



Powel ASA 4th Quarter Revenue Increases 35.5%

Powel ASA increased its operating revenues by 35.5 % to 57.7 MNOK for the fourth quarter of 2005, compared to 42.6 MNOK for the same period in 2004 (26.6% proforma). 2005 year-to-date growth was 32.6%, from 152.0 MNOK to 201.6 MNOK (15.6% proforma).

The EBITDA margin for the fourth quarter was 11.9% (6.88 MNOK) compared to 11.7% (4.97 MNOK) for the same period last year. The EBITDA margin year-to-date is 6.5% (13.16 MNOK) compared to 6.7% (10.1 MNOK) for the same period last year.

The revenue increase was due to increased product deliveries to new and existing customers in both the Norwegian and Swedish markets. The Nordic market is still very strong and provides good net margins which gives a solid base for continued growth. The Company continues to invest in both internationalization and R&D in support of its growth strategy.

Powel's order backlog at the end of the fourth quarter 2005 was 116 MNOK compared to 100 MNOK at the end of the fourth quarter 2004. The total new contract volume in the fourth quarter was 26.6 MNOK in addition to ongoing service business.

Power Business Area

Power generators have been focusing on increasing Hydro Power asset performance and revenue. Powel has seen a 30% year-over-year increase in service revenue related to these activities. Additionally, Hydro Power asset re-licensing is a growing market in North America as existing licenses expire and must be renewed over the next decade. Powel-MiniMax, Powel's North American subsidiary, announced a new contract with Alaska Electric Power for forecast modeling and installation of its HYDROPS software suite.

The automatic meter reading (AMR) market is growing rapidly. Powel has won several contracts so far and is in the process of bidding on others. The AMR market in Sweden is experiencing the greatest growth and shows signs of continually increasing business possibilities. Powel is well positioned in this market with existing products and customers. The Norwegian, German, and U.S. AMR markets are growing as well.

The third quarter acquisition of Tuben Teknik AB has proven to be successful evidenced by the successful AMR factory acceptance test for SAMS, a group of 35 Swedish utilities.

Utility Business Area

32 new contracts have been signed during Q4, 24 in the Nordic region and 8 in North America. This has increased overall order backlog and provides strong possibilities for further contract expansion.

Recent storms and heavy snowfall have resulted in widespread power outages in Norway. As a result, authorities and regulators are paying even more attention to how utilities are performing their grid maintenance, particularly in the Vegetation and Work Order Management areas. Powel's software systems play an important role in improving, tracking, and measuring maintenance activities as well as the results of those activities.

A new distributor agreement with KMD in Denmark and subsequent contracts with two new customers puts us in a good position for further growth in the Danish market.

The Powel Water and Sewage product, originally developed for municipalities, has been adopted by and delivered to the Gardermoen Airport. A new Water and Sewage contract has also been signed with Ullevål Hospital.

Powel's North American utility market continues to develop with ongoing deliveries to existing and new customers. These deliveries will become reference accounts for the more than 3,000 utilities that comprise the U.S. market. Contracts with New Brunswick Power, United Power, and Piedmont Electric Cooperative were expanded with licenses and services. Powel has approximately 100 customers in the U.S. and Canada.



Market Outlook

Powel is well positioned for further growth. Both software scalability and personnel resources are prepared for new and changing market requirements.

We have adopted a new advertising and branding campaign built around our mission "Help Utilities Work Smarter."

High activity in both Utility and Power market segments has increased the order backlog and prospect list. The Nordic market has taken a leading position in AMR deployments and Powel is among the leading vendors and suppliers in this area. Increasing demand for Hydro Power re-licensing in and the general focus on increasing Hydro Power revenue and efficiency has positive influence both in selling services and software licenses from Powel. New regulations in Norway regarding quality of electricity delivery will increase the need for extended network information systems such as Powel's NetBas product.

There is a strong sales focus in North America to be followed by deliveries in order to establish references accounts. Powel is well positioned in the increasingly important Vegetation Management area, critical in avoiding outages due to storms and snowfall. Software system for maintenance of the electrical grid is one of Powel's strengths. The overall North American market demand for Powel's products seems to be increasing based on the need to streamline operations in light of increasing energy prices. Several large investor-owned utility pilot projects have been proposed.

International Financial Reporting Standards (IFRS)

From 1st of January 2005, Powel ASA's group financials are prepared according to IFRS. IFRS-standards are not final, and the quarterly numbers can be changed according to changes in these standards. Comparable numbers for 2004 are prepared according to the same standards. The interim report is prepared according to IFRS accounting standards. The presentation is in accordance with the interim reporting IAS 34.

Oslo, 26 January 2006

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About Powel ASA

Powel is a world wide supplier of business critical systems for Generators, Transmission & Distribution utilities as well as solutions for Municipalities within Sewage & Water and services to citizens. Years of experience as a software developer for Generators and Utilities in a deregulated and highly competitive market have positioned Powel ASA as a market leader.

Powel software products are in use by more than one thousand customers, among them Vattenfall AB (SWE), Statkraft SF (NOR), Sydkraft Vattenkraft AB (SWE), Fortum (FIN), Oslo, Bergen and Trondheim municipalities (NOR), Florida Light & Power (USA), Énergie NB Power (CAN) and Wright-Hennepin Cooperative Electric Association (USA).

Powel ASA is divided into two business areas: **Power** and **Utility**.

Power develops and supplies IT-solutions mainly to Generators and Traders. The great variations in hydropower production capacity, depending on precipitation and seasonal variations, call for comprehensive data models for optimisation of the power system operations. As a software provider, Powel is well positioned in the large emerging market of automatic meter reading (AMR) systems within electricity, gas and heating.

