



*Powel ASA is a worldwide supplier of business-critical systems for power generation, transmission and distribution utilities, along with solutions for municipal water and wastewater services. Powel's proven experience as a software developer for hydro power plants and utilities in a deregulated and highly competitive market has made Powel the market leader.*

## **REPORT SECOND QUARTER 2008**

### **INTERIM FINANCIAL REPORT 1. HALF YEAR OF 2008**

# Powel ASA second quarter 2008

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

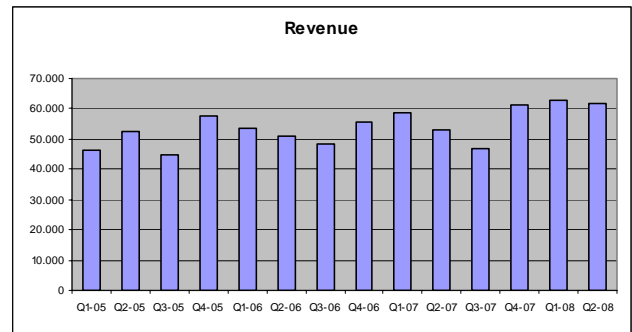
## Highlights

- Revenues of MNOK 61.6 (52.8) +16,6%
- EBITDA were MNOK 7.1 (-7.6)
- EBITDA margin of 11,5%
- Cost reduction of 9,8%
- Order backlog MNOK 165 (147) +12,2%
- The improved results come from better performance in all markets, and cost control.
- New orders of MNOK 39.7 in Q2 08.
- Most significant contracts were;
  - Powel ASA has signed a contract with Eidsiva Nett AS, Agder Energi Nett AS, Nord-Trøndelag Elektrisitetsverk Nett AS and Vattenfall Eldistribution AB related to Grid Information System (NetBas). The contract has a value inclusive option of MNOK 11.
  - Powel ASA has signed a contract related to strategic development of software for hydro optimization with Statkraft Energi AS, E-Co Vannkraft, Norsk Hydro ASA, Nord-Trøndelag Elektrisitetsverk (NTE) and Trønderenergi. The contract has a value of MNOK 10 with further options of MNOK 9.
  - Powel ASA has signed a partner- and maintenance agreement with Statkraft Energi ASA to a minimum yearly value of MNOK 12 within hydro optimization.
  - Powel ASA has signed a contract with Leksand-Rättvik Elnät for Smart metering systems at a value of MSEK 4, with additional options of MSEK 2,5.

## Financials

### Revenues

Revenues in Q2 08 were MNOK 61.6 (52.8), an increase of 16.6%. There is growth in all markets. Year to date revenues were MNOK 124.6 (111.6), an increase of 11,7%.



### Payroll and related expenses

Payroll and related expenses were MNOK 39.2 in Q2 08 (41.3). As of 30.06.2008 payroll and related expenses were MNOK 78.6 (82.9). Total workforce is 223 (232).

### Capitalization of R&D expenses

Total capitalized R&D were MNOK 4.3 in Q2 08 (2.0), and year to date MNOK 6.5 (7.4). Depreciation on capitalized R&D was MNOK 2.0 in Q2 08 (2.9), and year to date MNOK 4.0 (2.9). Expensed R&D was MNOK 6.0 (2.8), and year to date MNOK 12.2 (12.2).

### Other operating expenses

Other operating expenses in Q2 08 were MNOK 14.1 (17.5). As of 30.06.2008 other operating expenses were 27.5 (32.1).

### EBITDA

EBITDA in Q2 08 was MNOK 7.1 (11.5%) compared to MNOK -7.5 (-14.4%) in Q2 07. As of 30.06.2008 EBITDA was MNOK 16.1 (13.0%) compared to MNOK -3.1 (-2.8%).

### EBIT

EBIT was MNOK 3.7 in Q2 08 (-11.5). As of 30.06.2008 EBIT was MNOK 9.5 (-10.9).

### Financial items

Net financial items were MNOK 1.3 in Q2 08 (-0.2). As of 30.06.2008 net financial items were MNOK 1.8 (-0.4).

The increase in net financial items is mainly due to increased prepaid maintenance fees, improved results and higher interest rate.

#### Taxes

Taxes were MNOK -1.7 in Q2 08 (-1.1). The changes are mainly due to reversed deferred tax assets related to positive result in the parent company.

