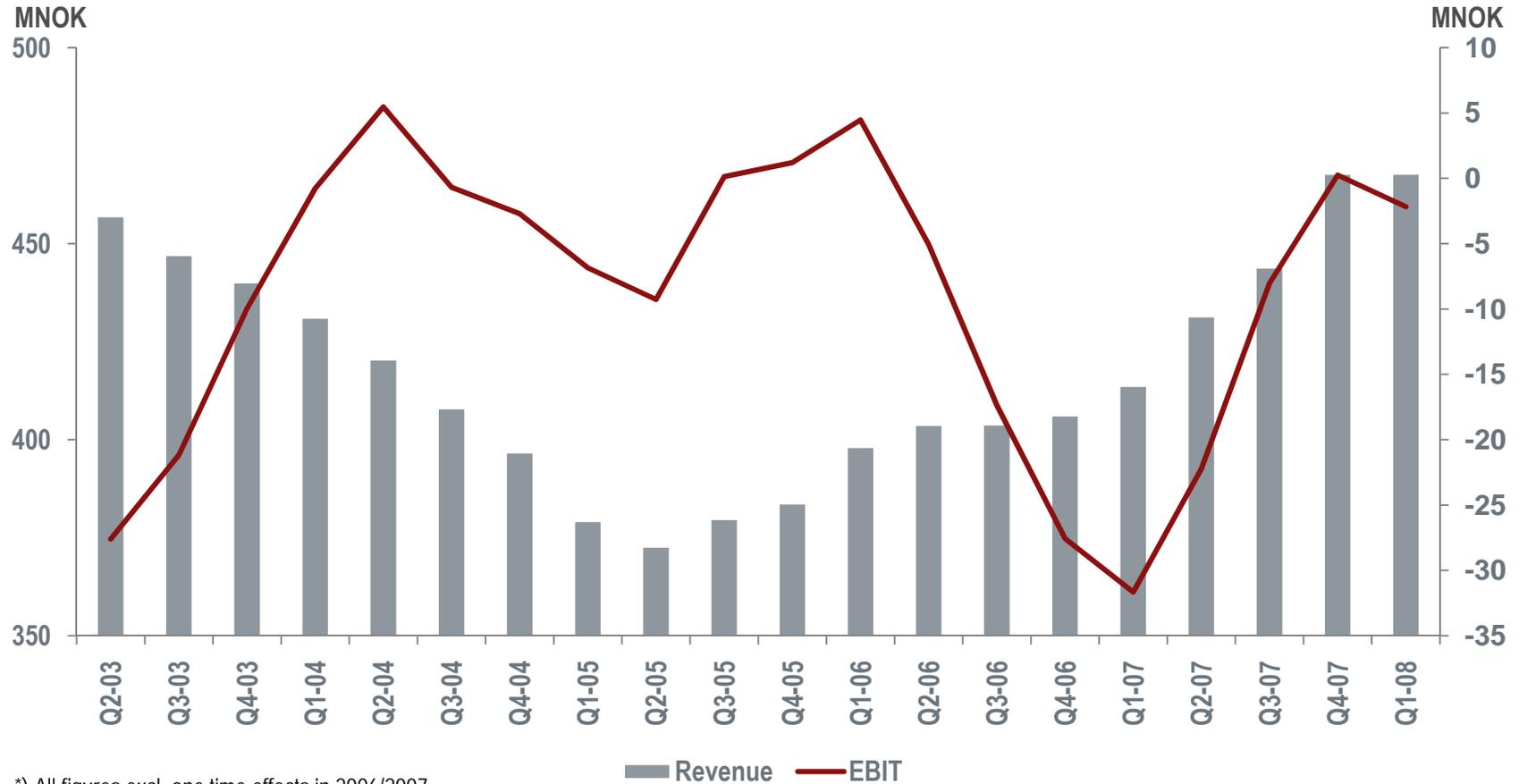
MNOK



Strong underlying operational improvement over the last year

Revenue analysis | Cost analysis | **Results analysis**

Rolling 12 months revenues and EBIT*



*) All figures excl. one time effects in 2006/2007

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Markets | Products | Organisation



First quarter revealed an underlying continued growth in the Norwegian business and positive development in Denmark

Markets | Products | Organisation

Norway

- Underlying revenue growth year over year (adjusted for one time effects in '07 and Easter)
- Increased license sales
- Weaker utilisation – finalisation of larger projects and minor postponement of start-ups due to release of new 360° suite

Sweden

- Weaker development than expected – reduced number of consultants
- Satisfactory development in hourly rates and utilisation

