

Annual report 2004



Mamut ASA

Mamut ASA

Annual Report 2004

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Board of directors report 2004

The main targets for 2004 were organic growth based on core products in Norway and Sweden, launch of complete solutions in the Netherlands and the UK, 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 2004. Mamut completed a successful IPO in May 2004 laying the foundation for the company's further expansion at the same time as it strengthened the company's shareholder structure.

Activity

During 2004 the company prioritised organic growth. The company strengthened its position in the home market (Norway) 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 2004.

During the first six months of 2004 Mamut launched accounting solutions in the Netherlands and the UK. Experience gained in these two new markets has been very valuable for further planned expansion into other markets in the years to come.

In June 2004, Mamut announced the Small Business Concierge initiative, an ambition to offer complete business software solutions for small businesses in Europe with up to 50 employees, in co-operation with Microsoft Corporation. The offering was initially rolled out in the UK and the Netherlands, and included Norway and Sweden later in the year. The initiative is based on a joint effort to integrate user-friendly business software, with added-value services all at an economical price to meet the unique needs of the smaller business.

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. More than 41,000 customers subscribe to one or more of the company's administrative software package by the end of 2004.

The company's headquarter is located in Oslo, Norway.

Mamut Business Software

The company's main product in Norway and internationally is Mamut Business Software (MBS). MBS is specifically developed for the 1-25 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 value for money, 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 22,000 businesses use MBS as their administrative software package in Norway, Sweden, The Netherlands, and the UK by the end of 2004.

Mamut daTax Software

Mamut is Norway's leading supplier of tax and accounting software solutions for self-employed persons and private individuals. With Mamut daTax Software the user obtains help, among other things, with tax returns, tax tips, loan calculations, financial management, accounting, mileage records and travel expenses.

The product portfolio has won most product tests in its segment and consists of the following product series which are all delivered in three different versions suited to various requirements and needs for functionality among users:

Mamut daTax Totaløkonomi, Mamut daTax Privatøkonomi, Mamut daTax WinSkatt, Mamut daTax Reiseregning, Mamut daTax Faktura, Mamut daTax Foreningsøkonomi and Mamut Home.

More than 19,000 customers subscribe on the Mamut daTax Software product range by the end of 2004 in Norway.

Internationalisation

During the last few years, Mamut has developed a “European” Mamut version with local adjustments as regards accounts layout, management of taxes and general financial reporting. Thus, at the beginning of 2004 Mamut had a complete product portfolio in Norway, Sweden, the Netherlands and the UK. The launch of Mamut Business Software in the Dutch and UK market was carried out during the first half of 2004. At the end of 2004, Mamut had more than 1,800 customers in the Netherlands and the UK. Over 10 per cent of the company’s total revenue came from markets outside Norway and Sweden in the last quarter of 2004.

A key factor in the positioning of Mamut Business Software in new markets is to receive accreditations and certifications from the leading associations in the respective countries. In April 2004, Mamut Business Software was certified by the SRA in the Netherlands. SRA is an independent Dutch association of auditors and accountants. In September 2004, the company’s English version was accredited by the Institute of Chartered Accountants in England and Wales (ICAEW). The ICAEW is an independent UK association of chartered accountants and the Institute undertakes, amongst other things, accreditation processes covering financial and administrative solutions in the UK.

Mamut’s policy is to participate in independent product reviews organised by magazines and associations. Most important as regards awards and reviews in 2004, was the prestigious “UK Small Business Software Package of the Year” awarded to Mamut Enterprise Edition version 8 in competition with 24 other solutions. The award provides a good basis for Mamut’s operations in the UK. Combined with the fact that all Mamut Business Software applications are based on a single common source code, the award gives synergies outside the important UK market.

In the Swedish market, Mamut CRM & Sales Professional was in November selected as the market’s best CRM-solution for small and medium-sized companies by the Swedish magazine IT Pro.

In Norway, Mamut received two awards from PC World during 2004. In April, daTax WinSkatt was elected as “Best in test” in PC World’s annual test of tax products and daTax Totaløkonomi Standard was in August elected as “Best in test” in PC World’s annual test of accounting and business solutions for smaller companies. Both tests strengthen Mamut’s position as the leading supplier of complete, integrated solutions for smaller companies.

In the Swedish market, Mamut entered into a strategic partnership and OEM agreement with Norstedts Juridik AB, a company owned by Dutch Wolters Kluwer. The cooperation means that Mamut Business Software will be branded and sold as Norstedts Affärssystem in the Swedish market, in addition to being sold under the current Mamut brand name.