#### Net income

Net income was MNOK 3.9 in Q2 08 (-9.8). EPS and fully diluted EPS was NOK 0.20 (-0.51). As of 30.06.2008 net income was NOK 8.1 (-11.2).

#### Liquidity and capital resources

The company's net cash flow from operating activities was MNOK -20.1 in Q2 08 (-33.8). As of 30.06.2008 the company's net cash flow from operating activities was MNOK 51.7 (59.5). The change in liquidity is mainly due to prepaid maintenance fees and improved results. Cash and cash equivalents at the end of Q2 08 were MNOK 59.5 (41.9). The board considers the cash position to be satisfactory.

#### Order inflow and order backlog

Order inflow in Q2 08 was MNOK 39.7 (37.4), and MNOK 43.3 in Q1 08. The order backlog was up 12% to MNOK 165 (147).

#### Organization

At the end of Q2 08, the company had 223 (232) employees.

#### Shareholder related issues

As of June 30, 2008, the total number of outstanding shares was 19,172,933. The company held 28,628 shares as treasury stock.

The POWEL share have been traded in the range of NOK 14,00 – 17,50 during Q2 08. The closing price at June 30, 2008, was NOK 17,00 representing a market capitalization of approximately MNOK 326.

#### 20 largest shareholders

Investor	Number of shares	% of top 20	% of total	Type	Country
NORSK VEKST ASA	4,995,612	28.85%	26.06%	Comp.	NOR
MORGAN STANLEY & CO INTL PLC	3,341,000	19.30%	17.43%	Nom.	GBR
ARENDALS FOSSEKOMPANI ASA	2,820,000	16.29%	14.71%	Comp.	NOR
VIKING VENTURE AS	1,313,091	7.58%	6.85%	Comp.	NOR
MAPLE COREY ROSS	1,139,880	6.58%	5.95%	Priv.	USA
KLP LK AKSJER	990,303	5.72%	5.17%	Comp.	NOR
VITAL FORSIKRING ASA	896,000	5.18%	4.67%	Comp.	NOR
SOLBERG SEAN LOREN	399,627	2.31%	2.08%	Priv.	USA
SINTEF ENERGIFORSKNING AS	244,000	1.41%	1.27%	Comp.	NOR
MP PENSJON	178,000	1.03%	0.93%	Comp.	NOR
ASPLAN VIAK INFORMASJONSTEKNOLOGI	150,739	0.87%	0.79%	Comp.	NOR
SVENSKA HANDELSBANKEN STOCKHOLM	128,130	0.74%	0.67%	Nom.	SWE
FENDER INVEST AS	127,615	0.74%	0.67%	Comp.	NOR
VAERNES JON EINAR	106,178	0.61%	0.55%	Priv.	NOR
NORSK VEKST I AS	95,388	0.55%	0.50%	Comp.	NOR
MAIER GORDON RUBEN	91,754	0.53%	0.48%	Priv.	USA
MUSTAD INDUSTRIER AS	86,000	0.50%	0.45%	Comp.	NOR
BORTHEN KARL PETTER	73,298	0.42%	0.38%	Priv.	NOR
NORDEA SECURITIES AB	69,505	0.40%	0.36%	Nom.	SWE
JARALA AS	68,500	0.40%	0.36%	Comp.	NOR
<b>Total number owned by top 20</b>	<b>17,314,690</b>	<b>100%</b>	<b>90.31%</b>		
<b>Total number of shares</b>	<b>19,172,933</b>		<b>100%</b>		

## Board of director's report - Interim financial reporting first half year of 2008

POWEL ASA is a listed company headquartered in Trondheim, Norway. Powel develops and supplies IT solutions and services to the whole value chain in the energy sector and some local government services. The energy sector comprises electricity generators, resellers, grid operators and system operators.

### Development of the Group during first half year of 2008

Powel has increased revenues and reduced costs during first half year of 2008. Strategic changes, restructuring and cost cutting programs started late in 2007 seem to have positive effects, and the results are improving. Powel's US operation had a nearly break-even EBITDA result in first half year of 2008, which is an improvement of MNOK 7.0 from last year.

