

Quarterly Report Q3-2006



Mamut ASA

Mamut ASA – Q3 2006

Mamut ASA reached operating revenues of MNOK 91.7 in 3Q06 including the acquired company Active 24. The organic growth achieved in the Mamut business unit was 22% in the third quarter. The company continues the previously announced integration process following the acquisition of Active 24.

Highlights Q3

- Acquired 100% of Active 24, a pan-European provider of Internet hosting services
- Operating revenues of MNOK 91.7 in 3Q06, up from MNOK 36.5 in 3Q05
- The growth in 3Q06 consists of an organic growth of 22% from Mamut Business Unit and MNOK 47.1 from the acquired company Active 24
- Earnings before interest, tax, depreciation and amortisation (EBITDA) of MNOK -6.0 in 3Q06 compared to MNOK 0.6 in 3Q05 (EBITDA for 3Q06 includes MNOK 15 in restructuring charges)
- Continued growth in all existing markets and well positioned for future growth and profitability
- Mamut Business Unit added more than 7,500 new customers YTD 2006, Active 24 Business Unit added more than 30,000 customer YTD 2006
- Launched Mamut ServiceSuite in six markets
- New partner agreements, including Baker Tilly, UK
- Mamut Business Software awarded Software Satisfaction Award (AccountingWeb, UK) and "Best in Test" (PC World Magazine, Norway)

Financials

The group accounts include 100% consolidation of Active 24 from 01.07.2006. Due to the restructuring of Active 24, including the sell-off of non-core business units in all geographical markets, pro-forma figures for YTD 3Q05 are not presented for comparison.

3Q06 compared with 3Q05 as presented

Mamut ASA increased its operating revenues to MNOK 91.7 in 3Q06 compared to MNOK 36.5 in 3Q05. The growth in 3Q06 consists of an organic growth of 22% from the Mamut Business Unit and MNOK 47.1 from the acquired company Active 24. Operating profit before depreciation (EBITDA) for 3Q06 was MNOK -6.0, compared to MNOK 0.6 in 3Q05. EBITDA for 3Q06 includes restructuring charges of MNOK 15. EBIT for 3Q06 was MNOK -21.8, compared to MNOK -2.4 in 3Q05. Profit before tax for 3Q06 was MNOK -23.0, compared to MNOK -2.3 in 3Q05.

Cash and cash equivalents were MNOK 50.4 at the end of 3Q06 compared with MNOK 85.6 at 3Q05. The purchased shares in Active 24 have been financed with MNOK 200 debt and MNOK 65 equity.

Equity ratio was 29% and deferred revenues reached MNOK 114.0. Diluted earnings per share (EPS) were NOK -0.18 for 3Q06, compared with NOK -0.03 in 3Q05.

For the first nine months of 2006 operating revenues amounted to MNOK 204.1, compared with MNOK 128.4 for the same period in 2005. The growth in YTD 3Q06 consists of an organic growth of 22% from Mamut Business Unit and MNOK 47.1 from the Active 24 acquisition. EBITDA was MNOK 8.2 YTD 3Q06, compared to MNOK 11.5 for the same period in 2005. EBIT was MNOK -15.5 per 3Q06, compared to MNOK 3.8 for the same period in 2005.

At the end of 3Q06, the Company had 395 employees compared to 198 at the end of 3Q05 and 432 at the end of 2Q06.

Pro-forma YTD Q3 2006

The pro-forma figures for YTD 3Q06 include full consolidation of Active 24 ASA from 01.01.2006. The pro-forma figures include depreciation of the purchased customer base and estimated financial interest from 01.01.2006.

Total operating revenues for the group YTD 3Q06 were MNOK 295.8. EBITDA was MNOK 21.5 and EBIT was MNOK -23.3. EBIT YTD 3Q06 includes MNOK 15 in restructuring charges and MNOK 12.2 in depreciation of Active 24 customer base.

Acquisition of Active 24

The acquisition rationale was the business opportunities represented in Active 24, the financial benefits and the timing of acquiring the company.