The company has developed new and improved versions with increased functionality for its existing four markets and is working actively to adjust and extend its distribution for new markets. During 2005, Mamut plans to introduce Mamut Business Software in one or more new European markets.

Going concern

The accounts are prepared under the assumption of going concern. This assumption is based on the earnings forecast for the year 2005 and the fact the Group’s economic and financial status is strong.

Changes in accounting principles

The Mamut group has as preparation for IFRS in 2005 changed accounting principles allowed by Norwegian General Accepted Accounting Principles (N GAAP) into the 2004 accounts. This means that subsidiaries incorporated to protect trademarks which were included according to the cost method now is fully consolidated.

Costs associated with development are recognised as an intangible asset when the criteria for capitalisation after “Foreløpig Norsk RegnskapsStandard om immaterielle eiendeler” are met. Employees’ options are expensed at fair value rather than intrinsic value. Statements for 2003 are not adjusted.

Review of the Annual Accounts

The Mamut Group achieved operating revenues of NOK 144.2 million in 2004, compared to NOK 115.8 million in 2003, an increase of 25 %. The sale of licenses increased by 20 % in 2004 when compared with 2003, and more than 90 % of 2004 operating revenues were sold licenses and service agreements.

EBIT (earnings before interest and tax) for 2004 was NOK 5.1 million (NOK 3.3 million in 2003). Profit for the year was NOK 2.6 million (NOK -2.3 million in 2003).

EBITDA margin for 2004 was 10 %.

In 2004 the company had a positive cash flow from operations of NOK 12.3 million, compared to NOK 5.1 million in 2003. Investments in fixed assets were NOK 14.5 million in 2004, including NOK 10.6 million in in-house developed software.

At the end of 2004 total assets amounted to NOK 160.3 million, compared to NOK 107.2 million the previous year. Equity was NOK 119.2 million, and the equity ratio was 74 %. In 2003 equity was NOK 73.1 million (68%). Distributable equity for Mamut ASA amounted to NOK 4.4 million at the end of 2004. Mamut has three major intangible assets. NOK 13,5 million in goodwill from acquisitions in 2000, deferred tax asset (NOK 37.4 million) from losses carried forward and capitalised R&D in 2004 (NOK 8.5 million)

Allocation of the result for the year

Mamut ASA (the parent company) recorded a loss of NOK 1,080,000 in 2004. The Board proposes that 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 2004. Sick leave at Mamut operations totalled 2.0% in 2004 (2.6% in 2003)

At the end of 2004 Mamut ASA had 169 employees (138 in 2003).

Equal opportunities

At the end of 2004 21 % of employees were women. Women are not represented in top management. Mamut will endeavour to ensure a balance in the ratio between men and women within the management and within the organisation. Mamut has a policy that includes the principle of equal salary for equal work. This implies that men and women have 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

A good reputation and a positive 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 2004 open and timely communication such that all relevant information and potential consequences for the company were provided in a timely manner. For several years, the company has published quarterly reports quickly after quarter end and has provided the company's 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's open and timely communication has been further strengthened after the listing of the company in May 2004.

The company is managed using effective control and steering mechanisms. The Board is continuously informed and updated of the company's development. The company's CEO, Eilert Hanoa, and CFO, Martin Kværnstuen, are among the company's biggest shareholders, and are also Members of the Board. However, the Members of the Board representing external shareholders are in majority and resolutions where Hanoa and Kværnstuen might be declared prejudiced will be made by the remaining Members of the Board.

Independence and neutrality

Mamut emphasises 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 is listed on the Oslo Stock Exchange and is obliged to follow all relevant information requirements of a listed company. Additionally, all information is posted on the company's web site at www.mamut.com.

Company equity and financing

Mamut will endeavour to finance its activities using its own equity, and has no long term interest bearing debt. During the course of the 2004, Mamut has improved its financial position and the equity ratio is now 74 % for 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 through the Internet. There are no ownership limitations and no known shareholder agreements. The notice of shareholder meetings 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. With this far reaching incentives program, the company has created a positive relationship between employees and the company resulting in increased long term profitability for the company as a whole. For several years, Mamut 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 opinion that there will be a close correlation between salary and incentives for employees some of which are reflected in the company's options programme.

Remuneration to key employees

Mamut wants to be an attractive place of employment. Thus, the company has to attract employees with relevant experience and give them opportunities to develop. The company endeavours 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 have the same interests as the shareholders in increasing shareholder value.