Powel has obtained important contracts in all business areas during the first six months of 2008. The revenue growth mostly comes from the Scandinavian market, which has experienced increased activity and demand within most business areas. Earnings and experience derived from supplying the Scandinavian market, and the continued investments in own software provide a solid basis for further international growth. Positioning activities outside Scandinavia related to the smart metering market has accelerated in 2008.

Innovative and advanced development methodology, and a high focus on profitable business cases, has improved the efficiency of the on going R&D projects.

### *Generation*

A growing focus on optimal power generation, high electricity prices, and more efficient exploitation of hydro resources, combined with extreme weather situations, have all led to a greater interest in the use of software for controlling and optimizing power generation. In the course of 2008, Powel has supplied products and services to most of Scandinavia's major hydropower utilities. A major contract related to strategic development of software for hydro optimization was signed with Statkraft Energi AS, E-Co Vannkraft, Norsk Hydro ASA, Nord-Trøndelag Elektrisitetsverk (NTE) and Trønderenergi during first half year of 2008. The contract has a value of MNOK 10 with further options of MNOK 9. Powel ASA also signed a partner- and maintenance agreement with Statkraft Energi ASA to a minimum yearly value of MNOK 12 within hydro optimization.

### *Trade and Smart Metering*

In first half of 2008, Powel has signed a number of contracts with international players in the field of data gathering and control of advanced meters (Smart Metering). These contracts strengthen our position in the growing market for data acquisition from meters. Powel will take benefit of the position established in the Swedish market as a foundation for future initiatives in new markets. Powel has signed agreements with international partners, which will enable the offering of a unique suite to grid companies and energy supply and water companies in continental European markets. Istad Nett AS has signed a partnership agreement, including Smart Metering and Grid, for a total value of MNOK 6.0, and Nota AS signed contract for Smart Metering for MNOK 7.0.

### *Grid information*

New Norwegian requirements aimed at improving the energy supply will increase the need for expanded grid information systems. In the course of first half year of 2008, Powel delivered expanded solutions related to integrated grid information systems and field solutions, as well as complete solutions for efficient planning, operation, project control and maintenance. Powel ASA signed a contract with Eidsiva Nett AS, Agder Energi Nett AS, Nord-Trøndelag Elektrisitetsverk Nett AS and Vattenfall Eldistribution AB related to further development of the Grid Operation System (NetBas). The contract has a value inclusive option of MNOK 11. Helgelandskraft AS signed contract for grid operation system worth MNOK 3.2. Progress Energy Service Company signed up a contract for Transmission Vegetation Management System and Energy United signed up a contract for Electric Line Design, together worth MNOK 4.1.

### *Powel Gemini*

During first half of 2008, Powel strengthened its position in the municipal water and sewage sector by offering more complete solutions in customer relations and warning customers via telephone and SMS in the event of acute or planned service interruptions. A completely new software package for managing local authority fees and payments has also been developed, in collaboration with IKT-Agder. There is interest in the market for this solution among other municipality customers.

### **Revenues, results and financial situation** (figures in parentheses from the same period in 2007)

In the first half year of 2008, the Powel ASA Group had total revenues of MNOK 124.6 (111.6), an increase of 11.7%. The operating result was MNOK 16.1 (-3.1) and the ordinary pre-tax profit was MNOK 11.3 (-11.4).

In the first half year of 2008, the Powel ASA parent company had a revenue of MNOK 101.8 (89.4), and an operating result of MNOK 6.5 (-2.6). The ordinary result before taxes was MNOK 5.6 (-3.3).

The net cash flow from operations of the Group was MNOK 51.7 (29.5), while net changes in cash flow were MNOK 44.2 (21.6). The change in liquidity is mainly due to prepaid maintenance fees and improved results. Cash and cash equivalents at the end of Q2 08 were MNOK 59.5 (41.9). The board considers the cash position to be satisfactory.

The company has capitalized MNOK 6.5 (7.4) in the development of new software products, and total depreciation of previous capitalization came to MNOK 4.0 (3.4). Expensed product development was MNOK 12.2 (12.2). Among other things, the Group has developed new software solutions for fee collection for local authorities, and has further developed its solutions within Smart Metering and Hydropower production.

The Group's order backlog on June 30, 2008 was approximately MNOK 165 (147).

