

Annual report 2003



Mamut ASA

Mamut ASA

Annual Report 2003

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Board of directors report 2003

The main targets for 2003 were organic growth based on core products in Norway and Sweden, development of complete solutions for two new markets, combined with profit and positive cash flow for the Group. All targets were met and the board of directors is satisfied with the financial result for 2003.

Activity

During 2003 the company prioritized organic growth. The company strengthened its position in the domestic market for solutions to private, independent enterprises and smaller businesses. Through the products Mamut Business Software and Mamut daTax Software the company is now covering all the main segments for administrative software. The company continued its development of an international product range in 2003, and through launching several solutions for the Swedish market, the company embarked upon the long term goal of increasing revenues outside of Norway.

Since incorporation in 1994 the company has had a major focus on creating a scaleable business model. More than 90 % of operating revenues are generated through selling licenses and service agreements from the company's software product range. Through achieving this, the company has increased operating revenues from NOK 76,5 million in 2001 to NOK 115,8 million in 2003. Operating expenses in the same two years increased from NOK 109,0 million to NOK 112,5 million.

The company's headquarter is located in Oslo.

Mamut Business Software

The company's main product in Norway and internationally is Mamut Business Software (MBS). MBS is specifically developed for the 1-20 simultaneous user segment, which account for more than 90 % of the total number of Norwegian enterprises. MBS can best be described as a complete business solution for small and medium enterprises comprising CRM, accounting, personnel and e-commerce functionality. Due to the fact that virtually all MBS solutions sold also include customer and sales modules, Mamut is the leading CRM vendor in its sector. The most important competitive parameters for Mamut are price/performance, ease of use and the fact that Mamut delivers an "all in one" package. Direct dialogue with its customers is a central element in the company's strategy. Through annual subscription agreements the customers get access to support and upgrades. In this way, Mamut constantly knows what the customers are demanding and the company can adjust to new needs.

More than 15,000 businesses use MBS as their administrative software package by the end of 2003.

Mamut daTax Software

daTax Software is the company's division for software targeted self-employed and private individuals. Mamut Home was launched in December 2002 and subsequently followed by Mamut Home Plus in 2003. Mamut Home Plus is a home archive program for both families and individuals. The program give the user an overview of contacts, family members, activities, contracts/documents, borrowings/savings, property, car together with travel and free time. Additionally the user receives a full overview of their finances. An important addition in Mamut Home Plus is that the functionality from the successful Mamut daTax Privatøkonomi product is integrated in Mamut Home. This means that the user can use the different modules for tax, self assessment, privat and car payments, financial planning and delivery to the relevant authorities of annual returns.

More than 17.000 customers subscribe on the Mamut daTax Software product range by the end of 2003.

Internationalization

The launch of several different product versions suitable for the Swedish market, increased focus on sales and marketing enabled the company to increase the customer base in Sweden during 2003. Price/performance, ease of use and "everything in one system" were important parameters in the Norwegian market and are also considered most relevant in the Swedish market.

In 2003 the most important goal for the company's development was the completion of a complete version of MBS for the Dutch and English markets. The value of the work undertaken over the past year that has resulted in the development of a "European" Mamut version with respect to accounting and tax handling, meant that the company at the end of 2003 has a complete product range in Norway, Sweden, Holland and the UK. Combined with the

company's experiences in CRM and web solutions in both Norway and Sweden in the past years means that the company is well positioned for further internationalization for the company in 2004.

Going concern

The accounts are prepared under the assumption of going concern. This assumption is based on the earnings forecast for the year 2004 and the fact the Group's economic and financial status is strong.

Review of the Annual Accounts

The Mamut Group achieved operating revenues of NOK 115,8 million in 2003, compared to NOK 99,1 million in 2002, an increase of 17 %. The sale of licenses increased by 18 % in 2003 when compared with 2002, and more than 90 % of 2003 operating revenues were sold licenses and service agreements.

EBIT (earnings before interest and tax) for 2003 was NOK 3,4 million (NOK -6,1 million in 2002). Profit for the year was NOK 2,3 million (NOK -5,1 million in 2002).

EBITDA-margin for 2003 was 7 %.

In 2003 the company had a positive cash flow from operations of NOK 5,2 million, compared to NOK -6,3 million in 2002. Investments in fixed assets were NOK 1,8 million in 2003, compared to NOK 4,6 million in 2002.

At the end of 2003 total assets amounted to NOK 107,2 million, compared to NOK 99,3 million the previous year. Equity was NOK 73,0 million, and the equity ratio was 68 %. Mamut have to major intangible assets. NOK 16,9 million in goodwill from acquisitions in 2000 and deferred tax asset (NOK 35,8 million) from loss carry forward.

Allocation of the result for the year

Mamut ASA (the parent company) recorded a loss of NOK 1,011,000 million in 2003. The Board proposes the loss will be covered by other equity.

Working Environment

Working conditions are considered good. The working environment is satisfactory and no injuries or accidents occurred in connection with carrying out tasks and assignments in Mamut in 2003. Sick leave at Mamut operations totaled 2,6% in 2003 (2,6% in 2002)

At the end of 2003 Mamut ASA had 138 employees.

Equal opportunities

At the end of 2003 20 % of employees were women. Women are not represented in top management. Mamut will endeavor to ensure a balance in the ratio between men and women within the management and within the organization.

Mamut has a policy that includes the principle of equal salary for equal work. This implies that men and women has the same salary for the same position, all other factors being equal.

