



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

REPORT FIRST QUARTER 2007

Highlights:

- Revenue of 58.8 MNOK in Q1-07 compared to 53.5 MNOK during the same period last year, an increase of 9.7%
- The EBITDA for the first quarter was 4.4 MNOK, compared to 0.5 MNOK for the same period last year
- The order backlog increased to 135 MNOK, from 120 MNOK last year
- EBITDA of -2.7 MNOK in the U.S. operation during Q1-2007. A restructuring program is initiated and results are expected during first half of 2007.
- Bård Benum hired as new CEO during first quarter, to start early second quarter.
- Partnership agreement signed with Lyse Energi, to work towards common goals, including strategic projects to support Lyse Energi's business process within meter data management and automatic meter reading
- Signed a contract to deliver the AMR software solutions to Halmstad Energi och Miljö Nät AB. This contract includes the delivery of Powel ELIN, a Smart Metering Software Solution that helps ensure the quality, security, and efficiency of meter data collection for energy and district heating.
- Dayton Power & Light, one of the U.S.'s top 50 electric utilities and a major NetBas client in the United States, has implemented Powel's Operational Resource Planning (ORP) system, including field and back office software. The system was approved by Dayton Power & Light during Q1, and the system went live early May.



Powel ASA Q1

Strong development in the Nordic market

Q1 Financial Report

The operating revenue in first quarter was MNOK 58.8, up from MNOK 53.5 during the same period last year, an increase of 9.7%. The EBITDA for the first quarter was 4.4 MNOK, compared to 0.5 MNOK for the same period last year. The EBT for the first quarter was 0.3 MNOK, compared to -2.9 MNOK for the same period last year.

The company has a cash position of 78 MNOK, which is the same level as Q1-2006. Capitalized R&D is 5.4 MNOK in the period, compared to 4.1 MNOK last year. The numbers of employees are 236, which is the same level as Q1-2006. The order backlog is 135 MNOK, up from 120 MNOK at same quarter last year.

The growth in revenue is mainly from the Nordic market, where we see increased activity and customer demand in most of the business areas. The Nordic market remains very strong and provides good net margins, creating a solid base for further growth. In particular, the markets for Automatic Meter Management (AMM) and Mobile Solutions are showing strong growth. There is increased demand for these products also in the Netherlands, but the major contracts in this market are expected in 2008. The U.S. operation showed a negative EBITDA of 2.7 MNOK in Q1-07. A restructuring program is initiated.

Power Business Area

Revenue for Q1 was 27.5 MNOK up from MNOK 23.2 last year. EBITDA was 4.1 MNOK compared 2.5 MNOK during the same period last year. During the first quarter, the Power Business Area completed significant software development for solutions related to contracts with Fortum and Statkraft. The company will benefit from this effort in other deliveries during the rest of 2007.

During Q1-2007, Powel signed a partnership agreement with Lyse Energi to deliver AMR (Automatic Meter Reading) software and services. After a successful implementation of Powel's metering solution in 2006, Lyse Energi has decided to extend its cooperation through Powel's partnership agreement that includes services valued at more than of 3.5 MNOK. The partnership agreement is based on close cooperation between Lyse Energi and Powel to work towards common goals defined for the next three years. The goals include strategic projects, software development, and implementation consultancy to support Lyse Energi's business process where metering solutions from Powel play a critical role.

Powel also signed a contract to deliver the AMR software solutions to Halmstad Energi och Miljö Nät AB. The contract, valued at 2 MNOK, includes the delivery of Powel ELIN, a Smart Metering Software Solution that ensures the quality, security, and efficiency of meter data collection for energy and district heating.

In the Norwegian AMM/AMR market a very strong market driver is expected in directives from the Norwegian government that will lead to large AMM projects in line with the development in the Swedish market.

We work continuously to position Powel in the growing Dutch market with an expected 14 million meters within electricity and gas.

In general the AMM/AMR market is growing world wide and we are well positioned with our experience from Swedish projects. The Gulf area is coming up as an interesting opportunity for AMM solutions and we are already positioned in this market. During May, Powel received a contract in the United Arab Emirates.