### **Operational risk and risk management**

The Group's business operations will normally be associated with certain risks. The largest risk for Powel is new technology, competition and new players in the fields of operation besides political decisions related to regulations and new legislation. Handling the risks is a key part of the management team's tasks and duties. The Group has systems and routines to monitor these risk factors in all business areas. The company has a good market position in Scandinavia and its investments outside the region represent a risk as far as becoming established in new markets is concerned.

It is the CEO's responsibility to ensure that the Group operates in compliance with all relevant legislation and the operating guidelines laid down in the various divisions. Follow-up and control of the risk factors, as well as compliance with the Group's values and code of conduct, is a line management responsibility and part of day-to-day operations.

Powel Inc., the company's subsidiary in the USA, has been through a period of major losses from operations in recent years. A major reduction in staff, from 47 in 2006 to 22 at the end of 2007, was implemented. More focused product strategy, as well as the reduction in staff implemented in 2007 has reduced the risk related to the operations in USA. Although the fourth quarter of 2007 and the first half year of 2008 showed a positive trend in operating results, there is still uncertainty with regard to both future earnings and the future of the US operation.

### **Financial risk and risk management**

The follow-up of internal auditing procedures associated with financial reporting is undertaken as part of management's day to-day supervision, the process owners' follow-up and the auditor's independent testing. Non-compliances and improvement areas are addressed and remedial measures implemented. Financial risk is managed by a central unit at head office, and financial hedging instruments are used where appropriate.

#### ***Foreign exchange risk***

Changes in exchange rates represent both a direct and indirect financial risk for the Group. Foreign currency revenues and assets denominated in foreign currencies are partly hedged by means of forwards contracts. Foreign exchange exposure linked to operations is, however, limited, since the purchase of input factors and the sale of products take place largely in NOK (Norwegian kroner).

#### ***Interest rate risk***

The Group has no interest bearing debt, which means that the Group is not affected by changes in the level of interest rates.

#### ***Credit risk***

The risk of a counterparty not having the financial resources to meet his obligations is considered low, since, historically, losses resulting from bad debts have been small. The Group does not have any significant credit risk associated with any individual counterparty or counterparties which may be considered a group due to similarities in the credit risk they represent.

#### ***Liquidity risk***

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The cash flow from operations is positive, and the Group has no interest bearing debt.

**Future outlook**

The company made several corrective and strategic actions to improve its operations during 2007. Better results within all business areas during first half year 2008 indicate that these actions have been effective. The short term goals are to improve the company's sales and consulting business.

The company's main strategic 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 Board anticipates a continued positive market trend in 2008 both in its Scandinavian and international markets.

Powel enjoys a good position in the growing market for reading and controlling advanced electricity, gas and district heating meters (Smart Metering). The worldwide Smart Metering market is growing rapidly. The need for intelligent solutions for two-way communication meters is increasing, and the role played by Powel, particularly in the Swedish market, is considered to be an important international reference.

The demand for products and services from the generation business unit is accelerating and system expansions are expected from current Powel customers. Further international expansion of these players will offer growth possibilities to Powel. Competence in optimization of hydropower generation is in great demand, and we anticipate a continued high level of activity related to services and licenses for improved utilization of hydropower resources. Small production improvements will generate large financial profit to Powel customers. Use of Powel's software and competence are important input factors to realize this profit.

Powel's solutions within grid planning and energy supply help our customer's access, analyze and deal rapidly and efficiently with critical information. This is of growing importance in connection with reconstruction operations in the wake of severe storms and bad weather. Scandinavian grid operators are increasingly demanding solutions that integrate grid and commercial systems, a development that means that grid systems such as Powel NetBas will be of critical commercial value to such customers. Increased focus on field solutions (mobile solutions) within the utility sector represents growth possibilities to Powel software modules and use of business process competence.

Within the municipal water and sewage sector increased focus on managing local authority fees and payments will give further business opportunities.

## 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, 2007.

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, 2007.

### **Segment reporting**

Powel ASA made organizational and management changes during Q4 07. From 1.1.2008 the group consists of the following business areas: Generation, Smart metering, NIS and Powel Gemini. Powel ASA follows reporting related to IFRS 8 Operating Segments for profit and loss reporting. There is no historical data related to these segments from previous years.

