



Powel ASA is a worldwide supplier of business-critical systems for power generation, transmission, and distribution utilities, as well as solutions for municipal water and wastewater services. Proven experience as a software developer for generators and utilities in a deregulated and highly competitive market makes Powel ASA a market leader.

REPORT THIRD QUARTER 2007

Powel ASA Third Quarter 2007

Highlights

(Numbers in () refer to corresponding period last year.)

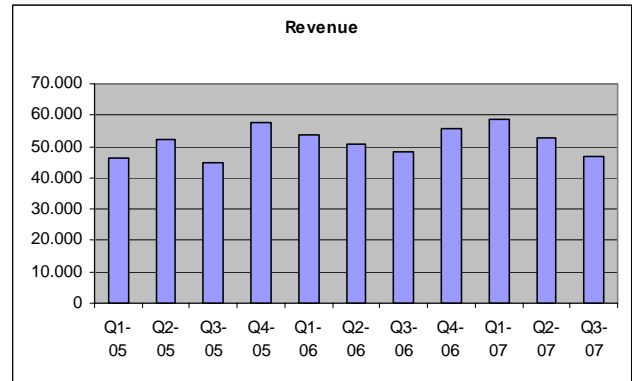
- Revenues of MNOK 46.8 in 3Q07 (MNOK 48.3)
- EBITDA was MNOK -10.5 in 3Q07 (MNOK 2.7). The 3Q07 number includes cost of MNOK 12.5 related to restructuring of the business.
- The Norwegian operation showed a positive EBITDA of MNOK 3.3. IFRS effect of MNOK 1.6 included.
- The North American operation had a negative EBITDA of MNOK 3.4 in 3Q07. Write down of intangible assets related to Powel Inc were made in 3Q07. The write down is made to reflect the change in strategic ambition for the US market, with a downscaled organization and reduced product offering.
- Powel ASA has implemented a new organizational model in 3Q07 with new and additional members of management in order to increase focus on sales, services and efficient software development. Actions have been implemented to reduce cost, including a reduction in staff of approximately 15 employees during Q4, in addition to the reduction of 20 employees during the first three quarters.
- Powel received orders totaling MNOK 27.9 in 3Q07, of which the most significant were;
 - Skellefteå Kraft AB for delivery of business critical decision support solutions for short term hydropower generation.
 - Lyse Energi with an extended Meter Data Management System
 - Tafjord Kraftnett and Sunhordland Kraftlag AS with deliveries of the system Netbas, for improved planning and maintenance of the grid system.
- Order backlog of MNOK 146 (MNOK 135) and MNOK 147 in 2Q07.

Financials

Revenues

Revenues in 3Q07 were MNOK 46.8 (MNOK 48.3), a decline of 3.1%. The decline in revenue is mainly a result of the restructuring of the US operations, where

the operational activities and operational expenses have been reduced in order to regain profitability. Accumulated revenue was MNOK 158.3, (MNOK 152.5), an increase of 3.8%. Revenue from the company's Norwegian operation increased by 11% from MNOK 114.0 to MNOK 127.2, while revenue from the US operation decreased by 40% , from MNOK 20.1 to MNOK 12.2.



Payroll and related expenses

Payroll and related expenses were MNOK 43.6 in 3Q07 (MNOK 31.2), and MNOK 41.2 in 2Q07. MNOK 12.5 of the 3Q07 payroll and related expenses relates to the restructuring program. Total workforce is 222 by 30.09.07 (235).

Capitalization of R&D expenses

Total capitalized R&D is MNOK 1.6 in 3Q07 (MNOK 3.1). Year to date capitalized R&D is MNOK 9.0 (MNOK 9.5). Depreciation on capitalized R&D is MNOK 1.7 in 3Q07, and year to date MNOK 5.0. Expensed R&D year to date is MNOK 17.0 (MNOK 9.3).

Other operating expenses

Other operating expenses in 3Q07 were MNOK 12.8 compared to MNOK 15.6 in 3Q06.

Write down of intangible assets

A write down of MNOK 44.7 of intangible assets related to Powel Inc was made in 3Q07. The write down is made as a part of the plan to reduce US activities in order to regain profitability.