Details of remuneration to management and the board of directors are described in the notes to the financial statements. The General meeting has chosen to use option as the only remuneration for the board of directors. The majority of the shareholders thinks this is the best incentive program for the board of directors in Mamut, the company also has a policy that board members invest in the shares of the company.

Policy for financial information

The company endeavours 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). In October 2004 the Oslo Stock Exchange granted Mamut ASA both the «I» (information) and the «E» (English) symbol.

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.

Financial Risk

The Group is exposed to changes in exchange rates, especially Swedish kroner and Euro as well as GBP, as a significant part of the Group's income is in foreign currency. The risk is limited by the fact that associated costs are in the same currencies. Mamut has not entered into forward contracts or other agreements to reduce the Group's foreign exchange risk.

All cash position is placed in Norwegian bank accounts. Changes in interest rates will increase/decrease net financial items for the Group. The Board of Directors regards the Group's liquidity as good, and no decision has been taken to introduce measures to change the liquidity risk.

More than 41,000 customers subscribe to one or more of the company's administrative software packages by the end of 2004. The Group distributed more than 50,000 invoices during 2004 and the 50 largest customer's accounts for less than 2% of total revenues. The credit risks are therefore rated diversified. No agreements have been entered into regarding set-off or other financial instruments that minimise credit risk in the Mamut Group.


Outlook for 2005

2004 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 2005 is to increase the share of revenues earned abroad primarily in the Dutch, Swedish and British markets. The board expects an improvement in operating result during 2005. The Company will continue evaluating other companies for potential acquisitions both in Norway and abroad.

Oslo 29 March 2005


Eilert G. Hanoa


Tellef Thorleifsson
Chairman

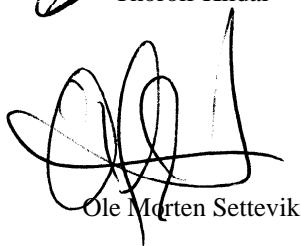

Martin Kværnstuen


Einar Haugstad


Thorolf Kildal


Jan M Moberg


Tor Bergstrøm


Ole Morten Settevik

Mamut ASA
Annual Accounts 2004

Profit and Loss Account

NOK 1 000

Mamut ASA				Note	Group		
2004	2003	2002			2004	2003	2002
71 049	58 211	51 342	Sales revenues	2	144 225	115 811	99 118
71 049	58 211	51 342	Total operating revenues		144 225	115 811	99 118
9 994	6 218	5 975	Cost of goods sold		9 634	7 560	6 461
39 800	37 993	34 336	Personnel costs	3	73 980	64 668	59 758
3 522	162	1 378	Calculated wages emp. options	15	3 522	162	1 378
6 553	4 638	5 172	Deperciation	5	9 000	4 887	5 315
11 105	10 300	14 447	Other operating expenses	4	42 962	35 183	32 301
70 975	59 311	61 309	Total operating expenses		139 098	112 460	105 213
75	-1 100	-9 967	Operating profit (EBIT)		5 127	3 351	-6 094
614	394	460	Other interest income		780	590	592
69	35	14	Other financial income		155	111	179
228	238	604	Other interest expenses		244	250	637
563	343	539	Other financial expenses		621	401	591
-108	-151	-669	Net financial items		70	50	-457
-33	-1 251	-10 636	Profit before tax		5 197	3 401	-6 551
1 048	-240	-2 540	Tax	11	2 565	1 066	-1 411
-1 080	-1 011	-8 096	Net profit for the year		2 631	2 336	-5 140
0	0	0	Allocations				
-1 080	-1 011	-8 096	Share premium reserve				
			Other equity				
-1 080	-1 011	-8 096	Total allocations				
			EPS (NOK)	13	0,07	0,07	-0,16
			EPS diluted (NOK)	13	0,06	0,06	-0,16