Powel ASA has decided to make an early adoption of IFRS 8. IFRS 8 is effective for periods beginning on or after 1 January 2009; early adoption is permitted. Powel ASA has chosen to use this permission and is implementing IFRS 8 from 1 January 2008. In the annual financial statement as of 31.12.07, the company used IAS 14 for its segment reporting.

The early adoption is made due to reorganization of the business from 1 January 2008 and a total change of the composition of the internally reported operational segments. Previously reported segments do no longer exist and therefore no accompanying numbers exist. As a consequence comparative segment information is not available and no restatement of such numbers is possible. The cost to develop comparative information would be extensive. Also the change of the composition of operational segments has made the disclosure of the current period segment information on the old basis of segmentation impossible due to lack of availability of the information and the extensive cost to develop such numbers.

None of the newly issued standards or interpretations that are not yet adopted are expected to have any effect on the financial statement.

Trondheim, 13. August 2008

The Board of Directors

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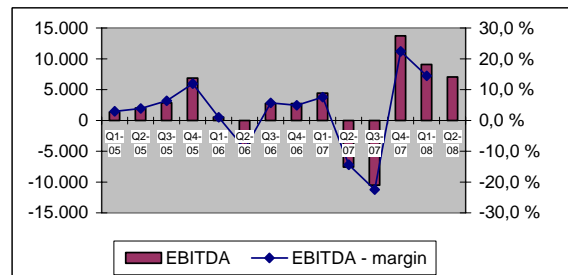
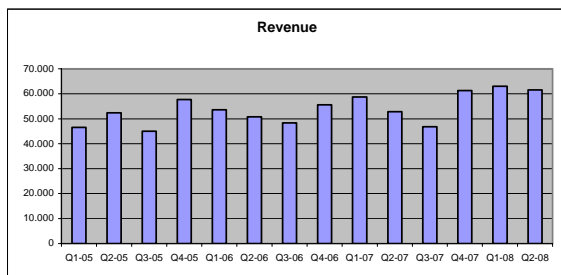
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## Q2 2008 - Powel ASA

PROFIT AND LOSS STATEMENT	QUARTER		YEAR TO DATE		YEAR
	Q2 2008	Q2 2007	30.06.2008	30.06.2007	2007
(All figures in NOK 1.000)					
Software sales	11.892	8.670	25.214	20.151	36.334
Consulting	25.299	22.280	47.755	44.722	92.474
Maintenance	23.918	21.405	50.630	45.781	88.656
Other	461	455	989	922	2.179
<b>Operating revenues</b>	<b>61.570</b>	<b>52.810</b>	<b>124.588</b>	<b>111.576</b>	<b>219.643</b>
Cost of goods sold	5.505	3.620	8.760	7.078	11.755
Payroll and related costs	39.172	41.263	78.598	82.955	161.109
Capitalized development costs	-4.278	-1.983	-6.459	-7.407	-10.633
Other operating expenses	14.108	17.503	27.533	32.099	57.322
<b>Total operating expenses</b>	<b>54.507</b>	<b>60.403</b>	<b>108.432</b>	<b>114.725</b>	<b>219.553</b>
<b>EBITDA</b>	<b>7.063</b>	<b>-7.593</b>	<b>16.156</b>	<b>-3.149</b>	<b>90</b>
Depreciation of tangible assets	737	881	1.575	1.764	3.222
Depreciation of intangible assets	2.565	3.002	5.131	6.034	10.850
Write down intangible assets	0	0	0	0	43.717
<b>EBIT</b>	<b>3.761</b>	<b>-11.476</b>	<b>9.450</b>	<b>-10.947</b>	<b>-57.699</b>
Net financial items	1.270	-172	1.835	-427	1.301
<b>Profit/ Loss before tax</b>	<b>5.031</b>	<b>-11.648</b>	<b>11.285</b>	<b>-11.374</b>	<b>-56.398</b>
Tax	-1.111	1.861	-3.171	126	4.550
<b>Net profit/ loss</b>	<b>3.920</b>	<b>-9.787</b>	<b>8.114</b>	<b>-11.248</b>	<b>-51.848</b>
EBITDA - margin	11,5 %	-14,4 %	13,0 %	-2,8 %	0,0 %
EBIT - margin	6,1 %	-21,7 %	7,6 %	-9,8 %	-26,3 %
EBT - margin	8,2 %	-22,1 %			-25,7 %
Earnings per share (NOK)	0,20	-0,51	0,42	-0,59	-2,70
Earnings per share diluted (NOK)	0,20	-0,51	0,42	-0,59	-2,70
Outstanding shares	19.173	19.173	19.173	19.173	19.173
<b>No. of employees (end of period)</b>	<b>223</b>	<b>232</b>	<b>223</b>	<b>232</b>	<b>219</b>

