



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 FOURTH QUARTER 2007

Powel ASA Fourth Quarter 2007

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

Highlights

- Revenues of MNOK 61.3 in Q4 07 (MNOK 55.5).
- EBITDA were MNOK 13.7 in Q4 07 (MNOK 2.7). The Q4 07 number includes reversion of MNOK 4.5 originally allocated for restructuring costs in Q3 07, and MNOK 4 related to pension obligations.
- The improved results come from better performance in the Nordic market, balance in Powel Inc US, and lower cost as a consequence of the cost reduction program announced in Q3.
- As previously announced, Powel made structural and management changes in Q4 07, in order to focus and rationalize the operation, and a new organization structure was implemented.
- The company has strengthened its US operation, and Mr. Scott Rogers was appointed CEO of the US operation early January 2008. After cost reductions and increased focus on sales, Powel Inc produced a break even result in Q4 07. The US operation has closed important customer contracts, and the US backlog now equals 6 months of planned revenue for 2008.
- New orders of MNOK 26,4 in Q4 07, of which the most significant were;
 - Eidsiva Vannkraft has decided to implement Powel's models for planning and optimizing of their hydropower production. This includes scaling of power plants according to local inflow of water, market price forecasts, derived financial consequences and daily operations.
 - Energi Fyn Holding AS, one of Denmark's largest utilities, has signed up for the NetBas product suite, for optimal use and documenting their grid.
 - Oslo municipality (Water and Sewage) for the Gemini Varsling product. This is implemented after the pollution of the water in Oslo last fall, and will be used to alert citizens of Oslo. Thirteen

municipalities in Norway are so far customers on this application.

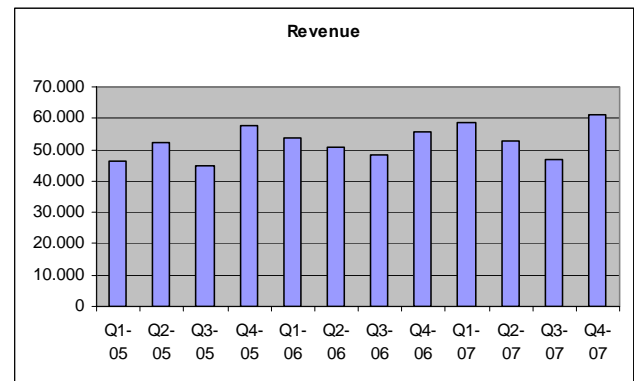
- Acceptance test for the first 300.000 Automatic Meter Reading points out of 950.000 with Telenor Cinclus, which triggered license payments.

Order backlog was as of 31.12.2007 MNOK 145 (MNOK 138).

Financials

Revenues

Revenues in Q4 07 of MNOK 61.3 (MNOK 55.5), an increase of 10.3%. Accumulated revenues were MNOK 219.6 (MNOK 208.1), an increase of 5.5%. Revenues from the company's Norwegian operation increased by 13% from MNOK 158,3 in 2006 to MNOK 179,6 in 2007, while revenue from the US operation decreased by 36%, from MNOK 26.7 to MNOK 17.1 in the same period.



Payroll and related expenses

Payroll and related expenses were MNOK 34.5 in Q4 07 (MNOK 40.3), and MNOK 43.6 in Q3 07. The Q4 07 number includes reversion of MNOK 4.5 allocated for restructuring costs in Q3 07. Total workforce is 219 (243), including 7 unpaid leave of absences by 31.12.07.

Capitalization of R&D expenses

Total capitalized R&D were MNOK 1.6 in Q4 07 (MNOK 1.7). For the full year 2007, capitalized R&D were MNOK 10.6 (MNOK 11.3). Depreciation on capitalized R&D were MNOK 1.6 in Q4 07, and MNOK 6.5 accumulated for the year. Expensed R&D

year to date were MNOK 25.9 (MNOK 16.9) for the full year.

Other operating expenses

Other operating expenses in Q4 07 were MNOK 12.4 (13.0).

EBIT

EBIT were MNOK 12.3 in Q4 07 (MNOK -10.5). Q4 06 included write-down of customer portfolio of MNOK 10.0.