Denmark

- Positive development
- Weaker utilisation – as expected due to DSS
- Considerably increase in hourly rates – fewer old and troubled projects

Finland

- Positive development
- Increased utilisation
- Satisfactory license sales

Our cutting edge solutions derives from 20 years of experience with world leading innovators

Markets | **Products** | Organisation



A product suite for document-, record-, case- and relationship management

Fully integrated with Microsoft® Office, Microsoft® Outlook and Microsoft® SharePoint

The new generation, 360°, was pre-launched March 29th 2008

Innovative customer driven product development

- Public sector in the Nordics is the worlds leading in utilising technology
- Nordic oil and engineering industry represent global best practice in utilising technology
- Our solutions are developed in close cooperation with leading clients in these sectors – probably the most demanding clients in the world



A complete solution for management of technical documents and drawings

Functionality for global organisations and SharePoint will be released in Q3

New generation fully integrated with Microsoft® Office, Microsoft® Outlook and Microsoft® SharePoint is under development

New leaders onboarded – strengthening the operative management

Markets | Products | **Organisation**

Organisation

- Software Innovation had 530 employees in the end of first quarter compared to 559 employees at the same time in 2007
- Three new member of Group Management appointed in Q1 :
 - In January, Lennart H. Liljenberg-Hane, as Director of SI Sweden
 - In February, Halvor Walla, as Director of SI Software
 - In March, Kjell-Erik Tenold, as Director of SI Norway



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Software Innovation will regain profitability – leveraging fundamental market drivers by commercialising cutting edge products

Market Outlook

- Enterprise Content Management (ECM) is one of the fastest growing market segments in the IT sector with more than 10% annual growth (IDC)
- The expected growth is based on three fundamental market drivers:
 - Rapid growth in information flow and storage
 - Increased digital collaboration
 - Tightened regulatory requirements

Business Focus

- Commercialising the new 360°
- Finalising development and launching new ProArc
- Pursue our primary goals:
 - Regain profitability
 - Increase customer satisfaction
 - Increase employee satisfaction





2008 – a year of
profitability



Q&A

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Segment revenues

Revenue split (MNOK)	Q1 08	Q1 07	▲ %	2007	2006	▲ %
License sales	20,0	20,0	0 %	69,2	52,2	33 %
Service and Maintenance	27,0	22,5	20 %	99,5	83,5	19 %
Professional services	68,4	72,9	-6 %	299,0	270,4	11 %
One time effects	0,0	-		-31,3	-30,1	-4 %
Total	115,4	115,4	0 %	436,3	376,0	16 %

Revenue (MNOK)	Q1 08	Q1 07	▲ %	2007	2006	▲ %
Norway	81,1	86,2	-6 %	355,0	293,5	21 %
Sweden	8,4	9,9	-15 %	40,2	35,1	15 %
Denmark	24,8	20,3	22 %	82,4	84,3	-2 %
Finland	5,4	4,6	17 %	16,5	15,8	5 %
SI Software	9,8	-		0,0	0,0	
Eliminations	-14,1	-5,7	-149 %	-26,5	-22,4	-18 %
One time effects	0,0	-		-31,3	-30,1	
Total	115,4	115,4	0 %	436,3	376,0	16 %

Revenue for SI Software consists of the royalties derived from license sales and service and maintenance income of standard group products.

Unit Contribution

Unit contribution (MNOK)	Q1 08	Q1 07	▲ NOK	2007	2006	▲ NOK
Norway % margin	8,5 10 %	16,0 19 %	-7,5	56,8 16 %	10,5 4 %	46,2
Sweden % margin	-1,3 -16 %	-0,4 -4 %	-0,9	1,5 4 %	-8,6 -25 %	10,1
Denmark % margin	1,1 4 %	-5,1 -25 %	6,2	-47,6 -58 %	-2,0 -2 %	-45,7
Finland % margin	0,8 15 %	-0,1 -2 %	0,9	0,0 0 %	0,0 0 %	0,0
SI Software Corporate	-11,0 -3,4	-8,5 -4,8	-2,5 1,4	-32,8 -17,9	-12,1 -87,4	-20,8 69,5
One time effects	0	0	0,0	-40,3		-40,3
Total EBIT % margin	-5,5 -5 %	-2,9 -3 %	-2,5	-40,1 -9 %	-99,5 -26 %	59,4

Unit Contribution consist of EBIT, royalties derived from license sales and service and maintenance income of standard group products as well as the business units share of corporate cost.