QUARTERLY NUMBERS										
(All figures in NOK 1.000)	2005				2005	2006				2006
	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4	
Operating revenues	46.525	52.371	44.985	57.723	201.604	53.589	50.703	48.297	55.583	208.172
Total operating expenses	45.147	50.351	42.102	50.843	188.443	53.038	55.333	45.559	52.863	206.793
EBITDA	1.378	2.020	2.883	6.880	13.161	551	-4.630	2.738	2.720	1.379
EBIT	-902	535	854	4.613	5.100	-2.598	-6.917	215	-10.526	-19.826
Profit/ Loss before tax	1.729	452	-1.176	10.605	11.610	-2.385	-6.118	463	-7.874	-15.914
Net profit/ loss	167	-1.064	-2.538	7.353	3.918	-3.473	-5.509	-604	-5.925	-15.511
EBITDA - margin	3,0 %	3,9 %	6,4 %	11,9 %	6,5 %	1,0 %	-9,1 %	5,7 %	4,9 %	0,7 %
EBIT - margin	-1,9 %	1,0 %	1,9 %	8,0 %	2,5 %	-4,8 %	-13,6 %	0,4 %	-18,9 %	-9,5 %
Earnings per share (NOK)	0,01	-0,07	-0,16	0,38	0,24	-0,18	-0,29	-0,03	-0,31	-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
Outstanding shares	15.708	15.708	16.173	19.173	19.173	19.173	19.173	19.173	19.173	19.173

QUARTERLY NUMBERS										
(All figures in NOK 1.000)	2007				2007	2008				2008
	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4	
Operating revenues	58.766	52.810	46.777	61.290	219.643	63.018	61.570	0	0	124.588
Total operating expenses	54.322	60.403	57.286	47.542	219.553	53.925	54.507	0	0	108.432
EBITDA	4.444	-7.593	-10.509	13.748	90	9.093	7.063	0	0	16.156
EBIT	529	-11.476	-59.117	12.365	-57.699	5.689	1.297	0	0	6.986
Profit/ Loss before tax	274	-11.648	-59.240	14.216	-56.398	6.254	5.031	0	0	11.285
Net profit/ loss	-1.461	-9.788	-51.268	10.669	-51.848	4.194	3.920	0	0	8.114
EBITDA - margin	7,6 %	-14,4 %	-22,5 %	22,4 %	0,0 %	14,4 %	11,5 %	#DIV/0!	#DIV/0!	13,0 %
EBIT - margin	0,9 %	-21,7 %	-126,4 %	20,2 %	-26,3 %	9,0 %	2,1 %	#DIV/0!	#DIV/0!	5,6 %
Earnings per share (NOK)	-0,08	-0,51	-2,67	0,56	-2,70	0,22	0,20	0,00	0,00	-0,81
Earnings per share diluted (NOK)	-0,08	-0,51	-2,67	0,56	-2,70	0,22	0,20	0,00	0,00	-0,81
Outstanding shares	19.173	19.173	19.173	19.173	19.173	19.173	19.173	19.173	19.173	19.173



