

## Quarterly Report Q2-2006



**Mamut ASA**

# Mamut ASA – Q2 2006

Mamut ASA increased its operating revenues by 22% to MNOK 52.7 in 2Q06 compared to MNOK 43.3 in 2Q05. Operating profit (EBIT) for 2Q06 was MNOK 2.9, a growth of 62% compared to 2Q05. The company reached operating revenues of 112.4 in 1H06, a 22 per cent growth. The company is experiencing solid organic growth in all geographical markets.

## Highlights Q2

- Operating revenues of MNOK 52.7 in 2Q06, up from MNOK 43.3 in 2Q05, a 22% growth
- Earnings before interest, tax, depreciation and amortisation (EBITDA) of MNOK 7.0 in 2Q06 compared to MNOK 4.3 in 2Q05
- Continued growth in all existing markets and well positioned for future growth and profitability
- More than 5,500 new customers added in 1H06
- Increased investments in new products and services
- Acquired Danish product and technology platform Service Suite
- Launch of Mamut Online Solutions, online business solutions available through a web browser as a part the Mamut Business Network initiative
- Launch of Mamut Point of Sale, complete pos-solutions for SMEs
- New partner agreements, including Dell in Norway, Sweden and Denmark
- Mamut has acquired 45.5% of Active 24 ASA and will make a mandatory offer to acquire the remaining shares in Active 24

## Financials

Mamut ASA increased its operating revenues by 22% to MNOK 52.7 in 2Q06 compared to MNOK 43.3 in 2Q05. Operating profit before depreciation (EBITDA) for 2Q06 was MNOK 7.0, compared to MNOK 4.3 in 2Q05. EBIT for 2Q06 was MNOK 2.9, compared to MNOK 1.8 in 2Q05. Profit before tax for 2Q06 was MNOK 2.7, compared to MNOK 2.1 in 2Q05.

Cash and cash equivalents were MNOK 54.3 at the end of 2Q06 compared with MNOK 40.9 at 2Q05. The purchased shares in Active 24 have been financed with MNOK 85 debt and MNOK 30 equity.

Equity ratio was 61% and deferred revenues reached MNOK 15.0. Diluted earnings per share (EPS) were NOK 0.04 for 2Q06, compared with NOK 0.03 in 2Q05.

For the first six months of 2006 operating revenues amounted to MNOK 112.4, compared with MNOK 91.8 for the same period in 2005, a growth of 22%. EBITDA of MNOK 14.3 per 2Q06, compared to MNOK 11.0 for the same period in 2005. EBIT of MNOK 6.3 per 2Q06, compared to MNOK 6.2 for the same period in 2005.

Mamut software licence sales and service agreements amounts to 95% of total revenues in 2Q06 and 95% i 1H06.

At the end of 2Q06, the Company had 223 employees compared to 189 at the end of 2Q05 and 220 at the end of 1Q06.

## Markets

### Business Solutions Scandinavia

Operating revenues reached MNOK 44.1 in 2Q06, up from MNOK 37.1 in 2Q05, a 19% growth with EBIT margin of 26%, reaching MNOK 11.4. This unit includes Norway, Sweden and Denmark.

### Business Solutions Europe

Operating revenues reached MNOK 6.9 in 2Q06, up from MNOK 4.9 in 2Q05. EBITDA in 2Q06 was MNOK -4.4 in Europe. This unit includes the Netherlands, the UK and the Republic of Ireland.

### New Solutions and other Markets

Operating revenues reached MNOK 1.7 in 2Q06, up from MNOK 1.2 in 2Q05. Total operating expenses were MNOK 4.2 in 2Q06, compared with MNOK 2.8 in 2Q05. This unit includes new solutions, other markets and Mamut Open Services.

## Business Update

2Q06 is the 46th consecutive quarter with double digit percentage growth for Mamut. Mamut has increased activity level in all markets. Strong license sales to new and existing customers, combined with the introduction of several new products and services, strengthen the company's position for future growth and profitability.

Mamut added over 5,500 business customers in 1H06, exceeding 58,000 customers in total.

Mamut acquired Danish product and technology platform ServiceSuite, a software solution designed to combine mobile planning and e-commerce with high-quality customer service.

Mamut Online Solutions are online and secure business solutions optimised for smaller businesses. Mamut Online Solutions include Mamut Business Software and Microsoft Office, are easy to use, include hosting and support and are available through a web browser.

The company continues preparations for launch of additional products and services and initiatives with local technology partners in all markets.

Mamut has acquired 45.5% of Active 24 ASA and will make a mandatory offer to acquire the remaining shares in Active 24.

## Outlook

Mamut is well positioned for further growth and several new products and services will be launched during the next 12 months. The Company is working actively to build and develop strategic partnerships with international partners in order to extend its distribution of Mamut Business Software in new and existing markets.