External Environment

The Board of Directors of Mamut ASA is of the opinion that the company's activities pollute the environment to a very limited extent.

Corporate governance

Mamut seeks to provide the best value for employees, shareholders and other interested parties. Mamut maintains as a priority the building of good relations with its interested parties. A good reputation and a good economic development are fundamental if trust is to be established and maintained with important target groups such as customers, investors, employees, suppliers, partners and public authorities. Mamut also prioritised in 2003 open and timely communication such that all relevant information and potential consequences for the company were provided in a timely manner. The company for several years has published quarterly reports quickly after quarter end and has provided the companies shareholders with goals to increase shareholder value. Open and honest communications and the equal treatment of company shareholders are also important factors in increasing shareholder value and achieving the trust of investors.

The company is managed using effective control and steering mechanisms.

Independence and neutrality

Mamut emphasizes independence and neutrality, in all matters between the board, the management and its owners. The principles of independence, neutrality and normal business practice also applies in respect to dealing with other interested parties such as customers, suppliers, banks and other business relations.

Equal treatment of shareholders and liquidity of shares

Mamut has the goal of ensuring that all shareholders have the same rights. Mamut has one class of share, and each share qualifies for one vote at the shareholders meeting. All shares are publicly traded and there are no barriers in a takeover situation. All of Mamut's shareholders are entitled to the same dividend payments, and have equal rights in the event of share capital increases.

The company also has the goal of equal treatment for shareholders when it comes to price-sensitive information. Mamut, by the end of 2003, is not listed on the Oslo Stock Exchange, but has during the last years obliged to follow all relevant information requirements of a listed company. The company publishes all price sensitive information to the stock market through Norges Fondsmeglerforbunds and Fondsmeglernes Informasjonstjeneste AS OTC-system. Additionally, all information is posted on the company's web site at www.mamut.com.

Company equity and financing

Mamut will endeavor to finance its activities using its own equity, and has no long term interest-bearing debt. During the course of the 2003, Mamut has improved its financial position and the equity ratio is now 68 % the Group. Mamut will at all times ensure that it has a strong balance sheet with sufficiently high equity coverage.

Dividend

Due to the fact that Mamut has been in an investment phase throughout the last 10 years, no dividend payments have been made. Mamut has the goal of paying a dividend each year in the future. In evaluating the size of the dividend, the board will consider the dividend capacity of the company, the requirements of maintaining a responsible level of equity and the need for sufficient financial resources for future growth.

Shareholder meetings

The company's shareholder meetings are open for all shareholders, and all shares have the same voting rights. All shareholders can be represented either in person or through a power of attorney. It is not possible to participate and/or vote though the Internet. There are no ownership limitations and no known shareholder agreements. The notice of shareholder meeting will be sent out with 14 days prior notice, in accordance with the law.

Matters relating to the board of directors

Mamut has the aim of ensuring a balanced composition of the board that takes account of individual competence, experience and relevant background. It is also desirable that the structure of the board of directors mirrors both the ownership of the company as well as the need for neutral, independent representation without specific shareholder affiliation. Two of a total of eight directors are from company management due to their shareholding.

Incentive program for employees

Each year Mamut has an options program for all permanent employees. The aim is to give all employees the motivation to stimulate each employee to focus on delivering value. The company with this far reaching incentives program has created a positive relationship between employees such that as a whole the company will increase long term profitability. Mamut over several years has built a culture where value shall be recognised and rewarded together with the fact that the company's financial development will benefit all levels within the organisation. This means a simplification of the communication in the company's strategy, goals and financial development.

The company is of the view that there will be a close correlation between salary and incentives for employees some of which is reflected in the company's options programme.

Remuneration to key employees

Mamut wants to be an attractive place of employment. To do so, the company has to attract employees with relevant experience and give them opportunities to develop. The company endeavors to adapt its system of compensation in order to be competitive in the marketplace at all times. Managers and other key employees have competitive salary packages. Company management and employees also have option agreements. The board of directors is of the opinion that it is an advantage that management and employees has the same interests as the shareholders in increasing shareholder value.

Details of remuneration to management and the board of directors is described in the notes to the financial statements.

Policy for financial information

The company endeavors to give accurate and sufficiently extensive information each quarter and publish this information as quickly as possible. The very early reporting of results reduces the possibility for leakage and contributes to the equal treatment of shareholders. Responsibility for IR and price-sensitive information rests with the company's chief executive officer (CEO) and chief financial officer (CFO).

Auditors

The Group uses the same firm of auditors in the parent company and all subsidiaries of significance. The auditors are also used as advisors in connection with the preparation of tax returns and tax advice generally. The auditors are not used as advisors for strategic issues or in connection with operational tasks for the company. Only the CFO and CEO are able to approve non-audit related assignments. The auditors participate in yearly meeting with the chairman of the board where they give their opinions as to the company's accounting principles, risk areas, internal controls and accounting routines.

The audit fees are approved at the annual general meeting and are described in the notes to the financial statements.

Outlook for 2004

2003 was a year with a high level of activity in order to maintain organic growth in the company. Through increased marketing efforts and the launching of new product versions, the company will be well positioned to increase the market share in the Norwegian domestic market, and the company's goal in 2004 is to increase the share of revenues earned abroad primarily in the Swedish market.

The board expects an improvement in operating result during 2004.

The Company will continue evaluating other companies for potential acquisitions both in Norway and abroad.

Mamut is planning to list the company on the Oslo Stock Exchange during second quarter of 2004.