Mamut ASA

Annual Accounts 2004

Balance sheet

NOK 1 000

Mamut ASA				Group		
31.12 2004	31.12 2003	31.12 2002	Note	31.12 2004	31.12 2003	31.12 2002
Assets						
Fixed assets						
Intangible fixed assets						
1 305	1 305	1 305	5	1 442	1 443	1 427
8 459	0	0	5	8 459	152	183
16 387	17 587	18 807	5	13 511	16 926	18 027
32 048	29 278	28 298	11	37 411	35 851	35 945
58 199	48 170	48 410	0	60 823	54 373	55 582
Tangible fixed assets						
5 053	4 499	6 078	5	5 233	4 595	6 187
5 053	4 499	6 078		5 233	4 595	6 187
Financial fixed assets						
25 209	25 071	3 423	7	0	873	800
25	25	25		25	25	25
2 590	2 541	2 430	8	2 676	2 628	2 430
27 823	27 637	5 878		2 701	3 526	3 255
91 075	80 306	60 366		68 758	62 494	65 024
Current assets						
1 605	1 110	910		1 651	1 156	951
Receivables						
5 548	3 873	2 081	8	41 553	31 237	23 803
23 336	27 176	48 249		0	0	0
4 395	790	262		4 368	790	342
33 279	31 839	50 592		45 922	32 026	24 145
40 051	6 423	5 046	9	43 976	11 563	9 171
74 934	39 371	56 548		91 548	44 745	34 266
166 010	119 677	116 914		160 306	107 239	99 289

Mamut ASA
Annual Accounts 2004


Balance sheet

NOK 1 000

Mamut ASA				Group		
31.12 2004	31.12 2003	31.12 2002	Note	31.12 2004	31.12 2003	31.12 2002
Equity and liabilities						
Equity						
Paid-in capital						
21 062	16 755	16 572	12	21 062	16 755	16 572
0	0	-39	12	0	0	-39
65 403	22 974	78 690	12	98 097	56 313	53 434
52 861	56 480	1 597		0	0	0
139 327	96 209	96 819		119 160	73 068	69 966
139 327	96 209	96 819		119 160	73 068	69 966
Total paid-in capital						
Total equity						
Liabilities						
Long term liabilities						
0	0	0	11	125	0	0
0	0	0		125	0	0
Total long term liabilities						
Current liabilities						
529	2 702	2 915	8	529	2 702	2 915
5 278	3 935	3 612		7 526	4 607	3 663
0	0	0	11	340	250	66
16 582	12 374	8 908		17 122	12 935	9 203
4 294	4 147	4 661		3 474	4 058	4 944
0	310	0	1	12 029	9 619	8 532
26 683	23 468	20 095		41 021	34 171	29 323
26 683	23 468	20 095		41 146	34 171	29 323
Total current liabilities						
Total liabilities						
166 010	119 677	116 914		160 306	107 239	99 289
Total equity and liabilities						

Oslo 29 March 2005


Eilert G. Hanoa

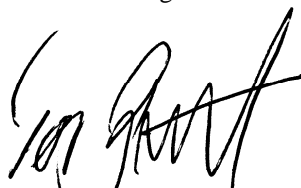

Tellef Thorleifsson
Styrets formann



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Mamut ASA
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Cash flow statement

NOK 1 000

Mamut ASA				Group		
2004	2003	2002	Note	2004	2003	2002
Cash flow from operations						
-33	-1 251	-10 636		5 197	3 401	-6 551
0	0	0		77	48	0
0	65	149	11	-	65	149
6 553	4 638	5 172	5	9 000	4 887	5 315
-826	-1 669	-1 685		-7 892	-6 696	-8 609
3 522	162	1 378	15	3 522	162	1 378
4 231	23 696	-4 759		2 387	3 287	2 053
13 447	25 642	-10 381		12 291	5 154	-6 265
Cash flow from investments						
-3 771	-1 839	-1 935	5	-3 884	-1 839	-4 579
-10 596	0	0	5	-10 596	-	0
-138	-21 714	0		-	-139	0
0	0	0		-	-	0
-14 504	-23 553	-1 935		-14 479	-1 978	-4 579
Cash flow from financing activities						
42 965	1 326	13 946	12	42 965	1 326	13 946
-6 106	-1 826	-551	12	-6 106	-1 826	-551
36 858	-501	13 395		36 858	-501	13 395
0	0	0		-85	-71	-9
35 801	1 589	1 078		34 585	2 605	2 543
3 720	2 132	1 053	1	8 861	6 256	3 713
39 521	3 720	2 132	1	43 446	8 861	6 256

Mamut ASA

Annual Accounts 2004

Notes to the accounts

NOK 1 000

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 2004, 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.

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

Costs associated with in-house development of software can be categorized into; research, development and maintenance of software. Costs associated with research and maintenance of software are expensed when incurred, but costs associated with development are recognized as an intangible asset when the criteria for capitalization after "Foreløpig Norsk RegnskapsStandard om immaterielle eiendeler" are met.

Capitalized development is depreciated over 3 years.

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Notes to the accounts

NOK 1 000

Note 1 - Accounting principles

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

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

End balance on bank draft reduces net cash

Changes in accounting principles

The Mamut group has as preparation for IFRS in 2005 changed accounting principles allowed by Norwegian General Accepted Accounting Principles (N GAAP) into the 2004 accounts. This means that subsidiaries incorporated to protect trademarks which where included according to the cost method now is fully consolidated.