Financial items

Net financial items were MNOK 1.9 in Q4 07 compared to MNOK 2.6 last year. The decline is mainly due to currency loss related to inter company balance items to the subsidiary companies in Sweden and USA.

Taxes

Taxes were MNOK 3.5 in Q4 07 versus MNOK -1.9 in Q4 06. The changes are mainly due to reversed deferred tax assets related to positive result in the parent company.

Net income

Net income was MNOK 10.7 in Q4 07 (MNOK -5.9). EPS and fully diluted EPS was NOK 0.56 (NOK -0.31).

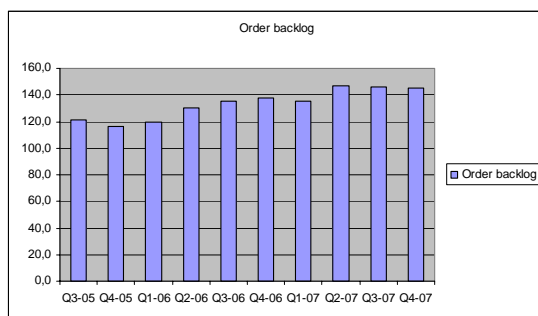
Liquidity and capital resources

The Company's net cash flow from operating activities was MNOK -6.5 in Q4 07 (MNOK -2.8). The change in liquidity is mainly due to prepaid maintenance fees. Cash and cash equivalents at the end of Q4 07 were MNOK 15.7 (MNOK 22.1). The board considers the cash position to be satisfactory.

Order inflow and order backlog

Order inflow in Q4 07 was MNOK 26.4 (MNOK 36.9), and MNOK 28 in Q3 07.

The order backlog was up 5% to MNOK 145 (MNOK 138).



Organization

At the end of Q4 07, the company had 219 (243) employees, including 7 unpaid leave of absences by 31. December 2007. During Q4 07 the Group has been through a restructuring program, which also included lay-offs.

Outlook

As a consequence of the negative financial development in 2007, the company took a number of internal corrective actions and several strategic moves designed to improve company results. The company has reduced its running fixed cost by reducing staff and operating expenses. Several parts of the organization were reorganized during the year, focusing on improving the company's sales and engineering efforts.

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. Powel's Meter Data Management System plays an important role in the Smart Metering solutions in Sweden, and this position is recognized as a credible reference internationally. Through 2008 we expect processes with request for information and pilots in new markets, including the Norwegian market.

Nordic grid operators are now more frequently requesting integration between their grid operation system and business operation systems. NIS systems, like NetBas, are business critical to these customers, and further integrating focus will increase the market for utility software players.

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

Although Powel's 2007 financial results are far from satisfactory, there are signs of improvements. The company increased revenues in Q4 and regained a positive operating result. This development is expected to continue in 2008, and the company expects a positive result and a positive cash flow from operations in 2008.

Shareholder related issues

As of December 31, 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 13,00 – 17,30 during Q4 07. The closing price at December 30, 2007, was NOK 13,80, representing a market capitalization of approximately MNOK 265.

20 largest shareholders

Investor	Number of shares	% of top 20	% of total	Type	Country
NORSK VEKST ASA	4.995.612	28.83%	26.06%	Comp.	NOR
MORGAN STANLEY & CO INTL PLC	3.243.500	19.30%	17.44%	Comp.	GBR
ARENDALS FOSSEKOMPANI ASA	2.820.000	16.28%	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	980.303	5.72%	5.17%	Comp.	NOR
VITAL FORSIKRING ASA	896.080	5.17%	4.67%	Comp.	NOR
SOLBERG SEAN LOREN	406.627	2.35%	2.12%	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 DEPOT	128.130	0.74%	0.67%	Nam.	SWE
FENDER INVEST AS	127.615	0.74%	0.67%	Comp.	NOR
VÆRNES JON EINAR	106.178	0.61%	0.55%	Priv.	NOR
MAIER GORDON RUBEN	103.754	0.60%	0.54%	Priv.	USA
NORSK VEKST I AS	95.388	0.55%	0.50%	Comp.	NOR
MUSTAD INDUSTRIER AS	80.000	0.46%	0.42%	Comp.	NOR
BORTHEN KARL PETTER	73.298	0.42%	0.38%	Priv.	NOR
NORDEA SECURITIES AB	69.505	0.40%	0.36%	Nam.	SWE
BRØNNER ODD	64.000	0.37%	0.33%	Priv.	NOR
Total number owned by top 20	17.325.680	100%	90.37%		
Total number of shares	19.172.933		100%		