EBIT

EBIT was MNOK -59.1 in 3Q07 (MNOK 0.2). The EBIT number includes write down of intangible assets

of MNOK 44.7 and costs related to restructuring of MNOK 12.5.

Financial items

Net financial items were MNOK -0.1 in 3Q07 (MNOK 0.2). The decline is mainly due to currency loss related to inter company balance items to the subsidiary companies in Sweden and USA.

Taxes

Taxes are MNOK 7.9 in 3Q07 versus MNOK -1.0 in 3Q06. The changes are mainly due to reversed deferred tax liabilities related to the write down of intangible assets in Powel Inc. and amounted to approximately MNOK 5.4.

Net income

Net income was MNOK -51.2 in 3Q07 (MNOK -0.6). EPS and fully diluted EPS was NOK -2.67, compared to NOK -0.03 in the same quarter last year.

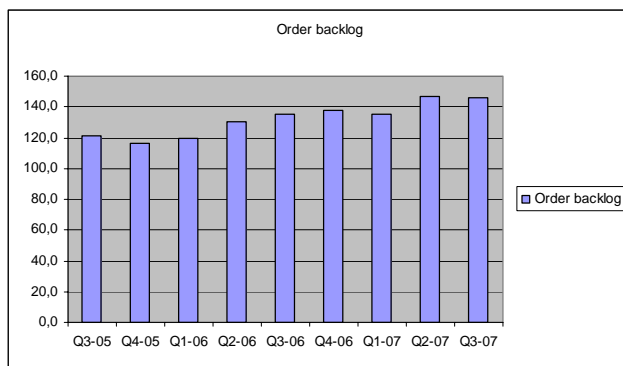
Liquidity and capital resources

The Company's net cash flow from operating activities was MNOK -17.0 in 3Q07 (MNOK -8.7). The change in liquidity is mainly due to prepaid maintenance fees. Cash and cash equivalents at the end of 3Q07 were MNOK 23.8 (MNOK 29.3). The board considers the cash position to be satisfactory.

Order inflow and order backlog

Order inflow in 3Q07 was MNOK 28 (MNOK 34) and MNOK 34 in the previous quarter.

The order backlog was up 8% to MNOK 146 (MNOK 135).



Organization

At the end of 3Q07, the Company had 222 employees (235). The number of staff in North America is substantially reduced, from 37 to 25. A further reduction of up to 15 employees will be implemented during Q4.

Outlook

The overall corporate result is not satisfactory. The corrective actions made through strategy changes and restructuring, including cost reductions, will improve the company's financial performance going forward.

The company's main focus is to improve and further develop the company's leading position in the Nordic countries, and continue to grow in selected business segments outside the Nordic region.

The global Smart Metering market is growing quickly. The need for intelligent solutions is increasing, and Powel's Meter Data Management System plays an important role in the Smart Metering solutions for utilities. Powel's position in the Swedish market is recognized as a credible reference internationally.

Nordic grid operators are now more frequently requesting integration between their grid operation system and business operation systems, implying that NIS systems like NetBas are now becoming business critical to these customers.

Competence within hydro optimization is highly demanded, and system expansions are expected from current Powel customers.

Shareholder related issues

As of September 30, 2007, the total number of outstanding shares was 19.172.933. The company held 28.628 shares as treasury stock.

The POWEL shares have been traded in the range of NOK 17,30 – 19,00 during 3Q07. The closing price at September 30, 2007, was NOK 17,30, representing a market capitalization of approximately MNOK 331.