Costs associated with development are recognized as an intangible asset when the criteria for capitalization after "Foreløpig Norsk RegnskapsStandard om immaterielle eiendeler" are met. Employees' options are expensed at fair value rather than intrinsic value. Statements for 2003 are not adjusted

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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 Netherlands/UK and other markets
 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.

2004			Netherlands	Other		
Geographical distribution	Norway	Sweden	UK	Markets	Elim.	Group
Driftsinntekter	118 790	18 640	10 056	0	-3 261	144 225
Driftskostnader (eksl. avsk.)	81 499	20 136	28 833	2 891	-3 261	130 098
EBITDA	37 291	-1 496	-18 777	-2 891	0	14 127
Avskrivninger	5 413	2 946	427	214	0	9 000
Driftsresultat (EBIT)	31 878	-4 442	-19 204	-3 105	0	5 127
Eiendeler	153 539	8 042	5 554	0	-6 829	160 306
Gjeld	36 383	6 346	5 246	0	-6 829	41 146
Investeringer	14 479	0	0	0	0	14 479

2003			Netherlands	Other		
Geographical distribution	Norway	Sweden	UK	Markets	Elim.	Group
Driftsinntekter	102 421	13 895	367	0	-872	115 811
Driftskostnader (eksl. avsk.)	72 553	18 796	17 096	0	-872	107 573
EBITDA	29 868	-4 901	-16 729	0	0	8 238
Avskrivninger	4 639	248	0	0	0	4 887
Driftsresultat (EBIT)	25 229	-5 149	-16 729	0	0	3 351
Eiendeler	104 350	7 574	0	0	-4 685	107 239
Gjeld	32 419	6 437	0	0	-4 685	34 171
Investeringer	1 839	0	0	0	0	1 839

2002			Netherlands	Other		
Geographical distribution	Norway	Sweden	UK	Markets	Elim.	Group
Driftsinntekter	91 419	8 547	0	0	-848	99 118
Driftskostnader (eksl. avsk.)	67 359	22 806	10 581	0	-848	99 898
EBITDA	24 060	-14 259	-10 581	0	0	-780
Avskrivninger	5 172	143	0	0	0	5 315
Driftsresultat (EBIT)	18 888	-14 402	-10 581	0	0	-6 095
Eiendeler	98 095	6 085	0	0	-4 890	99 289
Gjeld	28 425	5 788	0	0	-4 890	29 323
Investeringer	1 936	2 643	0	0	0	4 579

Business areas

The Group has software as the only business area

Revenues breakdown	2004	2003	2002
Licenses	72 213	60 348	51 395
Service agreements	61 361	46 019	37 871
Other	10 651	9 443	9 852
Total	144 225	115 810	99 118

Mamut ASA

Annual Accounts 2004

Notes to the accounts

NOK 1 000

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

Personnel costs	Mamut ASA			Group		
	2004	2003	2002	2004	2003	2002
Salaries	29 497	31 164	28 900	55 061	52 696	49 935
Calculated wages employee options	3 522	162	0	3 522	162	1 378
Social security costs	6 096	4 698	3 637	10 716	8 012	6 941
Pension expenses	0	0	0	90	80	75
Other employee related costs	4 207	2 132	1 799	8 113	3 881	2 807
Total	43 322	38 155	34 336	77 502	64 830	61 136

Average number of employees	152	128	126	157	134	132
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Benefits (Norwegian kroner)	CEO	Board of Directors
Salary	609 997	0
Options	886 421	298 500
Other benefits	39 262	0

There were no directors fees in 2004, but external members of the board received 25.000 stock options each at strike price NOK 8,00. 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 2004 was NOK 200.000.