<b>BALANCE SHEET</b>	<b>30.06.2008</b>	<b>30.06.2007</b>	<b>31.12.2007</b>
(all figures in NOK 1.000)			
<b>Assets</b>			
<b>Fixed assets</b>			
Software and licenses	5.293	16.452	6.468
Development costs	44.326	47.729	41.824
Customer portfolio	0	4.863	0
Goodwill	21.316	47.412	21.316
Deferred tax assets	3.455	4.166	5.140
<b>Total intangible fixed assets</b>	<b>74.390</b>	<b>120.622</b>	<b>74.748</b>
<b>Total tangible fixed assets</b>	<b>5.158</b>	<b>5.746</b>	<b>4.810</b>
<b>Total financial assets</b>	<b>20.219</b>	<b>20.298</b>	<b>20.219</b>
<b>Total fixed assets</b>	<b>99.767</b>	<b>146.666</b>	<b>99.777</b>
<b>Current assets</b>			
Accounts receivables	39.281	29.095	53.785
Other short-term receivables	9.524	4.526	3.565
On-going projects	25.511	40.413	15.197
Bank deposits, cash, etc	59.481	41.958	15.727
<b>Total current assets</b>	<b>133.797</b>	<b>115.992</b>	<b>88.274</b>
<b>Total assets</b>	<b>233.564</b>	<b>262.658</b>	<b>188.051</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	19.173	19.173	19.173
Treasury shares	-29	-29	-29
Other equity	98.264	125.356	88.127
<b>Total equity</b>	<b>117.408</b>	<b>144.500</b>	<b>107.271</b>
<b>Long-term liabilities</b>			
Pension liabilities	16.928	14.776	16.928
Deferred tax liabilities	0	5.782	0
Other long-term liabilities	121	0	153
<b>Total long-term liabilities</b>	<b>17.049</b>	<b>20.558</b>	<b>17.081</b>
<b>Current liabilities</b>			
Accounts payable	5.705	13.369	4.002
Public duties payable	16.727	15.450	18.061
Prepayments on WIP	50.381	42.997	18.900
Other short-term liabilities	26.294	25.784	22.736
<b>Total current liabilities</b>	<b>99.107</b>	<b>97.600</b>	<b>63.699</b>
<b>Total liabilities</b>	<b>116.156</b>	<b>118.158</b>	<b>80.780</b>
<b>Total equity and liabilities</b>	<b>233.564</b>	<b>262.658</b>	<b>188.051</b>

<b>CASH FLOW ANALYSIS</b>	<b>30.06.2008</b>	<b>30.06.2007</b>	<b>2007</b>
<b>Cash flow from operating activities</b>			
Ordinary profit before taxes and depreciations	17.991	-3.576	1.391
Changes in working capital	37.374	33.895	2.975
Other operating changes	-3.631	-802	1.593
<b>Cash flow from operating activities</b>	<b>51.734</b>	<b>29.517</b>	<b>5.959</b>
<b>Cash flow from investment activities</b>	<b>-8.382</b>	<b>-6.454</b>	<b>-8.696</b>
<b>Cash flow from financing activities</b>	<b>825</b>	<b>-1.445</b>	<b>154</b>
Exchange rate effect on cash	-423	-727	-2.756
<b>Net change in cash / cash equivalents</b>	<b>43.754</b>	<b>20.891</b>	<b>-5.339</b>
<b>Cash and cash equivalents opening balance</b>	<b>15.727</b>	<b>21.066</b>	<b>21.066</b>
<b>Cash and cash equivalents closing balance</b>	<b>59.481</b>	<b>41.957</b>	<b>15.727</b>

<b>STATEMENT OF RECOGNIZED INCOME AND EXPENSE</b>			
<b>Figures in NOK 1000</b>	<b>30. June 2008</b>	<b>30. June 2007</b>	<b>31. December 2007</b>
Foreign exchange translation differences	5.311	3.050	9.996
Exchange differences on net investment	-5.734	-5.220	-12.752
Tax effect of exchange differences on net investments	1.589	1.443	3.529
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
<b>Net income recognised directly in equity</b>	<b>1.166</b>	<b>-727</b>	<b>773</b>
Profit/loss for the period	8.115	-11.249	-51.849
<b>Total recognised income and expense for the period</b>	<b>9.281</b>	<b>-11.976</b>	<b>-51.076</b>
<b>Attributable to:</b>			
Equity holders of the parent	9.281	-11.976	-51.076
<b>Total recognised income and expense for the period</b>	<b>9.281</b>	<b>-11.976</b>	<b>-51.076</b>