20 largest shareholders

Investor	Number of shares	% of top 20	% of total	Type	Country
NORSK VEKST ASA	3,845,000	22.02%	20.05%	Comp.	NOR
MORGAN STANLEY AND CO. INTL. PLC	3,481,500	19.94%	18.16%	Comp.	GBR
ARENDALS FOSSEKOMPANI ASA	2,820,000	16.15%	14.71%	Comp.	NOR
VIKING VENTURE AS	1,313,091	7.52%	6.85%	Comp.	NOR
NORSK VEKST I KS	1,248,000	7.14%	6.50%	Comp.	NOR
MAPLE COREY ROSS	1,139,880	6.53%	5.95%	Priv.	USA
KLP LK AKSJER	990,303	5.67%	5.17%	Comp.	NOR
VITAL FORSIKRING ASA	898,080	5.13%	4.67%	Comp.	NOR
SOLBERG SEAN LOREN	406,627	2.33%	2.12%	Priv.	USA
SINTEF ENERGIFORSKNING AS	244,000	1.40%	1.27%	Comp.	NOR
MP PENSJON	178,000	1.02%	0.93%	Comp.	NOR
ASPLAN VIAK INFORMASJONSTEKNOLOGI	150,739	0.86%	0.79%	Comp.	NOR
SVENSKA HANDELSBANKEN DEPOT	128,130	0.73%	0.67%	Nom.	SWE
FENDER INVEST AS	127,615	0.73%	0.67%	Comp.	NOR
VÆRNES JON EINAR	108,178	0.61%	0.55%	Priv.	NOR
MAIER GORDON RUBEN	103,754	0.59%	0.54%	Priv.	USA
MUSTAD INDUSTRIER AS	74,500	0.43%	0.39%	Comp.	NOR
BORTHEN KARL PETTER	73,298	0.42%	0.38%	Priv.	NOR
NORDEA SECURITIES AB	69,505	0.40%	0.36%	Nom.	SWE
BRØNNER ODD	64,000	0.37%	0.33%	Priv.	NOR
Total number owned by top 20	17,458,180	100%	91.06%		
Total number of shares	19,172,933		100%		

Last updated 28.10.2007

International Financial Reporting Standards (IFRS)

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) IAS 34 *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended December 31, 2006.

These condensed consolidated interim financial statements are approved by the Board of Directors.

Except as described below, the accounting policies applied by the Group in these condensed consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended December 31, 2006.

Trondheim, 8. November 2007

The Board of Directors

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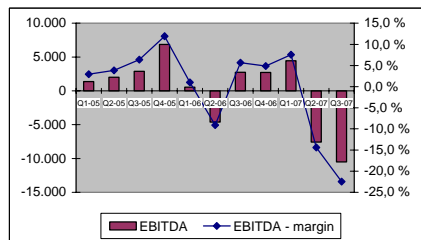
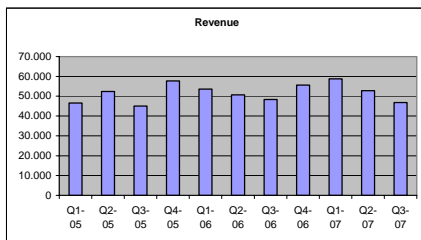
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Q3 2007 - Powel ASA

PROFIT AND LOSS STATEMENT	QUARTER		YEAR TO DATE		31.12.2006
	Q3 2007	Q3 2006	30.09.2007	30.09.2006	
(All figures in NOK 1.000)					
Software sales	6.000	6.551	26.151	26.341	36.733
Consulting	22.181	20.788	66.903	64.071	85.702
Maintenance	18.585	20.094	64.366	58.254	80.995
Other	11	864	933	3.923	4.742
Operating revenues	46.777	48.297	158.353	152.589	208.172
Cost of goods sold	2.486	1.777	9.564	9.504	10.734
Payroll and related costs	43.620	31.232	126.575	106.368	146.723
Capitalized development costs	-1.614	-3.139	-9.021	-9.529	-11.296
Other operating expenses	12.794	15.689	44.893	47.587	60.632
Total operating expenses	57.286	45.559	172.011	153.930	206.793
EBITDA	-10.509	2.738	-13.658	-1.341	1.379
Depreciation of tangible assets	874	703	2.638	2.347	2.900
Depreciation of intangible assets	2.965	1.820	8.999	5.612	8.293
Write down intangible assets	44.769	0	44.769	0	10.012
EBIT	-59.117	215	-70.064	-9.300	-19.826
Net financial items	-123	248	-550	1.260	3.912
Profit/ Loss before tax	-59.240	463	-70.614	-8.040	-15.914
Tax	7.972	-1.067	8.097	-1.546	403
Net profit/ loss	-51.268	-604	-62.517	-9.586	-15.511
EBITDA - margin	-22,5 %	5,7 %	-8,6 %	-0,9 %	0,7 %
EBIT - margin	-126,4 %	0,4 %	-44,2 %	-6,1 %	-9,5 %
Earnings per share (NOK)	-2,67	-0,03	-3,26	-0,50	-0,81
Earnings per share diluted (NOK)	-2,67	-0,03	-3,26	-0,50	-0,81
Outstanding shares	19.173	19.173	19.173	19.173	19.173
No. of employees (end of period)	222	235	222	235	243