## PROFIT AND LOSS STATEMENT

(All figures in NOK 1.000)

	IFRS Q2 2006	IFRS Q2 2005		IFRS H1 2006	IFRS H1 2005		IFRS 2005
<b>Operating revenues</b>	<b>52 740</b>	<b>43 284</b>	<b>22 %</b>	<b>112 433</b>	<b>91 832</b>	<b>22 %</b>	<b>180 143</b>
Cost of goods sold	2 072	2 273	-9 %	5 827	5 289	10 %	10 501
Personnel costs	27 777	23 398	19 %	58 897	48 042	23 %	94 977
Other operating expenses	15 864	13 294	19 %	33 434	27 553	21 %	56 951
<b>Total operating expenses</b>	<b>45 713</b>	<b>38 965</b>	<b>17 %</b>	<b>98 158</b>	<b>80 884</b>	<b>21 %</b>	<b>162 429</b>
<b>EBITDA</b>	<b>7 027</b>	<b>4 319</b>	<b>63 %</b>	<b>14 275</b>	<b>10 948</b>	<b>30 %</b>	<b>17 714</b>
Ordinary depreciation	4 124	2 524		7 949	4 766		11 255
Goodwill writedown	-	-		-	-		-
<b>EBIT</b>	<b>2 903</b>	<b>1 795</b>	<b>62 %</b>	<b>6 326</b>	<b>6 181</b>	<b>2 %</b>	<b>6 459</b>
Net financial items	(182)	273		81	482		520
<b>Profit before tax</b>	<b>2 721</b>	<b>2 068</b>		<b>6 407</b>	<b>6 663</b>		<b>6 979</b>
Tax	761	579		1 793	1 866		2 948
<b>Net profit</b>	<b>1 960</b>	<b>1 489</b>		<b>4 614</b>	<b>4 797</b>		<b>4 031</b>
<i>EBITDA - margin</i>	<i>13 %</i>	<i>10 %</i>		<i>13 %</i>	<i>12 %</i>		<i>10 %</i>
<i>EBIT - margin</i>	<i>6 %</i>	<i>4 %</i>		<i>6 %</i>	<i>7 %</i>		<i>4 %</i>
EPS (NOK)	0,04	0,03		0,10	0,11		0,09
EPS diluted (NOK)	0,04	0,03		0,09	0,10		0,08
Outstanding shares (mill.)	48,16	43,06		48,16	43,06		48,05
<b>No. of employees</b>	<b>223</b>	<b>189</b>		<b>223</b>	<b>189</b>		<b>199</b>

## SEGMENT INFORMATION

	IFRS Q2 2006	IFRS Q2 2005		IFRS H1 2006	IFRS H1 2005		IFRS 2005
<b>Business Solutions Scandinavia (NO/SE/DK)</b>							
<b>Operating revenues</b>	<b>44 129</b>	<b>37 135</b>	<b>19 %</b>	<b>95 534</b>	<b>79 765</b>	<b>20 %</b>	<b>153 061</b>
Operating expenses	30 257	26 763	13 %	67 441	58 340	16 %	113 214
<b>EBITDA</b>	<b>13 872</b>	<b>10 372</b>	<b>34 %</b>	<b>28 093</b>	<b>21 425</b>	<b>31 %</b>	<b>39 847</b>
Depreciation	2 438	1 555		4 727	3 086		6 827
<b>EBIT</b>	<b>11 434</b>	<b>8 817</b>	<b>30 %</b>	<b>23 366</b>	<b>18 338</b>	<b>27 %</b>	<b>33 020</b>
<i>EBITDA - margin</i>	<i>31 %</i>	<i>28 %</i>		<i>29 %</i>	<i>27 %</i>		<i>26 %</i>
<i>EBIT - margin</i>	<i>26 %</i>	<i>24 %</i>		<i>24 %</i>	<i>23 %</i>		<i>22 %</i>
<b>Business Solutions Europe (NL/UK/IE)</b>							
<b>Operating revenues</b>	<b>6 909</b>	<b>4 919</b>	<b>40 %</b>	<b>13 508</b>	<b>9 500</b>	<b>42 %</b>	<b>22 195</b>
Operating expenses	11 278	9 408	20 %	22 152	17 584	26 %	36 942
<b>EBITDA</b>	<b>(4 369)</b>	<b>(4 489)</b>		<b>(8 644)</b>	<b>(8 084)</b>		<b>(14 747)</b>
Depreciation	1 271	797		2 440	1 367		3 362
<b>EBIT</b>	<b>(5 640)</b>	<b>(5 286)</b>		<b>(11 084)</b>	<b>(9 451)</b>		<b>(18 109)</b>
<b>New Solutions and other markets</b>							
<b>Operating revenues</b>	<b>1 702</b>	<b>1 230</b>	<b>38 %</b>	<b>3 391</b>	<b>2 567</b>	<b>32 %</b>	<b>4 887</b>
Operating expenses	4 178	2 794	50 %	8 565	4 960	73 %	12 273
<b>EBITDA</b>	<b>(2 476)</b>	<b>(1 564)</b>		<b>(5 174)</b>	<b>(2 393)</b>		<b>(7 386)</b>
Depreciation	415	172		782	313		1 066
<b>EBIT</b>	<b>(2 891)</b>	<b>(1 736)</b>		<b>(5 956)</b>	<b>(2 706)</b>		<b>(8 452)</b>