Last updated 28.01.2008

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, 5. February 2008

The Board of Directors

Contacts in Powel ASA:

Bård Benum, CEO

Mobile: +47 48 16 46 70

e-mail: bard.benum@powel.com

Øystein Sæther, CFO

Mobile: + 47 48 16 45 58

e-mail: oystein.sather@powel.com



Powel ASA

Klæbuveien 194

7037 Trondheim, Norway

Telephone: + 47 73 80 45 00

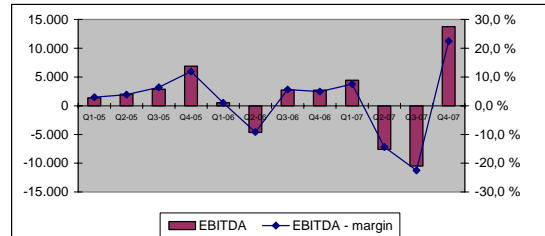
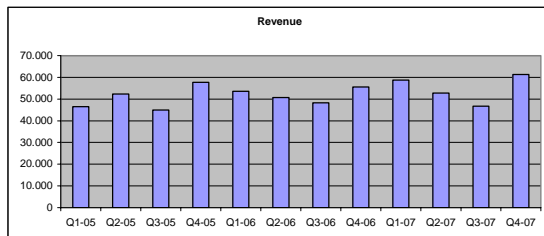
Telefax: + 47 73 80 45 01

www.powel.com

Q4 2007 - Powel ASA

PROFIT AND LOSS STATEMENT	QUARTER		YEAR TO DATE	
	Q4 2007	Q4 2006	31.12.2007	31.12.2006
(All figures in NOK 1.000)				
Software sales	10.183	10.392	36.334	36.733
Consulting	25.571	21.631	92.474	85.702
Maintenance	24.290	22.741	88.656	80.995
Other	1.246	819	2.179	4.742
Operating revenues	61.290	55.583	219.643	208.172
Cost of goods sold	2.191	1.230	11.755	10.734
Payroll and related costs	34.534	40.355	161.109	146.723
Capitalized development costs	-1.612	-1.767	-10.633	-11.296
Other operating expenses	12.429	13.045	57.322	60.632
Total operating expenses	47.542	52.863	219.553	206.793
EBITDA	13.748	2.720	90	1.379
Depreciation of tangible assets	584	417	3.222	2.900
Depreciation of intangible assets	1.851	2.817	10.850	8.293
Write down intangible assets	-1.052	10.012	43.717	10.012
EBIT	12.365	-10.526	-57.699	-19.826
Net financial items	1.851	2.652	1.301	3.912
Profit/ Loss before tax	14.216	-7.874	-56.398	-15.914
Tax	-3.547	1.949	4.550	403
Net profit/ loss	10.669	-5.925	-51.848	-15.511
EBITDA - margin	22,4 %	4,9 %	0,0 %	0,7 %
EBIT - margin	20,2 %	-18,9 %	-26,3 %	-9,5 %
Earnings per share (NOK)	0,56	-0,31	-2,70	-0,81
Earnings per share diluted (NOK)	0,56	-0,31	-2,70	-0,81
Outstanding shares	19.173	19.173	19.173	19.173
No. of employees (end of period)	219	243	219	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	61.290	219.643
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	47.542	219.553
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	13.748	90
EBIT	-902	535	854	4.613	5.100	-2.598	-6.917	215	-10.526	-19.826	529	-11.476	-59.117	12.365	-57.699
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	14.216	-56.398
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	10.669	-51.848
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 %	22,4 %	0,0 %
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 %	20,2 %	-26,3 %
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	0,56	-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	0,56	-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	19.173	19.173