QUARTERLY NUMBERS	2005				2005	2006				2006	2007				2007
	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4	
(All figures in NOK 1.000)															
Operating revenues	46.525	52.371	44.985	57.723	201.604	53.589	50.703	48.297	55.583	208.172	58.766	52.810	46.777	0	158.353
Total operating expenses	45.147	50.351	42.102	50.843	188.443	53.038	55.333	45.559	52.863	206.793	54.322	60.403	57.286	0	172.011
EBITDA	1.378	2.020	2.883	6.880	13.161	551	-4.630	2.738	2.720	1.379	4.444	-7.593	-10.509	0	-13.658
EBIT	-902	535	854	4.613	5.100	-2.598	-6.917	215	-10.526	-19.826	529	-11.476	-59.117	0	-70.064
Profit/ Loss before tax	1.729	452	-1.176	10.605	11.610	-2.385	-6.118	463	-7.874	-15.914	274	-11.648	-59.240	0	-70.614
Net profit/ loss	167	-1.064	-2.538	7.353	3.918	-3.473	-5.509	-604	-5.925	-15.511	-1.461	-9.788	-51.268	0	-62.517
EBITDA - margin	3,0 %	3,9 %	6,4 %	11,9 %	6,5 %	1,0 %	-9,1 %	5,7 %	4,9 %	0,7 %	7,6 %	-14,4 %	-22,5 %	#DIV/0!	-8,6 %
EBIT - margin	-1,9 %	1,0 %	1,9 %	8,0 %	2,5 %	-4,8 %	-13,6 %	0,4 %	-18,9 %	-9,5 %	0,9 %	-21,7 %	-126,4 %	#DIV/0!	-44,2 %
Earnings per share (NOK)	0,01	-0,07	-0,16	0,38	0,24	-0,18	-0,29	-0,03	-0,31	-0,81	-0,08	-0,51	-2,67	0,00	-0,81
Earnings per share diluted (NOK)	0,01	-0,07	-0,16	0,38	0,24	-0,18	-0,29	-0,03	-0,31	-0,81	-0,08	-0,51	-2,67	0,00	-0,81
Outstanding shares	15.708	15.708	16.173	19.173	19.173	19.173	19.173	19.173	19.173	19.173	19.173	19.173	19.173	0	19.173



BALANCE SHEET	30.09.2007	30.09.2006	31.12.2006
(all figures in NOK 1.000)			
Assets			
Fixed assets			
Software and licenses	5.717	19.693	18.909
Development costs	43.229	43.275	43.759
Customer portfolio	0	16.101	5.725
Goodwill	21.316	50.060	48.950
Deferred tax assets	8.415	4.272	3.062
Total intangible fixed assets	78.677	133.401	120.405
Total tangible fixed assets	5.146	6.848	6.288
Total financial assets	20.223	20.289	20.590
Total fixed assets	104.046	160.538	147.283
Current assets			
Accounts receivables	30.657	31.754	40.613
Other short-term receivables	8.844	8.267	3.267
On-going projects	37.448	31.103	28.379
Bank deposits, cash, etc	23.840	29.328	34.899
Total current assets	100.789	100.452	107.158
Total assets	204.835	260.990	254.441
Equity and liabilities			
Equity			
Contributed equity			
Share capital	19.173	19.173	19.173
Treasury shares	-29	-33	-29
Share premium reserve	76.625	91.404	91.404
Total contributed equity	95.769	110.544	110.548
Retained earnings			
Other equity	0	54.567	45.927
Total retained earnings	0	54.567	45.927
Total equity	95.769	165.111	156.475
Long-term liabilities			
Pension liabilities	14.776	10.357	16.066
Deferred tax liabilities	0	11.091	6.626
Other long-term liabilities	166	0	0
Total long-term liabilities	14.942	21.448	22.692
Current liabilities			
Accounts payable	2.172	4.465	6.203
Public duties payable	18.230	15.988	13.988
Prepayments on WIP	41.150	37.679	14.462
Bank overdraft	0	0	13.833
Other short-term liabilities	32.572	16.299	26.788
Total current liabilities	94.124	74.431	75.274
Total liabilities	109.066	95.879	97.966
Total equity and liabilities	204.835	260.990	254.441