Organisation

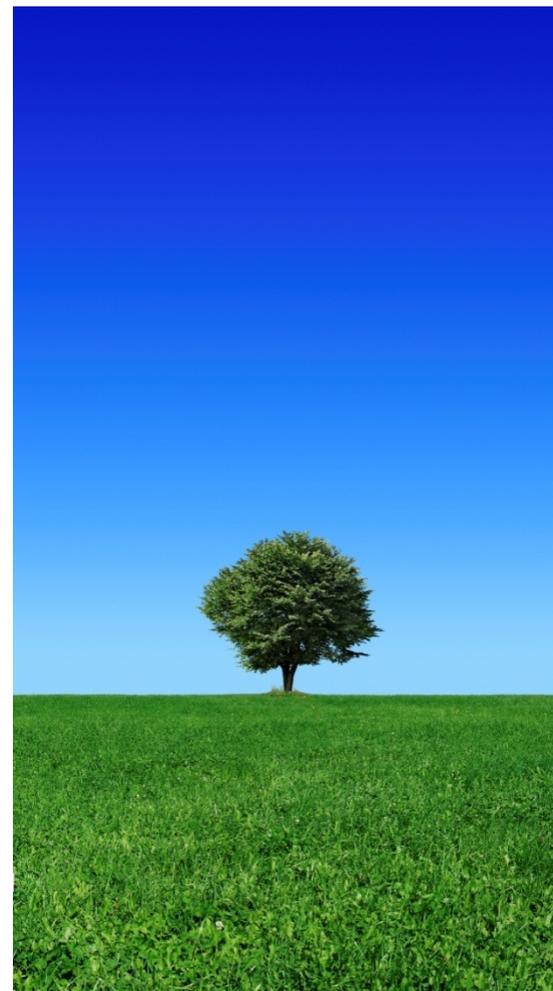
No of employees	Q1 08	Q1 07	▲ %	Q4 07	Q4 06	▲ %
Norway	302	300	1 %	305	286	7 %
Sweden	45	57	-21 %	51	53	-4 %
Denmark	110	113	-3 %	110	110	0 %
Finland	26	29	-10 %	26	28	-7 %
Corporate	5	18	-72 %	7	22	-68 %
SI Software	42	42	0 %	42	43	-2 %
Total	530	559	-5 %	541	542	0 %

Shareholder information – Q4 2007

Earnings per share	Q1 08	Q1 07	▲ NOK	2007	2006	▲ NOK
Average no. of shares fully diluted [000']	21 849	16 059		19 790	16 047	
EPS	-0,33	-0,31	-0,02	-2,79	-11,08	8,29
Average no of shares outstanding [000']	21 849	16 033		19 790	16 006	
EPS	-0,33	-0,31	-0,02	-2,79	-11,11	8,32
No of shares outstanding	21 869	16 869		21 869	16 025	

20 Largest Shareholders per 21.04.2008

	Shareholder	Shares	% share
1	Firmament AS	2 152 500	9,8 %
2	Ojada AS	1 644 705	7,5 %
3	Sanden AS	1 584 763	7,2 %
4	Sundt AS	1 500 000	6,9 %
5	Skagen Vekst	1 500 000	6,9 %
6	Briskebakken AS	1 300 000	5,9 %
7	Benestad Golf AS	488 000	2,2 %
8	Holberg Norge	435 000	2,0 %
9	Bridago AS	389 020	1,8 %
10	NHO Arbeidsmiljøfond	384 654	1,8 %
11	Middelboe AS	344 777	1,6 %
12	Norse AS	340 000	1,6 %
13	Silvercoin Industrier	313 183	1,4 %
14	Rosenfonn Investing	301 000	1,4 %
15	Birdrock AS	286 875	1,3 %
16	DnBNOR Selekt	272 946	1,2 %
17	Pedersen Olav Werner	271 000	1,2 %
18	Norse Kapitalforvalt	260 000	1,2 %
19	T-International	231 873	1,1 %
20	Tema Invest AS	229 388	1,0 %
	Sum 20 Largest Shareholders	14 229 684	65,1 %
	Total number of shares	21 869 080	100,0 %



Statement of changes in Equity per 31.03.2008

(All figures in TNOK)	Share capital and share premium reserve	Other paid in capital	Other equity	Minority interests	Total equity
Equity 01.01.08	128 351	11 048	0	860	140 260
Stock options		-265			-265
Currency translation differences			253		253
Change in Minority interests			16	-16	0
Profit (loss) YTD			-7 322	108	-7 214
Equity 31.03.08	128 351	10 783	-7 053	952	133 034



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