Oslo 12.03.2004



Eilert G. Hanoa



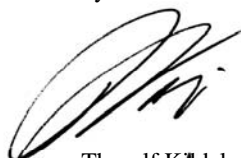
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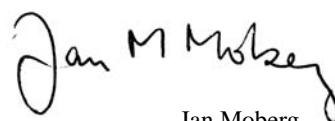
Martin Kværnstuen



Einar Haugstad



Thorolf Kjidal



Jan Moberg



Tor Bergström



Ole Morten Settevik

Mamut ASA
Annual Accounts 2003

Profit and Loss Account

NOK 1 000

Mamut ASA				Note	Group		
2003	2002	2001			2003	2002	2001
58 211	51 342	32 825	Sales revenues	2	115 811	99 118	76 504
58 211	51 342	32 825	Total operating revenues		115 811	99 118	76 504
6 218	5 975	5 354	Cost of goods sold		7 560	6 461	5 836
37 993	34 336	33 166	Personnel costs	3	64 668	59 758	60 819
162	1 378	995	Calculated wages employee options	14	162	1 378	995
4 638	5 172	5 258	Deperciation	5	4 887	5 315	6 999
10 300	14 447	15 121	Other operating expenses	4	35 183	32 301	34 356
59 311	61 309	59 894	Total operating expenses		112 460	105 213	109 005
-1 100	-9 967	-27 069	Operating profit (EBIT)		3 351	-6 094	-32 501
394	460	527	Other interest income		590	592	652
35	14	3 599	Other financial income		111	179	101
238	604	250	Other interest expenses		250	637	308
343	539	1 178	Other financial expenses		401	591	1 273
-151	-669	2 697	Net financial items		50	-457	-827
-1 251	-10 636	-24 372	Profit before tax		3 401	-6 551	-33 328
-240	-2 540	-6 492	Tax	10	1 066	-1 411	-8 486
-1 011	-8 096	-17 880	Net profit for the year		2 336	-5 140	-24 842
			Allocations				
0	0	-17 880	Share premium reserve				
-1 011	-8 096	0	Other equity				
-1 011	-8 096	-17 880	Total allocations				
			EPS (NOK)	12	0,07	-0,16	-0,83
			EPS diluted (NOK)	12	0,06	-0,16	-0,83

Mamut ASA
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Balance sheet

NOK 1 000

Mamut ASA				Group		
31.12 2003	31.12 2002	31.12 2001	Note	31.12 2003	31.12 2002	31.12 2001
Assets						
Fixed assets						
Intangible fixed assets						
1 305	1 305	1 205		5	1 443	1 427
0	0	0		5	152	183
17 587	18 807	0		5	16 926	18 027
29 278	28 298	25 285		10	35 851	33 995
48 170	48 410	26 490			54 373	52 331
Tangible fixed assets						
4 499	6 078	8 216		5	4 595	6 187
4 499	6 078	8 216			4 595	8 216
Financial fixed assets						
25 071	3 423	23 516		6	873	800
25	25	25			25	25
2 541	2 430	3 025		7	2 628	2 430
27 637	5 878	26 566			3 526	3 770
80 306	60 366	61 272			62 494	64 317
Current assets						
1 110	910	976			1 156	951
Receivables						
3 873	2 081	2 212		7	31 237	23 803
27 176	48 249	42 863			0	0
790	262	411			790	342
31 839	50 592	45 486			32 026	17 947
6 423	5 046	3 029		8	11 563	9 171
39 371	56 548	49 491			44 745	24 611
119 677	116 914	110 762			107 239	88 928

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Balance sheet

NOK 1 000

Mamut ASA				Group		
31.12 2003	31.12 2002	31.12 2001	Note	31.12 2003	31.12 2002	31.12 2001
Equity and liabilities						
Equity						
Paid-in capital						
16 755	16 572	15 322		16 755	16 572	15 322
0	-39	-36	11	0	-39	-36
22 974	78 690	74 321	11	56 313	53 434	44 750
56 480	1 597	0		0	0	0
96 209	96 819	89 607		73 068	69 966	60 036
96 209	96 819	89 607		73 068	69 966	60 036
Liabilities						
Current liabilities						
2 702	2 915	1 975	7	2 702	2 915	1 975
3 935	3 612	5 494		4 607	3 663	5 688
0	0	0	10	250	66	0
12 374	8 908	7 985		12 935	9 203	8 105
4 147	4 661	5 701		4 058	4 944	6 075
310	0	0	1	9 619	8 532	7 049
23 468	20 095	21 155		34 171	29 323	28 892
23 468	20 095	21 155		34 171	29 323	28 892
119 677	116 914	110 762		107 239	99 289	88 928

Oslo 12. mars 2004



Eilert G. Hanoa



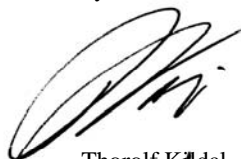
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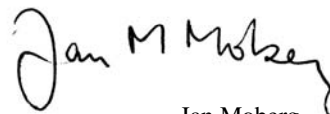
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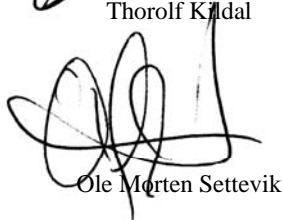
Thorolf Kildal



Jan Moberg



Tor Bergström



Ole Morten Settevik

Mamut ASA
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Cash flow statement