CASH FLOW ANALYSIS	Q3 2007	Q3 2006	30.09.2007	30.09.2006	31.12.06
Cash flow from operating activities					
Ordinary profit before taxes and depreciations	-10.632	2.984	-14.208	-83	5.284
Changes in working capital	-10.351	-6.106	23.544	20.898	-3.073
Other operating changes	3.960	-5.602	3.158	-7.161	8.669
Cash flow from operating activities	-17.023	-8.724	12.494	13.654	10.880
Cash flow from investment activities	-1.853	-9.277	-8.307	-23.407	-24.124
Cash flow from financing activities	1.611	535	166	-1.072	-1.194
Exchange rate effect on cash	-853	4.019	-1.580	-180	-4.829
Net change in cash / cash equivalents	-18.118	-13.447	2.773	-11.005	-19.267
Cash and cash equivalents opening balance	41.957	42.775	21.066	40.333	40.333
Cash and cash equivalents closing balance	23.839	29.328	23.839	29.328	21.066

STATEMENT OF RECOGNIZED INCOME AND EXPENSE			
Figures in NOK 1000	30.sep 2007	30.sep 2006	31. December 2006
Foreign exchange translation differences	10.682	1.530	1.607
Exchange differences on net investment	-12.261	-1.710	-6.425
Tax effect of exchange differences on net investments	3.390		1.773
Costs related to share issue	0	0	0
Tax effect of costs related to share issue	0	0	0
Revaluation of financial instruments	0	-74	0
Net income recognised directly in equity	1.811	-254	-3.045
Profit/loss for the period	-62.517	-9.587	-15.511
Total recognised income and expense for the period	-60.706	-9.841	-18.556
Attributable to:			
Equity holders of the parent	-60.706	-9.841	-18.556
Total recognised income and expense for the period	-60.706	-9.841	-18.556

CAPITAL AND RESERVES							
	Share capital	Treasury shares	Share premium	Fair value reserves	Translation reserves	Total retained earnings	Total equity
Balance per 1 January 2007	19.173	-29	91.405	19	-4.294	50.202	156.476
Treasury shares	0	0	0	0	0	0	0
Total recognised income and expense	0	0	0	0	1.811	-62.517	-60.706
Balance pr 30 September 2007	19.173	-29	91.405	19	-2.483	-12.315	95.770
Balance per 1 January 2006	19.173	0	91.405	19	-1.249	66.602	175.950
Treasury shares	0	-33	0	0	0	-965	-998
Total recognised income and expense	0	0	0	-74	-180	-9.587	-9.841
Balance pr 30 September 2006	19.173	-33	91.405	-55	-1.429	56.050	165.111
Balance per 1 January 2006	19.173	0	91.405	19	-1.249	66.602	175.950
Treasury shares	0	-29	0	0	0	-889	-918
Total recognised income and expense	0	0	0	0	-3.045	-15.511	-18.556
Balance pr 31 December 2006	19.173	-29	91.405	19	-4.294	50.202	156.476

REVENUE DISTRIBUTION YEAR TO DATE - TOTAL						
NOK 1.000	Norway	Sweden	EU	North America	Other	TOTAL
Licenses and maintenance	60.574	15.178	8.519	5.896	350	90.517
Services	37.626	21.907	3.138	6.447	-2.215	66.903
Other	4.393	867	745	947	-6.019	933
TOTAL	102.593	37.952	12.402	13.290	-7.884	158.353
	64,8 %	24,0 %	7,8 %	8,4 %	-5,0 %	100,0 %