The total value of new contracts for the business area was about 14 MNOK in Q1.



Utility Business Area

Revenue for Q1 was 31.2 MNOK up from MNOK 30.3 last year. EBITDA came out at 0.3 MNOK, up from -2.0 MNOK during the same period last year. Negative EBITDA of 2.7 MNOK in the USA influences the results from this segment.

Powel strengthened its market position in the Norwegian market during Q1 with several new deliveries within the utilities business area. There is a positive trend in all market segments which has resulted in several new contracts.

A new segment is utilizing functionality in NetBas without installing NetBas as a back-office system. An example of this is the Street Light Application in Hafslund, where NetBas is utilizing data from several existing systems in Hafslund.

Sale of Powel Gemini products to the contractors in Norway are still very positive and the growth has continued during Q1.

Powel has delivered NetBas to Syd Energi in Denmark through our distributor KMD. Syd Energi, the third-largest Danish utility, approved Powel's solution at the end of Q1 and started utilizing the solution April 1st. The contract strengthens Powel's position as market leader in the Danish market.

Powel has during first quarter strengthened the relationship with Vattenfall at a strategic and tactical level. Powel is involved in several bids in Sweden and the prospect mass has increased.

In North America, Dayton Power & Light, one of the U.S.'s top 50 electric utilities and a major NetBas client in the United States, has implemented Powel's Operational Resource Planning (ORP) system, including field and back office software. The system was approved by Dayton Power & Light during Q1, and the system went live early May.

Powel received customer acceptance from Allegheny Power, one of the largest IOU in the United States, for the implementation off its Time Sheet Applications that is collecting and tracking actual worked time of Allegheny's vegetation crews. Allegheny has 350 crew members managing their vegetation.

The total value of new contracts for the business area was about 20 MNOK in Q1.

Summary and Outlook

The development in the Nordic market is positive and growing, and we expect this to continue. This gives a solid platform for further growth. The company still invests in product development, and this effort has strengthened our position in several developing markets. The market for Automatic Meter Management is growing world wide. Within Generation and Water Management, we also see trends towards larger production planning projects in emerging markets. However, the overall result is not satisfactory, mainly due to negative results in U.S. The Board of Directors expects the EBITDA to be negative for 2007 in the U.S. The Board of Directors together with the new CEO will implement corrective actions to improve this situation.



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, 15 May 2007

The Board of Directors

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About Powel ASA

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

Powel software products are employed by more than 1,100 customers, including Vattenfall AB (Sweden), Statkraft SF (Norway), Sydkraft Vattenkraft AB (Sweden), *e.on* (Sweden), Fortum (Finland), Oslo, Bergen and Trondheim municipalities (Norway), Florida Light & Power (U.S.), Energie NB Power (Canada) and Wright-Hennepin Cooperative Electric Association (U.S.).

Powel ASA has two business areas: **Power** and **Utility**.

Power develops and supplies IT solutions to power generators and traders. Variations in hydropower production capacity, which depend on precipitation and seasonal factors, call for comprehensive data models for optimization of power system operations. As a software provider, Powel is well positioned in the large emerging market of automatic meter reading (AMR) for electricity, gas, and heat.

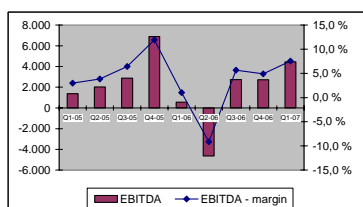
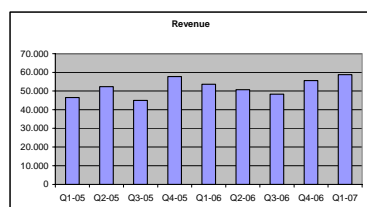
Utility provides software and services to transmission and distribution utilities, as well as solutions for municipalities in water and wastewater. Powel's solutions help utilities access, analyze and act on critical information quickly and effectively. This is especially important today as utilities rebuild after the devastating effects of recent storms and hurricanes that occurred throughout the western hemisphere.