## REVENUES SOURCE

	Q2 2006	Q2 2005		H1 2006	H1 2005		2005
Software Licenses	25 302	21 124	20 %	54 720	45 245	21 %	93 395
Software Service Agreements	24 920	20 239	23 %	51 735	41 521	25 %	74 493
Other Products & Services	2 518	1 922	31 %	5 977	5 067	18 %	12 256
<b>Total</b>	<b>52 740</b>	<b>43 284</b>	<b>22 %</b>	<b>112 432</b>	<b>91 832</b>	<b>22 %</b>	<b>180 143</b>

**BALANCE SHEET***(All figures in NOK 1.000)*

	IFRS 30.06.06	IFRS 30.06.05	IFRS 31.12.05	IFRS 31.12.04
<b>Assets</b>				
<b>Fixed assets</b>				
Capitalized R&D	18 214	11 806	16 942	8 459
Other Intangible assets	8 710	6 840	6 630	-
Goodwill	14 711	14 711	14 711	14 711
Deferred tax assets	34 463	35 613	36 055	37 478
Tangible fixed assets	11 896	10 544	11 808	5 233
Financial fixed assets	118 085	2 705	2 746	2 701
<b>Total fixed assets</b>	<b>206 079</b>	<b>82 219</b>	<b>88 893</b>	<b>68 583</b>
<b>Current assets</b>				
Inventory	1 649	1 651	1 648	1 651
Accounts receivable	47 174	36 495	48 605	41 553
Other short-term receivables	4 657	2 031	4 723	4 368
Bank deposits, cash, etc.	54 292	41 100	83 294	43 976
<b>Total current assets</b>	<b>107 771</b>	<b>81 276</b>	<b>138 269</b>	<b>91 548</b>
<b>Total assets</b>	<b>313 850</b>	<b>163 495</b>	<b>227 162</b>	<b>160 132</b>
<b>Equity and liabilities</b>				
<b>Total equity</b>	<b>192 505</b>	<b>131 980</b>	<b>188 699</b>	<b>118 985</b>
Long term debt	85 000	-	-	-
Deferred tax liability	133	125	133	125
<b>Current liabilities</b>				
Bank overdraft	-	215	-	529
Accounts payable	4 581	6 874	3 475	7 526
Tax payable	(457)	48	14	340
Public duties payable	11 818	9 933	17 393	17 122
Other short-term liabilities	5 241	1 651	3 161	3 474
Deferred revenue	15 029	12 669	14 285	12 029
<b>Total current liabilities</b>	<b>36 212</b>	<b>31 390</b>	<b>38 329</b>	<b>41 021</b>
<b>Total equity and liabilities</b>	<b>313 850</b>	<b>163 495</b>	<b>227 162</b>	<b>160 132</b>

**CASH FLOW STATEMENT**

	Q2 2006	Q2 2005	H1 2006	H1 2005
<b>Profit before tax</b>	<b>2 721</b>	<b>2 068</b>	<b>6 407</b>	<b>6 663</b>
Taxes paid	-	312	-	312
Depreciation	4 124	2 524	7 949	4 766
Changes in inventory, AR and AP	5 421	7 188	2 535	4 407
Wages employee options	890	1 050	1 735	2 100
Changes in other balance sheet items	(14 196)	(11 733)	(2 685)	(6 035)
<b>Cash flow from operations</b>	<b>(1 040)</b>	<b>1 409</b>	<b>15 941</b>	<b>12 213</b>
Investments in tangible fixed assets	(1 119)	(3 479)	(2 667)	(7 607)
Investments in intangible fixed assets	(2 980)	(2 810)	(6 280)	(5 815)
Purchase of shares in companies	(115 337)	-	(115 337)	-
Acquisition of technology	(1 040)	-	(1 040)	-
<b>Net cash flow from investments</b>	<b>(120 476)</b>	<b>(6 289)</b>	<b>(125 324)</b>	<b>(13 422)</b>
<b>Cash flow from financing activities</b>	<b>84 182</b>	<b>194</b>	<b>80 652</b>	<b>(1 268)</b>
Translation differences	163	(106)	(271)	(84)
<b>Net cash flow</b>	<b>(37 172)</b>	<b>(4 792)</b>	<b>(29 002)</b>	<b>(2 561)</b>
Cash and cash equivalents (beginning)	91 463	45 678	83 294	43 447
<b>Cash and cash equivalents (end)</b>	<b>54 292</b>	<b>40 885</b>	<b>54 292</b>	<b>40 885</b>

**MOVEMENT IN EQUITY**

	H1 2006	H1 2005
<b>Equity at 1st of January</b>	<b>188 699</b>	<b>118 985</b>
Share issue	315	7 574
Wages employee options	1 735	2 050
Sale/Purc. own shares/exercised emp. opt.	(3 263)	(2 002)
Translation differences	405	576
Net profit/loss for the year	4 614	4 797
<b>Equity end of period</b>	<b>192 505</b>	<b>131 980</b>



**Main office:**  
Mamut ASA, Pilestredet 75c/PO Box 5205 Majorstuen, 0354/0302 Oslo, Norway  
Phone: +47 23 20 35 00 • e-mail: [info@mamut.com](mailto:info@mamut.com)