<b>CAPITAL AND RESERVES</b>								
	<b>Share capital</b>	<b>Treasury shares</b>	<b>Share premium</b>	<b>Fair value reserves</b>	<b>Translation reserves</b>	<b>Share-based payment</b>	<b>Total retained earnings</b>	<b>Total equity</b>
<b>Balance per 1 January 2008</b>	19.173	-29	91.404	19	-3.521	1.871	-1.647	107.270
Treasury shares	0	0	0	0	0	0	0	0
Share-based payment	0	0	0	0	0	858	0	858
Total recognised income and expense	0	0	0	0	1.166	0	8.115	9.281
<b>Balance pr 30 June 2008</b>	<b>19.173</b>	<b>-29</b>	<b>91.404</b>	<b>19</b>	<b>-2.355</b>		<b>6.468</b>	<b>117.409</b>
<b>Balance per 1 January 2007</b>	19.173	-29	91.404	19	-4.294	0	50.202	156.475
Treasury shares	0	0	0	0	0	0	0	0
Share-based payment	0	0	0	0	0	1.871	0	1.871
Total recognised income and expense	0	0	0	0	773	0	-51.849	-51.076
<b>Balance pr 31 December 2007</b>	<b>19.173</b>	<b>-29</b>	<b>91.404</b>	<b>19</b>	<b>-3.521</b>	<b>1.871</b>	<b>-1.647</b>	<b>107.270</b>

	<b>BUSINESS UNIT REPORTING</b>	<b>Revenue</b>	<b>EBT</b>	<b>EBT i %</b>
<b>GROUP</b>	Generation	28.873	10.641	36,9 %
	Trade & Smart Metering	32.080	-3.343	-10,4 %
	NIS	46.625	7.553	16,2 %
	Gemini	17.009	-3.565	-21,0 %
	<b>TOTAL</b>	<b>124.588</b>	<b>11.285</b>	<b>9,1 %</b>

## Responsibility statement

Today, the board of directors and the chief executive officer reviewed and approved the half yearly board of directors' report and the condensed consolidated half yearly financial statements for Powel ASA as of 30 June 2008 and for the six-month period ended 30 June 2008, including condensed consolidated comparative financial statements for the corresponding period in 2007 (half-yearly financial report 2008).

The half-yearly financial statement has been prepared in accordance with IAS 34 Interim Financial Reporting as endorsed by the EU, and the Norwegian additional requirements in the Securities Trading Act.

To the best of our knowledge, the half-yearly financial statements for 2008 have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit as a whole as of 30 June 2008 and 30 June 2007.

To the best of our knowledge the half-yearly board of directors' report includes a fair review of important events that have occurred during the first six months of the financial year, and their impact on the half-yearly financial statements, together with a description of the principal risks and uncertainties for the remaining six months of the financial year, and the description of major related party transactions.

Trondheim, 13 August, 2008

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Asbjørn R. Søvik  
Chairman  
(sign.)

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Haakon Skaarer  
Deputy Chairman  
(sign.)

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Sverre Valvik  
(sign.)

---

Bente Rathe  
(sign.)

---

Annette Berkhahn  
(sign.)

---

Karl P. Borthen  
(sign.)

---

Pål K. Tønder  
(sign.)

---

Bård Benum  
Managing Director  
(sign.)

## INFORMATION ABOUT THE COMPANY

### **Powel ASA**

Klæbuveien 194  
7037 Trondheim

Telephone: +47 73 80 45 00  
Homepage: [www.powel.com](http://www.powel.com)  
Org.nr: 976 574 958  
Established: 1996

The company's articles of incorporation and corporate governance policies are available at [www.powel.com/investors](http://www.powel.com/investors)

### **The company's Board of directors consists of:**

Asbjørn R. Søvik (Chairman)  
Haakon Skaarer (Deputy Chairman)  
Sverre Valvik  
Bente Rathe  
Annette Berkahn  
Karl P. Borthen – employee representative  
Line W. Solem – employee representative  
Pål K. Tønder – deputy employee representative

### **The company's management group consists of:**

Bård Benum, President / CEO  
Øystein Sæther, Vice President Finance  
Auhild Kvam, Vice President Strategy & Marketing  
Tom A. Røtting, Vice President Product and Development  
Bård Olav Uthus, Vice President NIS  
Steinar Muri, Vice President Gemini  
Frode Solem, Vice President Trade & Smart Metering  
Arnt Sollie, Vice President Generation

### **Investor relations:**

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Øystein Sæther, Vice President Finance  
phone: + 47 73 80 45 00  
email: [oystein.sather@powel.no](mailto:oystein.sather@powel.no)

### **Financial calendar:**

2. quarter 2008 August 14  
3. quarter 2008 October 24