The fees for other services provided by the auditor was NOK 93.000

The audit fee for the Group for 2004 was NOK 240.000

The fees for other services provided by the auditor was NOK 201.000

Note 4 - Other operating expenses

	Mamut ASA			Group		
	2004	2003	2002	2004	2003	2002
Rent and office expenses	5 259	5 139	3 474	9 341	8 567	6 847
Travel	253	115	668	253	115	971
Services	2 733	457	2 042	3 874	4 291	4 833
Sales and marketing	2 560	3 782	7 074	26 655	17 055	15 991
Provision for bad dept	100	201	147	2 634	3 742	2 394
Other	200	606	1 042	204	1 414	1 265
Total other operating expenses	11 105	10 300	14 447	42 962	35 183	32 301

Mamut ASA

Annual Accounts 2004

Notes to the accounts

NOK 1 000

Note 5 - Tangible fixed assets and intangible assets

Mamut ASA	PC				31.12.04	01.01.04
	etc.	Fixtures	Goodwill	Software	Total	Total
Acquisition cost as of 01.01.	12 720	8 198	21 427	0	42 344	40 505
Investments	2 931	840	0	10 596	14 367	1 839
Acquisition cost as of 31.12.	15 652	9 037	21 427	10 596	56 711	42 344
Depreciation and write-downs as of 01.01.	10 343	6 076	3 840	0	20 259	15 621
Accumulated depreciation as of 31.12.	12 159	7 477	5 040	2 137	26 812	20 259
Net book value as of 31.12.	3 492	1 561	16 387	8 459	29 899	22 085
Depreciation for the year	1 816	1 401	1 200	2 137	6 553	4 638
Depreciation rates	3 år	5 år	15 år	3 år		
Depreciation plan	Lineær	Lineær	Lineær	Lineær		
Group	PC				31.12.04	01.01.04
	etc.	Fixtures	Goodwill	Software	Total	Total
Acquisition cost as of 01.01.	13 545	8 551	23 213	203	45 511	43 672
Investments	2 931	951	0	10 596	14 478	1 839
Acquisition cost as of 31.12.	16 476	9 502	23 213	10 798	59 989	45 511
Depreciation and write-downs as of 01.01.	11 168	6 349	6 585	78	24 180	19 275
Accumulated depreciation as of 31.12.	12 711	7 740	6 790	2 215	29 456	22 875
Accumulated write-down as of 31.12.	273	37	3 192	150	3 651	1 304
Translation differences	0	16	280	26	322	343
Net book value as of 31.12.	3 492	1 741	13 511	8 459	27 204	21 674
Depreciation for the year	1 816	1 428	1 200	2 137	6 581	4 887
Write down for the year	0	0	2 270	150	2 420	
Depreciation rates	3 år	5 år	15 år	3 år		
Depreciation plan	Lineær	Lineær	Lineær	Lineær		

Goodwill

The acquisition of daTax Software AS in 2000, accounts for TNOK 13.511 of net book value of goodwill as of 31.12.2004. 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.

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.

Mamut ASA

Annual Accounts 2004

Notes to the accounts

NOK 1 000

Note 6 - R&D

Costs associated with in-house development of software can be categorized into; research, development and maintenance of software. Costs associated with research and maintenance of software are expensed when incurred, but costs associated with development are recognized as an intangible asset when the criteria for capitalization after "Foreløpig Norsk RegnskapsStandard om immaterielle eiendeler" are met. Capitalized development is depreciated over 3 years.

	2004	2003	2002
Total costs associated with in-house development of software	32 108	29 560	25 523
Capitalized development	-10 596	0	0
Depreciation on capitalized development	2 137	0	0
Development costs expensed	23 649	29 560	25 523

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.

Note 7 - Subsidiaries

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

Company	Business office	Ownership%	Sharecapital
Mamut Norge AS	Norge	100 %	NOK 900.000
Mamut AB	Sverige	100 %	SEK 100.000
daTax Software AS	Norge	100 %	NOK 100.000
Guru Software AS	Norge	100 %	NOK 100.000
Mamut Corp	USA	100 %	USD 10.000
Mamut Aps	Danmark	100 %	DKK 125.000
Mamut Oy	Finland	100 %	EURO 10.000
Mamut GmbH	Tyskland	100 %	EURO 27.000
Mamut Hispania S.L	Spania	100 %	EURO 3.100
Mamut Ltd	Belgia	100 %	EURO 7.000
Mamut Ltd	UK	100 %	GBP 2
Mamut BV	Nederland	100 %	EURO 18.000
Mamut Ver. GmbH	Østerrike	100 %	EURO 17.500

Note 8 - Rental deposits

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

	31.12.2004	31.12.2003	31.12.2002
Rent deposit	2 590	2 541	2 430
Other	87	87	0

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 9 - Restricted accounts

The item "Bank deposits, cash, etc." includes Group bank deposits, of which restricted tax withholdings for The Parent Company make up TNOK 3.002 and TNOK 3.0002 for the Group.

Note 10 - Major contracts

February 2004 the company entered into a 6 year agreement on its office property with KLP.

Lease costs per year as of 31.12.04 TNOK 4.700.