NOK 1 000

Mamut ASA				Group			
2003	2002	2001		Note	2003	2002	2001
			Cash flow from operations				
-1 251	-10 636	-24 372	Profit/(Loss) before tax		3 401	-6 551	-33 328
0	0	0	Taxes paid	11	48	0	-6
65	149	1 072	Write-down of fixed assets		65	149	1 072
4 638	5 172	5 258	Depreciation	5	4 887	5 315	6 999
-1 669	-1 685	1 333	Changes in inventory, AR and AP		-6 696	-8 609	-3 594
162	1 378	995	Calculated wages employee options	14	162	1 378	995
23 696	-4 759	-7 389	Changes in other balance sheet items		3 287	2 053	5 151
25 642	-10 381	-23 102	Cash flow from operations		5 154	-6 265	-22 711
			Cash flow from investments				
-1 839	-1 935	-2 516	Investments in tangible fixed assets	5	-1 839	-4 579	-2 516
-21 714	0	640	Purchase of securities		-139	0	-527
-23 553	-1 935	-1 876	Net cash flow from investments		-1 978	-4 579	-3 043
			Cash flow from financing activities				
1 326	13 946	-762	Increase in equity	11	1 326	13 946	-762
-1 826	-551	10 805	Sale/Purchase of own shares	11	-1 826	-551	10 805
-501	13 395	10 043	Net cash flow from financing activities		-501	13 395	10 043
0	0	0	Translation differences		-71	-9	18
1 589	1 078	-14 936	Net cash flow	1	2 605	2 543	-15 693
2 132	1 053	15 989	Cash and cash equivalents 01.01.	1	6 256	3 713	19 406
3 720	2 132	1 053	Cash and cash equivalents 31.12.	1	8 861	6 256	3 713

Mamut ASA

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Notes to the accounts

Note 1 - Accounting principles

The financial statements, which have been presented in compliance with the Norwegian Public Companies Act, the Norwegian Accounting Act and Norwegian generally accepted accounting principles in effect as of 31 December 2003, consist of the profit and loss account, balance sheet, cash flow statement and notes to the accounts for the parent company and the Group.

General principles

The financial statements have been prepared based on the fundamental principles governing historical cost accounting, comparability, going concern assumption, congruence and caution. Transactions are recorded at their value at the time of the transaction. Income is recognized when earned and costs are expensed in the same period as the income to which they relate is recognized. The different accounting principles are outlined further below.

Accounting principles for the consolidated accounts

The consolidated accounts include the parent company Mamut ASA and all subsidiaries in which Mamut ASA directly or indirectly own more than 50 per cent of the voting capital. The cost price of shares in the parent company's accounts is eliminated against the subsidiaries' equity at the time of their acquisition. Any excess or reduced value is allocated to the assets and liabilities to which they refer. Paid excess value that cannot be allocated to specific assets is capitalized as goodwill, and depreciated using the straight-line method. In the consolidation of companies outside Norway, the profit and loss account is translated into Norwegian kroner at the average exchange rate for the accounting period. The balance-sheet figures are translated at the exchange rate effective on the balance-sheet date. The translation difference is entered directly against equity. Subsidiaries incorporated in other countries for the single purpose of protecting the trademark and URL right of Mamut are entered according to the cost method. The consolidated financial statements have been prepared as though the Group was one unit, eliminating inter-company transactions and balances. In January 2000, Mamut ASA acquired 100% of the shares in daTax Software AS. In January 2002 the activities in daTax Software were acquired by Mamut ASA.

Recognition of revenue

Revenues from licenses, support, 3rd party products and Mamut Academy are recognized at the time of delivery of goods sold. Annual service agreements are recognized with 16,7 % the first three months and 5,6 % the next 9 months. Invoicing of annual service agreements are done each month.

Development costs

All costs associated with in-house development of software are expensed when incurred.

Classification of assets and liabilities

Assets and liabilities related to the company's operating cycle are classified as current. Receivables and liabilities that are not related to the operating cycle are classified as current assets or current liabilities if they fall due within one year. Other assets and liabilities are classified as fixed assets and long-term liabilities respectively.

Tangible fixed assets

Tangible fixed assets are valued at cost less depreciation. Depreciations are estimated according to the straight-line depreciation method with depreciation rates: PC etc 33,33% and Fixtures 20%.

Receivables

Receivables are entered at nominal value less a provision for expected loss.

Inventory and cost of goods sold

Inventories are recorded at the lower of estimated sales price and value according to the "first in - first out" method.

Monetary items in foreign currencies

Monetary items in foreign currencies are translated at the exchange rate on the balance sheet date.

Deferred tax and tax expense

Deferred tax is calculated based on temporary differences between book values and tax basis for assets and liabilities at year end, and based on the reported loss carry forward. For the purposes of calculating deferred tax, nominal tax rates are used. Temporary differences that will constitute a future tax deduction give rise to a deferred tax asset. Change in deferred tax liability and deferred tax asset, together with taxes payable for the fiscal year constitutes taxes for the year.

Earnings per share

Earnings per share is calculated in accordance with Norwegian accounting standard NRS 7. When calculating diluted earnings per share are outstanding options fully included.

Cash and cash equivalents

The cash flow statement is compiled using the indirect method. Bank deposits and short-term interest bearing securities maturing less than three months after issue are classified as cash and cash equivalents and are carried at the market value on the balance sheet date.

Changes in accounting principles

For year 2003 the intrinsic value of employee's options granted before 1 January 2002 are expensed in the profit and loss statement. The profit and loss statement for year 2002 is adjusted accordingly the accounts for 2003, 2002 and 2001 are applying the same principle.