Active 24 has 280 000 SME and SoHo customers in Europe, it offers complimentary products and services to Mamut with identical target groups. The offering represented by Active 24 will strengthen the relation with new and existing customers to cross-sell and increase sales.

Active 24 was traded at Price/Sales 1 before 23% premium bid from Mamut. Active 24 had MNOK 130 in deferred tax assets and the acquisition was possible due to already ongoing restructuring processes initiated by Active 24.

Restructuring of Active 24

An important part of restructuring of Active 24 is to sell non-core business units. These non-core units include web-design unit in the Czech Republic (effective from 01.07.2006), dedicated server hosting and broadband unit in Sweden (effective from 01.09.2006), colocation and dedicated server hosting unit in the UK (effective from 01.10.2006) and dedicated server hosting unit in the Netherlands (effective from Q4 2006). The main purpose of selling the non-core units in Active 24 is to reduce all non-scalable activities, reduce the complexity and overall cost base of the company. The financial effects of the discontinued operations will represent a full year effect of reduced operating revenues with approx MNOK 31 and operating expenses reduction of approx MNOK 31. Depreciation is reduced with approx MNOK 5. Other effects include reduced balance sheet items.

All operating revenues, operating costs, depreciation and loss/gain on assets connected with sell-off of non-core business units are shown under the discontinued operations line in the Q3 2006 report.

Consolidation of Active 24

Acquisitions of Active24 are accounted for using the purchase method of accounting. The cost of an acquisition is measured as the fair value of the assets acquired and the liabilities undertaken at the date of acquisition plus costs directly attributable to the acquisition. The excess cost of acquisition over the fair value of the net assets of the subsidiary acquired measured at the date of change of control, is recorded as goodwill.

Acquisition cost Active 24

Total acquisition cost of Active 24 was MNOK 265 for all 39.174.310 outstanding shares at NOK 6,50 and 4% extra cost including buy out of all outstanding options and fees. Book value of equity at 30.06.2006 was MNOK 54.2. Write down of intangible fixed assets amounts to MNOK 17. Write down of tangible fixed assets amounts to MNOK 15. Write down of current assets amounts to MNOK 5. Increase in current liabilities amounts to MNOK 8.

This gives MNOK 110 in deferred tax asset and MNOK 146 in intangible fixed assets for the New Group. Annually additional depreciation will be MNOK 16. This depreciation is showed as Deprecation Active 24 Customer Base in the Q3 2006 report.

One-off restructuring costs in Active 24

The new group has taken a one-off cost effect in Q3 of MNOK 15 including termination of agreements, severance payment and de-listing of Active 24 ASA. In total this will reduce the quarterly running cost base of Active 24 with approx MNOK 5 in 4Q06 and approx MNOK 10 from 1Q07 going forward.

Business Units

Mamut Business Unit amounts to 49% of total revenues in 3Q06 and Active Business Unit amounts to 51%.

Mamut Business Unit - Segment Information

Business Solutions Scandinavia

Operating revenues reached MNOK 35.6 in 3Q06, up from MNOK 30.2 in 3Q05, a 18% growth with EBIT margin of 17%, reaching MNOK 5.9. This unit includes Norway, Sweden and Denmark.

Business Solutions Europe

Operating revenues reached MNOK 7.4 in 3Q06, up from MNOK 5.3 in 3Q05. EBITDA in 3Q06 was MNOK -2.7 in Europe. This unit includes the Netherlands, the UK and the Republic of Ireland.

New Solutions and other Markets

Operating revenues reached MNOK 1.6 in 3Q06, up from MNOK 1.0 in 3Q05. Total operating expenses were MNOK 4.4 in 3Q06, compared with MNOK 3.3 in 3Q05. This unit includes new solutions, other markets and Mamut Open Services.

Active Business Unit - Segment Information

The segment information for Active 24 includes only YTD 3Q06 figures. Due to the restructuring of Active 24, including the sell-off of non-core business units in all geographical markets, pro-forma figures for YTD 3Q05 are not presented for comparison.

Northern Europe

Operating revenues reached MNOK 82.4 YTD 3Q06, EBITDA was MNOK 13.2 and EBIT was MNOK 2.6. This unit primarily includes Norway and Sweden.