BALANCE SHEET	31.12.2007	30.09.2007	31.12.2006
(all figures in NOK 1.000)			
Assets			
Fixed assets			
Software and licenses	6.468	5.717	18.909
Development costs	41.824	43.229	43.759
Customer portfolio	0	0	5.725
Goodwill	21.316	21.316	48.950
Deferred tax assets	5.140	8.415	3.062
Total intangible fixed assets	74.748	78.677	120.405
Total tangible fixed assets	4.810	5.146	6.288
Total financial assets	20.219	20.223	20.590
Total fixed assets	99.777	104.046	147.283
Current assets			
Accounts receivables	53.785	30.657	40.613
Other short-term receivables	3.565	8.844	3.267
On-going projects	15.197	37.448	28.379
Bank deposits, cash, etc	15.727	23.840	34.899
Total current assets	88.274	100.789	107.158
Total assets	188.051	204.835	254.441
Equity and liabilities			
Equity			
Contributed equity			
Share capital	19.173	19.173	19.173
Treasury shares	-29	-29	-29
Share premium reserve	86.256	76.625	91.404
Total contributed equity	105.400	95.769	110.548
Retained earnings			
Other equity	0	0	45.927
Total retained earnings	0	0	45.927
Total equity	105.400	95.769	156.475
Long-term liabilities			
Pension liabilities	16.928	14.776	16.066
Deferred tax liabilities	0	0	6.626
Other long-term liabilities	153	166	0
Total long-term liabilities	17.081	14.942	22.692
Current liabilities			
Accounts payable	4.002	2.172	6.203
Public duties payable	18.061	18.230	13.988
Prepayments on WIP	18.900	41.150	14.462
Bank overdraft	0	0	13.833
Other short-term liabilities	24.607	32.572	26.788
Total current liabilities	65.570	94.124	75.274
Total liabilities	82.651	109.066	97.966
Total equity and liabilities	188.051	204.835	254.441

CASH FLOW ANALYSIS	Q4 2007	Q4 2006	31.12.2007	31.12.2006
Cash flow from operating activities				
Ordinary profit before taxes and depreciations	15.599	5.367	1.391	5.284
Changes in working capital	-20.569	-23.971	2.975	-3.073
Other operating changes	-1.565	15.830	1.593	8.669
Cash flow from operating activities	-6.535	-2.774	5.959	10.880
Cash flow from investment activities	-389	-717	-8.696	-24.124
Cash flow from financing activities	-12	-122	154	-1.194
Exchange rate effect on cash	-1.176	-4.649	-2.756	-4.829
Net change in cash / cash equivalents	-8.112	-8.262	-5.339	-19.267
Cash and cash equivalents opening balance	23.839	29.328	21.066	40.333
Cash and cash equivalents closing balance	15.727	21.066	15.727	21.066

STATEMENT OF RECOGNIZED INCOME AND EXPENSE		
Figures in NOK 1000	31. Dec. 2007	31. Dec. 2006
Foreign exchange translation differences	9.996	1.607
Exchange differences on net investment	-12.752	-6.425
Tax effect of exchange differences on net investments	3.529	1.773
Costs related to share issue	0	0
Tax effect of costs related to share issue	0	0
Revaluation of financial instruments	0	0
Net income recognised directly in equity	773	-3.045
Profit/loss for the period	-51.849	-15.511
Total recognised income and expense for the period	-51.076	-18.556
Attributable to:		
Equity holders of the parent	-51.076	-18.556
Total recognised income and expense for the period	-51.076	-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	773	-51.849	-51.076
Balance pr 31 December 2007	19.173	-29	91.405	19	-3.521	-1.647	105.400
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	86.625	19.324	10.004	8.076	960	124.990
Services	44.177	32.609	5.843	8.280	1.564	92.474
Other	185	0	43	1.951	0	2.179
TOTAL	130.987	51.933	15.891	18.307	2.524	219.642
	59,6 %	23,6 %	7,2 %	8,3 %	1,1 %	100,0 %