The calculated intrinsic value is expensed over the period the options have been vested and treated as a payroll expense. This amount will have no future cash effect for the company, and hence it has been credited against equity. Accordingly the amount expensed has no effect on the company's overall equity position after year end allocation.

Mamut ASA

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Notes to the accounts

NOK 1 000

Note 2 - Segment information

The Groups primary segment reporting is based on its geographical distribution.

The geographical breakdown is split between Norway, Sweden and other markets which are primarily the Netherlands and The UK.

The Group do not has a secondary segment reporting and the Group has only one business segment; Software.

Revenues breakdown for the business area Software are specified below.

2003					
Geographical distribution	Norway	Sweden	Other Markets	Elim.	Group
Operating revenues	102 421	13 895	367	-872	115 811
Operating expenses (before deprec.)	72 553	18 796	17 096	-872	107 573
EBITDA	29 868	-4 901	-16 729	0	8 238
Deperciation	4 639	248	0	0	4 887
Operating profit (EBIT)	25 229	-5 149	-16 729	0	3 351
Assets	104 350	7 574	0	-4 685	107 239
Liabilities	32 419	6 437	0	-4 685	34 171
Investments	1 839	0	0	0	1 839

2002					
Geographical distribution	Norway	Sweden	Other Markets	Elim.	Group
Operating revenues	91 419	8 547	0	-848	99 118
Operating expenses (before deprec.)	67 359	22 806	10 581	-848	99 898
EBITDA	24 060	-14 259	-10 581	0	-780
Deperciation	5 172	143	0	0	5 315
Operating profit (EBIT)	18 888	-14 402	-10 581	0	-6 095
Assets	98 095	6 085	0	-4 890	99 289
Liabilities	28 425	5 788	0	-4 890	29 323
Investments	1 936	2 643	0	0	4 579

2001					
Geographical distribution	Norway	Sweden	Other Markets	Elim.	Group
Operating revenues	74 572	2 547	0	-615	76 504
Operating expenses (before deprec.)	67 377	20 015	15 229	-615	102 006
EBITDA	7 195	-17 468	-15 229	0	-25 502
Deperciation	6 999	0	0	0	6 999
Operating profit (EBIT)	196	-17 468	-15 229	0	-32 501
Assets	88 998	1 088	0	-1 158	88 928
Liabilities	28 632	1 418	0	-1 158	28 892
Investments	2 516	0	0	0	2 516

Business areas

The Group has software as the only business area

Revenues breakdown	2003	2002	2001
Licenses	60 348	51 395	41 511
Service agreements	46 019	37 871	28 626
Other	9 443	9 852	6 367
Total	115 810	99 118	76 504

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Notes to the accounts

NOK 1 000

Note 3 - Salaries / Number of employees / Benefits / Employee loans / Pensions

Personnel costs	Mamut ASA			Group		
	2003	2002	2001	2003	2002	2001
Salaries	31 164	28 900	27 265	52 696	49 935	50 495
Calculated wages employee options	162	0	995	162	1 378	995
Social security costs	4 698	3 637	3 825	8 012	6 941	6 915
Pension expenses	0	0	0	80	75	0
Other employee related costs	2 132	1 799	2 076	3 881	2 807	3 409
Total	38 155	34 336	34 160	64 830	61 136	61 814

Average number of employees	128	126	134	134	132	134
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Benefits (Norwegian kroner)	CEO	Board of Directors
Salary	544 550	0
Options	33 500	51 000
Other benefits	3 048	0

There were no directors fees in 2003, but external members of the board received 30.000 stock options each at strike price NOK 5,00. There were no directors fees in the groups Subsidiaries.

The CEO will not be compensated with any benefits or salary on the termination of his employment terms on resignation.

The company has not issued any loans to the CEO or any other employees.

There are no pension schemes in Mamut ASA. Mamut AB has a contribution-based pension scheme.

Audit

The audit fee for the parent company for 2003 was NOK 234.000.

The fees for other services provided by the auditor was NOK 77.600

The audit fee for the Group for 2003 was NOK 261.000

The fees for other services provided by the auditor was NOK 77.600

Note 4 - Other operating expenses

	Mamut ASA			Group		
	2003	2002	2001	2003	2002	2001
Rent and office expenses	5 139	3 474	3 034	8 567	6 847	8 501
Travel	115	668	651	115	971	1 044
Services	457	2 042	4 468	4 291	4 833	5 096
Sales and marketing	3 782	7 074	5 417	17 055	15 991	15 558
Provision for bad dept	201	147	386	3 742	2 394	2 548
Other	606	1 042	1 165	1 414	1 265	1 609
Total other operating expenses	10 300	14 447	15 121	35 183	32 301	34 356

Mamut ASA

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Notes to the accounts

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Note 5 - Tangible fixed assets and intangible assets

Mamut ASA

	PC etc.	Fixtures	Goodwill	31.12.03 Total	01.01.03 Total
Acquisition cost as of 01.01.	10 982	8 096	21 427	40 505	18 664
Investments	1 738	101	0	1 839	21 841
Acquisition cost as of 31.12.	12 720	8 198	21 427	42 344	40 505
Depreciation and write-downs as of 01.01.	8 368	4 633	2 620	15 621	10 449
Accumulated depreciation as of 31.12.	10 343	6 076	3 840	20 259	15 621
Net book value as of 31.12.	2 377	2 122	17 587	22 085	24 884
Depreciation for the year	1 976	1 443	1 220	4 638	5 172
Depreciation rates	33,33 %	20,00 %	6,67 %		
Depreciation plan	Linear	Linear	Linear		

Trademark

Direct costs regarding establishment and protecting the trademark "Mamut" are not expensed.