Western Europe

Operating revenues reached MNOK 34.6 YTD 3Q06, EBITDA was MNOK 7.2 and EBIT was MNOK 2.5. This unit primarily includes the Netherlands and the UK.

Central Europe

Operating revenues reached MNOK 21.7 YTD 3Q06, EBITDA was MNOK -0.9 and EBIT was MNOK -5.9. This unit primarily includes the Czech Republic and Poland.

Business Update

3Q06 is the 47th consecutive quarter with double digit percentage growth for Mamut. Mamut has increased its activity level in all markets with strong license sales to new and existing customers, combined with the introduction of several new products and services in addition to strengthen the company's position for future growth and profitability.

Mamut and Active 24 added over 37,500 new customers in the first nine months of 2006, exceeding 300,000 customers in total.

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

Mamut has acquired 100% of Active 24 ASA and prepares for a full integration of the company in 4Q06 and 1Q07.

Outlook

Mamut is well positioned for further growth and improved results all markets. The company continues to maintain its focus on establishing and strengthening strategic alliances with international partners in the different markets to increase the distribution of Mamut's products and services. The integration of Active 24 will strengthen the offerings for the SME and consumer segments.

Oslo, October 26 2006
The Board of Directors, Mamut ASA

PROFIT AND LOSS STATEMENT - GROUP

(All figures in NOK 1.000)

	A) Group Q3 2006	B) Group Q3 2005	C) Group YTD 2006	D) Group YTD 2005	E) Pro-forma YTD 2006
Operating revenues	91 704	36 520	204 137	128 352	295 759
Cost of goods sold	13 219	2 089	19 046	7 378	40 307
Personnel costs	44 685	20 575	103 582	68 617	137 797
Other operating expenses	24 813	13 253	58 247	40 806	81 158
Restructuring charges	15 000	-	15 000	-	15 000
Total operating expenses	97 717	35 917	195 875	116 801	274 261
EBITDA	(6 013)	603	8 262	11 551	21 498
Ordinary depreciation	11 762	2 988	19 711	7 755	32 651
Depreciation Active24 customer base*	4 063	-	4 063	-	12 189
EBIT	(21 838)	(2 385)	(15 512)	3 796	(23 342)
Net financial items	(1 196)	115	(1 115)	597	(8 053)
Profit before tax	(23 034)	(2 270)	(16 627)	4 392	(31 395)
Tax	(6 715)	(704)	(4 922)	1 162	(8 431)
Net profit before dis. oper.	(16 319)	(1 566)	(11 705)	3 231	(22 964)
Discontinued operations**	7 138	-	7 138	-	3 944
Net profit	(9 181)	(1 566)	(4 567)	3 231	(19 020)
<i>EBITDA - margin</i>	<i>-7 %</i>	<i>2 %</i>	<i>7 %</i>	<i>9 %</i>	<i>7 %</i>
<i>EBIT - margin</i>	<i>-24 %</i>	<i>-7 %</i>	<i>-8 %</i>	<i>3 %</i>	<i>-8 %</i>
EPS (NOK)	(0,19)	(0,03)	(0,09)	0,07	(0,39)
EPS diluted (NOK)	(0,18)	(0,03)	(0,09)	0,06	(0,36)
Outstanding shares (mill.)	48,23	47,06	48,23	47,06	48,23
No. of employees	395	198	395	198	395

* Depreciation of the purchased customer base from the Active 24 acquisition.

** All operating revenues, operating costs, depreciation and loss/gain on assets connected with sell-off of non-core business units are shown under the discontinued operations line.

A) Between 16 May and 23 August 2006, Mamut ASA acquired 100% of the share capital of Active 24 ASA.

Active 24 ASA is consolidated with 100% from 01.07.2006.

B) Mamut ASA Q3 2005 as presented.

C) Includes consolidation of Active 24 ASA from 01.07.2006.

D) Mamut ASA YTD Q3 2005 as presented.

E) Pro-forma figures with consolidation of Active 24 ASA from 01.01.2006. The pro-forma figures include depreciation of the purchased customer base and estimated financial interest from 01.01.2006.