Q1 2007 - Powel ASA

PROFIT AND LOSS STATEMENT	QUARTER		31.12.2006
	Q1 2007	Q1 2006	
(All figures in NOK 1.000)			
Operating revenues	58.766	53.589	208.172
Cost of goods sold	3.458	2.412	10.734
Payroll and related costs	41.692	37.993	146.723
Capitalized development costs	-5.424	-4.123	-11.296
Other operating expenses	14.596	16.756	60.632
Total operating expenses	54.322	53.038	206.793
EBITDA	4.444	551	1.379
Depreciation of tangible assets	883	1.305	2.900
Depreciation of intangible assets	3.032	1.844	8.293
Impairment of customer portfolio	0	0	10.012
EBIT	529	-2.598	-19.826
Net financial items	-255	213	3.912
Profit/ Loss before tax	274	-2.385	-15.914
Tax	-1.735	-1.088	403
Net profit/ loss	-1.461	-3.473	-15.511
EBITDA - margin	7,6 %	1,0 %	0,7 %
EBIT - margin	0,9 %	-4,8 %	-9,5 %
Earnings per share (NOK)	-0,08	-0,18	-0,81
Earnings per share diluted (NOK)	-0,08	-0,18	-0,81
Outstanding shares	19.173	19.173	19.173
No. of employees (end of period)	236	234	243
Research and Development (R&D) NOK 500,- per hour	6.180	3.175	16.874
R&D capitalized NOK 500,- per hour	5.424	4.123	11.296

QUARTERLY NUMBERS	2005				2006				2007						
	Q1	Q2	Q3	Q4	2005	Q1	Q2	Q3	Q4	2006	Q1	Q2	Q3	Q4	2007
(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	0	0	0	58.766
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	0	0	0	54.322
EBITDA	1.378	2.020	2.883	6.880	13.161	551	-4.630	2.738	2.720	1.379	4.444	0	0	0	4.444
EBIT	-902	535	854	4.613	5.100	-2.598	-6.917	215	-10.526	-19.826	529	0	0	0	529
Profit/ Loss before tax	1.729	452	-1.176	10.605	11.610	-2.385	-6.118	463	-7.874	-15.914	274	0	0	0	274
Net profit/ loss	167	-1.064	-2.538	7.353	3.918	-3.473	-5.509	-604	-5.925	-15.511	-1.461	0	0	0	-1.461
EBITDA - margin	3,0 %	3,9 %	6,4 %	11,9 %	6,5 %	1,0 %	-9,1 %	5,7 %	4,9 %	0,7 %	7,6 %	#DIV/0!	#DIV/0!	#DIV/0!	7,6 %
EBIT - margin	-1,9 %	1,0 %	1,9 %	8,0 %	2,5 %	-4,8 %	-13,6 %	0,4 %	-18,9 %	-9,5 %	0,9 %	#DIV/0!	#DIV/0!	#DIV/0!	0,9 %
Earnings per share (NOK)	0,01	-0,07	-0,16	0,38	0,24	-0,18	-0,29	-0,03	-0,31	-0,81	-0,18	0,00	0,00	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	-0,18	0,00	0,00	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	0	0	0	19.173



BALANCE SHEET	31.03.2007	31.03.2006	31.12.2006
(all figures in NOK 1.000)			
Assets			
Fixed assets			
Software and licenses	17.688	19.005	18.909
Development costs	47.719	40.152	43.759
Customer portfolio	5.301	16.294	5.725
Goodwill	48.250	50.396	48.950
Deferred tax assets	1.857	4.777	3.062
Total intangible fixed assets	120.815	130.624	120.405
Total tangible fixed assets	5.723	6.083	6.288
Total financial assets	20.295	20.320	20.590
Total fixed assets	146.833	157.027	147.283
Current assets			
Accounts receivables	33.540	30.257	40.613
Other short-term receivables	5.769	3.755	3.267
On-going projects	32.692	39.641	28.379
Bank deposits, cash, etc	78.124	77.333	34.899
Total current assets	150.125	150.986	107.158
Total assets	296.958	308.013	254.441
Equity and liabilities			
Equity			
Contributed equity			
Share capital	19.173	19.173	19.173
Treasury shares	-29	-61	-29
Share premium reserve	91.404	91.404	91.404
Total contributed equity	110.548	110.516	110.548
Retained earnings			
Other equity	43.829	59.547	45.927
Total retained earnings	43.829	59.547	45.927
Total equity	154.377	170.063	156.475
Long-term liabilities			
Pension liabilities	16.066	10.333	16.066
Deferred tax liabilities	6.215	11.508	6.626
Other long-term liabilities	0	0	0
Total long-term liabilities	22.281	21.841	22.692
Current liabilities			
Accounts payable	14.319	10.685	6.203
Public duties payable	25.721	23.027	13.988
Prepayments on WIP	57.137	60.541	14.462
Bank overdraft	0	0	13.833
Other short-term liabilities	23.123	21.856	26.788
Total current liabilities	120.300	116.109	75.274
Total liabilities	142.581	137.950	97.966
Total equity and liabilities	296.958	308.013	254.441