The value of a trademark as "Mamut" as company name, product name and URL-rights are considered lasting. Trademarks are not depreciated.

R&D

	2003	2002	2001
The Group has spent the following amounts on software development:	29 560	25 523	24 863

Development expenses include salaries for employees in the Group's development department and an estimate of the development department's proportional share of the operating expenses.

All R&D costs are expensed as they are incurred.

Group	PC etc.	Fixtures	Goodwill	Rights	31.12.03 Total	01.01.03 Total
Acquisition cost as of 01.01.	11 807	8 450	23 213	203	43 672	39 315
Investments	1 738	101	0	0	1 839	4 357
Acquisition cost as of 31.12.	13 545	8 551	23 213	203	45 511	43 672
Depreciation and write-downs as of 01.01.	9 193	4 877	5 185	20	19 275	13 968
Accumulated depreciation as of 31.12.	10 895	6 312	5 590	78	22 875	17 971
Accumulated write-down as of 31.12.	273	37	995	0	1 304	1 304
Translation differences	0	17	299	28	343	
Net book value as of 31.12.	2 377	2 219	16 926	152	21 674	24 397
Depreciation for the year	1 976	1 472	1 381	58	4 887	5 315
Depreciation rates	33,33 %	20,00 %	6,67 %	10,00 %		
Depreciation plan	Linear	Linear	Linear	Linear		

Goodwill

The acquisition of daTax Software AS in 2000, accounts for TNOK 14.711 of net book value of goodwill as of 31.12.2003.

This goodwill is depreciated using the straight-line method over 15 years. Here, the emphasis on historical experience indicating that the lifetime of a product including the resale of new software, is expected to be 15 years. The acquisition of Arena Data AB in 2002, accounts for TNOK 2.214 of net book value of goodwill as of 31.12.2003.

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Note 6 - Subsidiaries

The other Group companies included in the consolidated accounts are specified below:

<u>Company</u>	<u>Business office</u>	<u>Ownership%</u>
Mamut Norge AS	Norway	100 %
Mamut AB	Sweden	100 %

The following subsidiaries are included according to the cost method.
As of 31.12.03 there are no activities in these companies.

<u>Company</u>	<u>Business office</u>	<u>Ownership%</u>	<u>Sharecapital</u>	<u>Book value</u>	<u>Result</u>
daTax Software AS	Norway	100 %	NOK 100.000	120	0
Guru Software AS	Norway	100 %	NOK 100.000	62	0
Mamut Corp	US	100 %	USD 10.000	70	0
Mamut Aps	Denmark	100 %	DKK 125.000	33	0
Mamut Oy	Finland	100 %	FIM 50.000	10	0
Mamut GmbH	Germany	100 %	DEM 50.000	63	0
Mamut Hispania S.L	Spain	100 %	ESP 500.000	55	0
Mamut Ltd	Belgium	100 %	EURO 7.000	0	0
Mamut Ltd	UK	100 %	GBP 2	35	0
Mamut BV	The Netherlands	100 %	EURO 18.000	40	0
Mamut Ver. GmbH	Austria	100 %	EURO 17.500	385	0
				873	0

Note 7 - Rental deposits

Book value of receivables related to cash deposits which are tied up for more than one year

	<u>31.12.2003</u>	<u>31.12.2002</u>	<u>31.12.2001</u>
Rent deposit	2 541	2 430	3 008
Other	87	0	17

The company has a bank overdraft facility of TNOK 3.000

The Groups accounts receivables are used as guarantees for the bank overdraft facility.

Note 8 - Restricted accounts

The item "Bank deposits, cash, etc." includes Group bank deposits, of which restricted tax withholdings for The Parent Company make up TNOK 2.684 and TNOK 2.684 for the Group.

Note 9 - Major contracts

June 2000 the company entered into a 5 year agreement on its office property with KLP.
Lease costs per year as of are 31.12.03TNOK 4.000.

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Notes to the accounts

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Note 10 - Taxes

	Mamut ASA		
	2 003	2002	2001
Current tax:			
Loss before taxes	-1 251	-10 636	-24 372
Permanent differences	-1 741	930	-12 764
Changes in temporary differences	-21 235	17 863	3 362
Share issue costs booked to equity before tax	-506	-1 054	-762
Utilisation of tax losses carried forward		-7 103	0
Basis for current tax	-24 733	0	-34 536
Tax 28%	-	0	0

Specification of the basis for deferred taxes

	Mamut ASA			Group		
	2003	2002	2001	2003	2002	2001
Offsetting differences:						
Fixed assets	595	-20 905	-2 612	595	-20 905	-3 134
Current assets	-535	-270	-700	-2 522	-1 670	-2 500
Loss carry forward	-104 624	-79 890	-86 993	-126 112	-105 800	-115 776
Total	-104 563	-101 065	-90 305	-128 039	-128 375	-121 410
Tax asset	-29 278	-28 298	-25 285	-35 851	-35 945	-33 995

	Mamut ASA			Group		
	2003	2002	2001	2003	2002	2001
Tax on ordinary result exists of:						
Tax payable regarding result for the year	0	0	0	250	66	-
Change in current tax previous year	0	0	0	-18	-	-10
Gross change deferred tax	-979	-3 013	-10 611	94	-1 950	-12 595
Deferred tax related to share issue costs	142	295	213	142	295	213
Deferred tax related to treasury shares*	598	178	3 906	598	178	3 906
Tax on ordinary result	-240	-2 540	-6 492	1 066	-1 411	-8 486

* Tax related to equity transactions has been entered directly against equity

Explanation of why the tax expense for the year does not make up 28% of the pre-tax profit

Ordinary profit before tax	-1 251	-10 636	-24 372
28% tax on ordinary profit	-350	-2 978	-6 824
Permanent differences	110	438	332
Tax expense	-240	-2 540	-6 492

Overview of loss carry forwards.