BUSINESS UNITS

(All figures in NOK 1.000)

	Mamut Q3 2006	Active Q3 2006	Group Q3 2006	Pro-forma Mamut YTD 2006	Pro-forma Active YTD 2006	Pro-forma Group YTD 2006
Operating revenues	44 638	47 066	-	157 071	138 688	-
Cost of goods sold	2 081	11 138	-	7 908	32 399	-
Personnel costs	27 029	17 656	-	85 926	51 871	-
Other operating expenses	12 718	12 095	-	46 152	35 006	-
Restructuring charges	-	15 000	-	-	15 000	-
Total operating expenses	41 828	55 889	-	139 986	134 275	-
EBITDA	2 810	(8 823)	-	17 085	4 413	-
Ordinary depreciation	4 446	7 316	-	12 395	20 256	-
Depreciation Active24 customer base	-	-	4 063	-	-	12 189
EBIT	(1 636)	(16 139)	(4 063)	4 690	(15 843)	(12 189)

Business unit Mamut includes Mamut ASA (Old group) accounts.

Business unit Active includes Active 24 ASA (Old group) accounts.

Business unit Group includes depreciation of customer base from the Active 24 acquisition.

SEGMENT INFORMATION - MAMUT BUSINESS UNIT*(All figures in NOK 1.000)*

	Mamut Q3 2006	Mamut Q3 2005		Mamut YTD 2006	Mamut YTD 2005	
Total Mamut*						
Operating revenues	44 638	36 520	22 %	157 071	128 352	22 %
Operating expenses	41 828	35 917	16 %	139 986	116 801	20 %
EBITDA	2 810	603		17 085	11 551	
Depreciation	4 446	2 988		12 395	7 755	
EBIT	(1 636)	(2 385)		4 690	3 796	

Business Solutions Scandinavia (NO/SE/DK)

Operating revenues	35 638	30 240	18 %	131 172	110 005	19 %
Operating expenses	27 278	23 578	16 %	94 719	81 918	16 %
EBITDA	8 360	6 662	25 %	36 453	28 087	30 %
Depreciation	2 417	1 713		7 144	4 800	
EBIT	5 943	4 949	20 %	29 309	23 287	26 %
<i>EBITDA - margin</i>	<i>23 %</i>	<i>22 %</i>		<i>28 %</i>	<i>26 %</i>	
<i>EBIT - margin</i>	<i>17 %</i>	<i>16 %</i>		<i>22 %</i>	<i>21 %</i>	

Business Solutions Europe (NL/UK/IE)

Operating revenues	7 421	5 310	40 %	20 929	14 810	41 %
Operating expenses	10 116	9 055	12 %	32 268	26 639	21 %
EBITDA	(2 695)	(3 745)		(11 339)	(11 829)	
Depreciation	1 468	914		3 908	2 281	
EBIT	(4 163)	(4 659)		(15 247)	(14 110)	

New Solutions and other markets

Operating revenues	1 579	970	63 %	4 970	3 537	41 %
Operating expenses	4 434	3 284	35 %	12 999	8 244	58 %
EBITDA	(2 855)	(2 314)		(8 029)	(4 707)	
Depreciation	561	361		1 343	674	
EBIT	(3 416)	(2 675)		(9 372)	(5 381)	

* Business unit Mamut includes Mamut ASA (Old group) accounts.

REVENUES SOURCE - MAMUT BUSINESS UNIT*(All figures in NOK 1.000)*

	Mamut Q3 2006	Mamut Q3 2005		Mamut YTD 2006	Mamut YTD 2005	
Software Licenses	23 240	19 044	22 %	77 960	64 289	21 %
Software Service Agreements	18 999	15 278	24 %	70 734	56 799	25 %
Other Products & Services	2 399	2 198	9 %	8 376	7 265	15 %
Total	44 638	36 520	22 %	157 071	128 352	22 %

SEGMENT INFORMATION - ACTIVE BUSINESS UNIT*(All figures in NOK 1.000)*

	Pro-forma Active YTD 2006	Pro-forma Active YTD 2006	Pro-forma Active YTD 2006	Pro-forma Active YTD 2006
	Northern	Western	Central	Total *
Operating revenues	82 402	34 572	21 714	138 688
Total operating expenses	69 231	27 391	22 653	134 275
EBITDA	13 171	7 181	(938)	4 413
Depreciation	10 581	4 728	4 946	20 256
EBIT	2 590	2 453	(5 885)	(15 843)

* Business unit Active includes Active 24 ASA (Old group) accounts.