Mamut ASA

Annual Accounts 2004

Notes to the accounts

NOK 1 000

Note 11 - Taxes

	Mamut ASA		
	2004	2003	2002
Current tax:			
Loss before taxes	-33	-1 251	-10 636
Permanent differences	3 611	-1 741	930
Changes in temporary differences	-481	-21 235	17 863
Share issue costs booked to equity before tax	-13 473	-506	-1 054
Utilisation of tax losses carried forward	-	-	-7 103
Basis for current tax	-10 376	-24 733	-
Tax 28%	-	-	-

Specification of the basis for deferred taxes

	Mamut ASA			Group		
	2004	2003	2002	2004	2003	2002
Offsetting differences:						
Fixed assets	1 951	595	-20 905	1 951	595	-20 905
Current assets	-1 410	-535	-270	-3 079	-2 522	-1 670
Loss carry forward	-114 999	-104 624	-79 890	-132 035	-126 112	-105 800
Total	-114 458	-104 563	-101 065	-133 163	-128 039	-128 375

Tax asset	-32 048	-29 278	-28 298	-37 411	-35 851	-35 945
Tax liability	-	-	-	125	-	-

	Mamut ASA			Group		
	2004	2003	2002	2004	2003	2002
Tax on ordinary result exists of:						
Tax payable regarding result for the year	-	-	-	129	250	66
Change in current tax previous year	0	-	-	53	-18	-
Gross change deferred tax	-2 771	-979	-3 013	-1 435	94	-1 950
Deferred tax related to share issue costs	3 773	142	295	3 773	142	295
Deferred tax related to treasury shares*	45	598	178	45	598	178
Tax on ordinary result	1 048	-240	-2 540	2 565	1 066	-1 411

* 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	-33	-1 251	-10 636
28% tax on ordinary profit	-9	-350	-2 978
Permanent differences	1 057	110	438
Tax expense	1 047	-240	-2 540

Overview of loss carry forwards.

Mamut ASA:			Group:		
Year:	Amount:	Expiry year:	Year:	Amount:	Expiry year:
1997	3 751	2007	1997	3 751	2007
1998	3 048	2008	1998	4 574	2008
1999	13 468	2009	1999	14 434	2009
2000	25 088	2010	2000	32 769	2010
2001	34 536	2011	2001	41 399	2011
2003	24 733	2013	2003	24 733	2013
2004	10 376	2014	2004	10 376	2014
Total	114 999		Total	132 035	

Mamut ASA

Annual Accounts 2004

Notes to the accounts

NOK 1 000

Note 12 - Equity for Mamut ASA and Group

Equity for Mamut ASA	Share capital	Treasury stocks	Premium reserve	Other equity	Total
Equity as at 31.12.2003	16 755	0	22 974	56 480	96 209
Changes in equity:					
Share issue	4 307		52 131		56 438
Share issue costs			-9 701		-9 701
Calculated wages employee options				3 522	3 522
Changes in Treasury stock/Exercise of options				-6 061	-6 061
Profit/Loss for the year				-1 080	-1 080
Equity as at 31.12.2004	21 062	0	65 403	52 861	139 327

At 31.12.2004 the share capital of Mamut ASA consists of 42.124.750 shares with a face value of NOK 0,50.

Equity for Group	Share capital	Treasury stocks	Premium reserve	Other equity	Total
Equity as at 31.12.2003	16 755	0	-6 597	62 911	73 068

Årets endring i egenkapital:

Share issue	4 307		52 131		56 438
Share issue costs			-9 701		-9 701
Calculated wages employee options				3 522	3 522
Changes in Treasury stock/Exercise of options				-6 106	-6 106
Translation differences				-117	-117
Changes in principles for consolidated subsidiaries				-576	-576
Profit/Loss for the year				2 631	2 631
Equity as at 31.12.2004	21 062	0	35 832	62 265	119 160

NOK 42.500 of share capital and NOK 325.000 of premium reserve are from a share issue dated 30th of December 2004. Registration in "Foretaksregisteret" was made in January 2005.

Treasury shares have been used for converting of employee options to shares. Therefore during 2004, the company sold 1.426.688 treasury shares for MNOK 7,4 and bought 1.426.688 Treasury shares for MNOK 13,5. All transactions have been conducted at arm's length.