CASH FLOW ANALYSIS	Q1 2007	Q1 2006	31.12.06
Cash flow from operating activities			
Ordinary profit before taxes and depreciations	4.189	764	5.284
Changes in working capital	53.551	42.139	-3.073
Other operating changes	5.565	10.998	8.669
Cash flow from operating activities	63.305	53.901	10.880
Cash flow from investment activities	-4.857	-13.688	-24.124
Cash flow from financing activities	-754	-1.610	-1.194
Exchange rate effect on cash	-637	-1.603	-4.829
Net change in cash / cash equivalents	57.057	37.000	-19.267
Cash and cash equivalents opening balance	21.066	40.333	40.333
Cash and cash equivalents closing balance	78.123	77.333	21.066

STATEMENT OF RECOGNIZED INCOME AND EXPENSE			
	31. March 2007	31. March 2006	31. December 2006
Figures in NOK 1000			
Foreign exchange translation differences	1.468	529	1.607
Exchange differences on net investment	-2.861	-2.132	-6.425
Tax effect of exchange differences on net investments	755		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	0	0
Net income recognised directly in equity	-638	-1.603	-3.045
Profit/loss for the period	-1.461	-2.876	-15.511
Total recognised income and expense for the period	-2.099	-4.479	-18.556
Attributable to:			
Equity holders of the parent	-2.099	-4.479	-18.556
Total recognised income and expense for the period	-2.099	-4.479	-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	-638	-1.461	-2.099
Balance pr 31 March 2007	19.173	-29	91.405	19	-4.932	48.741	154.377
Balance per 1 January 2006	19.173	0	91.405	19	-1.249	66.602	175.950
Treasury shares	0	-61	0	0	0	-1.347	-1.408
Total recognised income and expense	0	0	0	0	-1.603	-2.876	-4.479
Balance pr 31 March 2006	19.173	-61	91.405	19	-2.852	62.379	170.063
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

SEGMENT REPORTING:

UTILITY			
NOK 1.000	Q1 2007	Q1 2006	31.12.2006
Sales revenue	31.246	30.323	112.369
EBITDA	327	-1.995	-5.694
Depreciation/ write down	1.505	1.867	16.028
EBIT	-1.178	-3.862	-21.722

POWER			
NOK 1.000	Q1 2007	Q1 2006	31.12.2006
Sales revenue	27.520	23.266	95.803
EBITDA	4.116	2.546	7.069
Depreciation	2.410	1.282	5.176
EBIT	1.706	1.264	1.893

TOTAL			
NOK 1.000	Q1 2007	Q1 2006	31.12.2006
Sales revenue	58.766	53.589	208.172
EBITDA	4.443	551	1.375
Depreciation	3.915	3.149	21.204
EBIT	528	-2.598	-19.829

REVENUE DISTRIBUTION YEAR TO DATE - TOTAL						
NOK 1.000	Norway	Sweden	EU	North America	Other	TOTAL
Licenses and maintenance	22.063	6.307	4.785	2.147	554	35.856
Services	11.474	7.960	1.296	1.712	0	22.442
Other	0	0	0	468	0	468
TOTAL	33.537	14.267	6.082	4.327	554	58.766
	57,1 %	24,3 %	10,3 %	7,4 %	0,9 %	100,0 %