Mamut ASA:			Group:		
Year:	Amount:	Expiry year:	Year:	Amount:	Expiry year:
1997	3 751	2007	1997	5 687	2007
1998	3 048	2008	1998	11 515	2008
1999	13 468	2009	1999	14 437	2009
2000	25 088	2010	2000	33 676	2010
2001	34 536	2011	2001	40 485	2011
2003	<u>24 733</u>	2013	2003	<u>20 312</u>	2013
Sum	104 624		Sum	126 112	

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Note 11 - Equity for Mamut ASA and Group

Equity for Mamut ASA	Share capital	Treasury stocks	Premium reserve	Other equity	Total
Equity as at 31.12.2002	16 572	-39	78 690	1 597	96 819
Changes in equity:					
Conversion of share premium reserve			-57 000	57 000	0
Share issue	183		1 648		1 832
Share issue costs			-364		-364
Calculated wages employee options				162	162
Changes in Treasury stock/Exercise of options		39		-1 268	-1 228
Profit/Loss for the year				-1 011	-1 011
Equity as at 31.12.2003	16 755	0	22 974	56 480	96 209

At 31.12.2003 the share capital of Mamut ASA consists of 33.510.000 shares with a face value of NOK 0,50.

Equity for Group	Share capital	Treasury stocks	Premium reserve	Other equity	Total
Equity as at 31.12.2002	16 572	-39	49 119	4 315	69 966
Changes in equity:					
Conversion of share premium reserve			-57 000	57 000	0
Share issue	183		1 648		1 832
Share issue costs			-364		-364
Calculated wages employee options				162	162
Changes in Treasury stock/Exercise of options		39		-1 268	-1 228
Translation differences				366	366
Profit/Loss for the year				2 336	2 336
Equity as at 31.12.2003	16 755	0	-6 597	62 911	73 068

Treasury shares have been used for converting of employee options to shares. Therefore during 2003, the company sold 1.274.050 treasury shares for MNOK 5,0 and bought 1.195.483 Treasury shares for MNOK 6,7.

All transactions have been conducted at arm's length.

Note 12 - Earnings per share

	2003	2002	2001
Net profit for the year	2 335 697	-5 140 428	-24 841 656
Number of shares 31.12	33 510 000	33 143 250	30 571 995
Time-weighted average number of shares 31.12.	33 158 531	31 814 683	29 821 995
Options board (Note 14)	180 000		
Options employee (Note 14)	4 519 500		
Time-weighted average number of shares 31.12, including options	37 858 031		

Earnings per share is calculated in accordance with Norwegian accounting standard, by dividing the result after taxes by a time adjusted weighted average of outstanding shares in the reporting period.

Mamut ASA

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Note 13 - Equity and shareholder information

Shareholders:

The largest shareholders in Mamut ASA as of 31.12.2003:

	Shares	Proportion
Eilert Hanoa	5 699 841	17,0 %
A.Wilhelmsen AS	4 094 070	12,2 %
Northzone II AS	3 461 358	10,3 %
Storebrand Livsforsikring AS	2 750 000	8,2 %
Bank of New York (S/A Finsbury Tech Trust)	1 870 000	5,6 %
Martin Kværnstuen	1 102 944	3,3 %
Høegh Invest AS	1 060 837	3,2 %
Conti AS	1 058 357	3,2 %
Banan AS	965 300	2,9 %
Quest for Growth N.V	800 000	2,4 %
Toffin AS	672 786	2,0 %
Jostein Håvaldsrud	583 000	1,7 %
Edwin Austbø	508 000	1,5 %
Barclays Capital Sec. Stock	391 500	1,2 %
Werner Risberg	378 100	1,1 %
Nado AS	320 000	1,0 %
Stein Olav Repål	303 000	0,9 %
RO-Invest AS	302 500	0,9 %
Espen Mofjell	301 735	0,9 %
Bank of Bermuda (S/A Consulta Tech)	225 000	0,7 %
Total of the 20 largest	26 848 328	80,1 %
Others (total)	6 661 672	19,9 %
Total number of shares*	33 510 000	100,0 %

* At 31.12.2003 there were 346 shareholders

Employee option program

In year 2003 a total number of 1.933.500 options were assigned to employees and 180.000 options to the board.

It is company policy that as many of the employees as possible should take part in the option program.

A total of 116 employees and 6 external board members received options.

For details see note 14.

Shares and options owned by the CEO and members of the board

Name	Title	Shares	Options
Eilert Hanoa	CEO (Adm.dir.)	5 699 841	230 000
Tellef Thorleifsson*	Chairman of the board	80 000	30 000
Martin Kværnstuen	Board member	1 102 944	230 000
Thorolf Kildal	Board member	672 786	30 000
Jan Moberg	Board member	185 000	30 000
Einar Haugstad**	Board member	80 000	30 000
Tor Bergstrøm	Board member	50 000	30 000
Ole Morten Settevik	Board member	54 000	30 000

* Shares are held by management company Venture Partner AS

** Shares are held by company Steinvender ASA

No board member or shareholders have loans in the company.