Note 13 - Earnings per share

	2004	2003	2002
Net profit for the year	2 631 421	2 335 697	-5 140 428
Number of shares 31.12	42 124 750	33 510 000	33 143 250
Time-weighted average number of shares 31.12.	38 571 083	33 158 531	31 814 683
Options board (Note 15)	125 000	180 000	
Options employee (Note 15)	3 942 000	4 519 500	
Time-weighted average number of shares 31.12, including options	42 638 083	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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Notes to the accounts

NOK 1 000 med mindre annet er angitt

Note 14 - Equity and shareholder information

Shareholders:

The largest shareholders in Mamut ASA as of 31.12.2004:

	Shares	Proportion
Eilert Hanoa	5 795 014	13,8 %
A.Wilhelmsen AS	5 793 070	13,8 %
Northzone II AS	3 461 358	8,2 %
Storebrand Livsforsikring AS	2 250 000	5,3 %
Bank of New York (S/A Finsbury Tech Trust)	2 060 000	4,9 %
Mellon Bank	1 851 000	4,4 %
Saga Equity Fund	1 599 000	3,8 %
Martin Kværnstuen	1 299 914	3,1 %
Høegh Capital Partner	1 060 837	2,5 %
Conti AS	1 058 357	2,5 %
Hunter Hall Growth Fund	1 000 000	2,4 %
Banan AS	901 300	2,1 %
Toffin AS (C/O Kildal)	702 786	1,7 %
Jostein N. Håvaldsrud	583 000	1,4 %
RO-Invest AS	556 500	1,3 %
Clearstream Banking Cid Dept, Frankfurt	485 000	1,2 %
Barclays Capital Sec. Stock	460 500	1,1 %
Bank of Bermuda (S/A Consulta Tech)	405 000	1,0 %
Werner Risberg	396 600	0,9 %
Bank of New York (Treaty Account)	395 000	0,9 %
Total of the 20 largest	32 114 236	76,2 %
Others (total)	10 010 514	23,8 %
Total number of shares*	42 124 750	100,0 %

* At 31.12.2004 there were 701 shareholders

Employee option program

In year 2004 a total number of 1.962.500 options were assigned to employees and 150.000 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 141 employees and 6 external board members received options.

For details see note 15.

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

Name	Title	Shares	Options
Eilert Hanoa	CEO (Adm.dir.)	5 795 014	88 000
Tellef Thorleifsson*	Chairman of the board	135 571	-
Martin Kværnstuen	Board member	1 299 914	58 000
Thorolf Kildal	Board member	702 786	25 000
Jan Moberg	Board member	215 000	25 000
Einar Haugstad**	Board member	80 000	25 000
Tor Bergstrøm	Board member	80 000	25 000
Ole Morten Settevik	Board member	84 000	25 000

* Shares are held by company Venture Partner AS

** Shares are held by company Steinvender ASA

No board member or shareholders have loans in the company.

Mamut ASA

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Notes to the accounts

NOK 1 000 med mindre annet er angitt

Note 15 - 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		
	2004	2003	2002
Outstanding option, beginn	4 699 500	4 390 000	2 854 750
Called off	69 500	406 000	311 750
Distributed	2 112 500	2 113 500	2 040 000
Exercised	2 675 500	1 398 000	193 000
Outstanding option, end of	4 067 000	4 699 500	4 390 000

A total of 141 employees and 6 external board members received options during year 2004. 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 30.06.2007

2. Strike price

The average strike price for outstanding options is NOK 6,44. Given that all outstanding options are exercised before 30.06.2007 the share issuing will increase paid in capital with MNOK 26,2.

Based on experience 80-90 % of outstanding options are exercised. Market value per share was NOK 9,80 at 31.12.2004.

3. Accounting treatment

Until 2003 Employees' options were expensed using the intrinsic value method. The intrinsic value of the options were 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 method does not take the time value into effect.

In the 2004 accounts the value of employees options are expensed at fair value also including the time value of the options. The amount of the calculated value is expensed over the period the options have been vested and treated as a payroll expense. Changes in 2004 consists of all options with vesting in 2004

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 2004 NOK 1.310.000 of employer's national insurance contribution is accrued in the financial statements.

Note 16 - 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.

Note 17 - IFRS

For effects of IFRS implementation for Mamut ASA, see attachment to this annual report.

To the Annual Shareholders' Meeting of Mamut ASA

Auditor's report for 2004

We have audited the annual financial statements of Mamut ASA as of December 31, 2004, showing a loss of NOK 1 080 000 for the parent company and a profit of NOK 2 631 000 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, 2004, 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 29, 2005

PricewaterhouseCoopers AS

Bjørn Leiknes

State Authorised Public Accountant (Norway)

Dagfinn Solend

State Authorised Public Accountant (Norway)

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



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