The segment information for Active 24 includes only YTD Q3 2006 figures. Due to the restructuring of the company including the sell-off of non-core business units in all geographical markets pro-forma figures for YTD Q3 2005 have not been estimated for comparison. The Total column includes the one-off restructuring charge of MNOK 15 in Q3.

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

	Group 30.09.06	Group 30.09.05*	Group 31.12.05*
Fixed assets			
Capitalized R&D	18 708	12 844	16 942
Other Intangible assets	148 435	6 810	6 630
Goodwill	39 454	14 711	14 711
Deferred tax assets	183 167	36 317	36 055
Tangible fixed assets	38 801	11 901	11 808
Financial fixed assets	3 310	2 705	2 746
Total fixed assets	431 875	85 288	88 893
Current assets			
Inventory/Deferred COGS	17 736	1 651	1 648
Accounts receivable	78 712	42 975	48 605
Other short-term receivables /Prepaid expenses	20 143	1 592	4 723
Bank deposits, cash, etc.	50 387	85 608	83 294
Total current assets	166 978	131 825	138 269
Total assets	598 853	217 113	227 162
Equity and liabilities			
Total equity	176 534	181 339	188 699
Deferred tax liability	133	125	133
Long term debt/Leasing	23 274	-	-
Long term debt financing	200 000	-	-
Total long term debt	223 407	125	133
Current liabilities			
Bank overdraft		897	-
Accounts payable	16 985	5 955	3 475
Tax payable	(625)	99	14
Public duties payable	23 092	14 508	17 393
Other short-term liabilities	45 430	1 671	3 161
Deferred revenue	114 031	12 519	14 285
Total current liabilities	198 913	35 649	38 329
Total equity and liabilities	598 853	217 113	227 162

* Balance sheet for Mamut ASA as of 30.09.2005 and 31.12.2005 as presented.

CASH FLOW STATEMENT - GROUP*(All figures in NOK 1.000)*

	Group Q3 2006	Group Q3 2005*	Group YTD 2006	Group YTD 2005*
Profit before tax	(23 034)	(2 270)	(16 627)	4 392
Taxes paid	-	-	-	312
Depreciation	15 825	2 988	23 774	7 755
Changes in inventory, AR and AP	(2 381)	(7 399)	(952)	(2 993)
Wages employee options	850	195	2 585	2 295
Changes in other balance sheet items	14 651	4 884	12 601	(1 151)
Cash flow from operations	5 911	(1 602)	21 380	10 611
Investments in tangible fixed assets	(4 773)	(2 578)	(7 440)	(10 185)
Investments in intangible fixed assets	(8 681)	(2 660)	(14 831)	(8 475)
Purchase of shares in companies	(150 063)	-	(265 400)	-
Acquisition of technology	-	-	(1 170)	-
Net cash flow from investments	(163 517)	(5 238)	(288 841)	(18 660)
Cash flow from financing activities	111 594	50 924	192 246	49 656
Translation differences	5 733	(258)	5 933	(342)
Net cash flow	(40 280)	43 826	(69 282)	41 265
Cash and cash equivalents (beginning)	90 667	40 885	119 669	43 447
Cash and cash equivalents (end)	50 387	84 711	50 387	84 711

* Cash flow statement for Mamut ASA Q3 2005 and YTD Q3 2005 as presented.

MOVEMENT IN EQUITY - GROUP

	YTD 2006	YTD 2005
Equity at 1st of January	188 699	118 985
Share issue	515	62 996
Wages employee options	2 585	2 245
Sale/Purc. own shares/exercised emp. opt.	(4 463)	(6 545)
Translation differences	(6 236)	427
Net profit/loss for the year	(4 567)	3 231
Equity end of period	176 534	181 339



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