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Note 14 - Employee/Board option program

1. Distributed options

It is company policy that as many of the employees as possible should take part in the option program. The program are distributed as follows:

	Mamut ASA		
	2003	2002	2001
Outstanding option, beginning of year	4 390 000	2 854 750	829 250
Called off	406 000	311 750	829 250
Distributed	2 113 500	2 040 000	2 937 500
Exercised	1 398 000	193 000	82 750
Outstanding option, end of year	4 699 500	4 390 000	2 854 750

A total of 116 employees and 6 external board members received options during year 2003. The board has set the strike price on employee options and the annual general meeting has set the strike price on options assigned to the board members. All options assigned to employees have a minimum vesting period of two years. All options may be exercised during the vesting period until 30.06.2005

2. Strike price

The average strike price for outstanding options is NOK 4,71. Given that all outstanding options are exercised before 30.06.2005 the share issuing will increase paid in capital with MNOK 22,1.

Based on experience 70-80 % of outstanding options are exercised. Market value per share was NOK 6,00 at 31.12.2003.

3. Accounting treatment of Intrinsic value

Strike price on options granted before 1 January 2002 were granted with a strike price equal or lower than market value at that date. Strike price on options granted after 1 January 2002 were granted with a strike price equal the market value at that date.

The intrinsic value of the options granted before 1 January 2002 is calculated based on the difference between the estimated market value of the shares at the time the options were granted and the strike price at that date.

This intrinsic value is expensed over the period the options have been granted

The amount of the calculated intrinsic value is expensed over the period the options have been vested and treated as a payroll expense. This amount will have no future cash effect for the company and hence is credited to equity so that the amount expensed has no effect on the company's overall equity position after year end allocation.

4. Employer's national insurance contribution related to options

If the employee chooses to exercise an option and the employee is resident in Norway, then the company will be liable to pay Employer's national insurance contribution (currently 14,1% - 26,6%) of the value of the benefit to the employee when the option is exercised. The value of the benefit regarding the option agreement is calculated as the difference between estimated market value of the shares at exercise date and set strike price.

At 31 December 2003 NOK 360.000 of employer's national insurance contribution is accrued in the financial statements.

Note 15 - Financial market risk

Fluctuations in exchange rates result in both direct and indirect financial risk for the Group.

No hedging of revenue, costs, assets or debt in foreign currency is undertaken.

Mamut ASA

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Notes to the accounts

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Note 16 – New accountings standards from IFRS

Before January 1st 2005 all publicly listed companies in Norway must adapt to International Financial Reporting Standards (IFRS) in there consolidated accounts as part of the “EØS-avtalen”.

Mamut prepares therefore to publicize its first financial statements after IFRS the first quarter of 2005 with pro forma figures for 2004.

Mamut has started to prepare and consider which effects the new accounting standards will have for consolidated accounts for Mamut.

Development expenses

Mamut has like most listed software companies used the option in the Norwegian Accounting Act to expense all in-house development. According to the IFRS rules, in-house development must be capitalized as long as the development is expected to provide the company with future financial benefits.

In future, Mamut must therefore assess the work performed by the development departments. While activity related to research and maintenance is to be expensed, activities associated with development of new programs or modules that are expected to provide future financial benefits in the form of new sales and maintenance revenues are to be capitalized and depreciated.

Goodwill

Amortization of goodwill for 2003 amounts to TNOK 1.381 and as of 31.12.2003 net book value of goodwill where TNOK 16.926. It is expected that goodwill will not be subject to amortization under IFRS. The rules for assessing any requirement to write down goodwill are expected in the main to be the same as the principles which are followed at present.

Remuneration based on shares

The profit and loss statement for 2003, 2002 and 2001 the intrinsic value of employee's options granted before 1 January 2002 are expensed. It is expected that IFRS will set requirements for recording options and subscription rights that are granted to employees at their fair value at the time they are granted.

Presentation by function

The Norwegian Accounting Act has a detailed specification how to present the profit and loss statement by nature. With IFRS companies are expected to choose the presentation form which gives best value for each business. Mamut will evaluate the development internationally and what leading Norwegian listed companies will do.

To the Annual Shareholders' Meeting of Mamut ASA

Auditor's report for 2003

We have audited the annual financial statements of Mamut ASA as of December 31, 2003, showing a loss of NOK 1 011 000 for the parent company and a profit of NOK 2 336 000 for the group. We have also audited the information in the directors' report concerning the financial statements, the going concern assumption, and the proposal for the coverage of the loss. The financial statements comprise the balance sheet, the statements of income and cash flows, the accompanying notes and the group accounts. These financial statements are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

We conducted our audit in accordance with the Norwegian Act on Auditing and Auditors and auditing standards and practices generally accepted in Norway. Those standards and practices require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and auditing standards an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- the financial statements have been prepared in accordance with the law and regulations and present the financial position of the Company and of the Group as of December 31, 2003, and the results of its operations and its cash flows for the year then ended, in accordance with accounting standards, principles and practices generally accepted in Norway
- the company's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of accounting information as required by law and accounting standards, principles and practices generally accepted in Norway
- the information given in the directors' report concerning the financial statements, the going concern assumption, and the proposal for the coverage of the loss are consistent with the financial statements and comply with the law and regulations.

Oslo, March 12, 2004

PricewaterhouseCoopers DA


Bjørn Leiknes

State Authorised Public Accountant (Norway)

Note: This translation from Norwegian has been prepared for information purposes only.



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