Utility provides software and services to Transmission & Distribution utilities as well as solutions for Municipalities within Water & Sewage. Powel's solutions help utilities *access, analyse and act* on critical information quickly and effectively. This is especially relevant today as utilities rebuild after suffering devastating effects from the recent storms and hurricanes throughout the western hemisphere.

Q4 2005 - Powel ASA

PROFIT AND LOSS STATEMENT	QUARTER			YEAR TO DATE		
	IFRS Q4 2005	IFRS Q4 2004	Proforma Q4 2004	IFRS 31.12.2005	IFRS 31.12.2004	Proforma 31.12.2004
(all figures in NOK 1.000)						
Operating revenues	57.723	42.604	45.607	201.604	152.014	174.345
Cost of goods sold	5.015	2.498	3.578	13.918	8.014	11.521
Personell costs	31.918	25.497	26.937	115.910	90.498	102.702
Other operating expenses	13.910	9.633	10.619	58.615	43.369	49.717
Total operating expenses	50.843	37.628	41.134	188.443	141.881	163.940
EBITDA	6.880	4.976	4.473	13.161	10.133	10.405
Depreciation of tangible assets	521	342	391	2.626	2.008	2.243
Depreciation of intangible assets	1.746	567	894	5.435	2.269	3.577
EBIT	4.613	4.067	3.188	5.100	5.856	4.585
Net financial items	5.992	1.117	1.086	6.510	378	221
Profit before tax	10.605	5.184	4.274	11.610	6.234	4.806
Tax	-3.249	-2.184	-2.054	-7.689	-4.291	-3.768
Net profit	7.356	3.000	2.220	3.921	1.943	1.038
EBITDA - margin	11,9 %	11,7 %	9,8 %	6,5 %	6,7 %	6,0 %
EBIT - margin	8,0 %	9,5 %	7,0 %	2,5 %	3,9 %	2,6 %
EPS (NOK)	0,26	0,21		0,26	0,14	
Outstanding shares	19.172.933	15.707.933		19.172.933	15.707.933	
No. of employees (end of periode)	245	201		245	201	

Research and Development (R&D)	16.664	3.035		33.166	27.500
R&D capitalised	7.866	2.303		15.136	7.363
Internationalisation	2.359	4.399		16.922	14.695

BALANCE SHEET			
(all figures in NOK 1.000)	IFRS	IFRS	IFRS
	31.12.2005	31.12.2004	01.01.2004
Assets			
Fixed assets			
Software and licenses	20.109	13.092	20.052
Development costs	37.275	25.145	0
Customer portfolio	16.755	14.945	0
Goodwill	51.222	47.823	21.316
Deferred tax	5.340	12.150	16.108
Total intangible assets	130.701	113.155	57.476
Total tangible fixed assets	6.063	4.526	3.547
Total financial fixed assets	310	629	1.358
Total fixed assets	137.074	118.310	62.381
Current assets			
Accounts receivables	39.483	25.409	29.523
Other short-term receivables	24.311	11.168	9.784
Bank deposits, cash, etc	50.708	47.565	27.905
Total current assets	114.502	84.142	67.212
Total assets	251.576	202.452	129.593
Equity and liabilities			
Share capital	19.173	15.708	13.785
Other equity	156.780	106.123	70.776
Total equity	175.953	121.831	84.561
Long term liabilities	22.909	20.518	8.525
Current liabilities			
Bank overdraft	0	19.855	0
Accounts payable	5.509	6.131	2.335
Public duties payable	13.282	8.587	8.496
Other short-term liabilities	21.377	25.529	25.676
Prepayments on WIP	12.546	0	0
Total current liabilities	52.714	60.102	36.507
Total liabilities	75.623	80.620	45.032
Total equity and liabilities	251.576	202.451	129.593

CASH FLOW ANALYSIS	Q 4 2004	Q 4 2005	31.12.04	31.12.05
Cash flow from operating activities				
Ordinary profit before taxes and depreciation	6.093	12.872	10.511	19.671
Changes in working capital	-23.671	-17.393	6.021	-13.248
Other operating changes	17.028	-901	1.149	-1.504
Cash flow from operating activities	-550	-5.422	17.681	4.919
Cash flow from investment activities	-3.368	-12.554	-17.199	-25.955
Cash flow from financing activities	-7.090	46.394	-463	47.669
Exchange rate effect on cash	-731	-328	-906	-244
Total cashflow for the period	-11.739	28.090	-887	26.389
Cash and cash equivalents as at opening balance	39.449	22.618	28.597	24.319
Cash and cash equivalents as at closing balance	27.710	50.708	27.710	50.708



RECONCILIATION OF EQUITY	31.12.2005			31.12.2004		
	Share capital	Reserves	Total	Share capital	Reserves	Total
Period's change in equity						
Equity beginning balance	15.708	106.123	121.831	13.785	70.776	84.561
Issue of new shares	3.465	51.253	54.718	1.923	35.277	37.200
Conversion differences	0	-244	-244	0	-1.004	-1.004
Revaluation of financial investments	0	20	20	0	0	0
Costs related to issue of new shares after tax	0	-4.292	-4.292	0	-867	-867
Period's result	0	3.921	3.921	0	1.941	1.941
Equity ending balance	19.173	156.781	175.954	15.708	106.123	121.831

SEGMENT REPORTING:

UTILITY					
NOK 1.000	31.12.2005	31.12.2004	Q4 2005	Q4 2004	2004
Sales revenue	104.161	78.690	28.555	23.076	78.690
EBITDA	-6.496	-1.505	1.601	929	-1.505
Depreciation	4.683	2.225	1.512	475	2.225
EBIT	-11.179	-3.730	89	454	-3.730

POWER					
NOK 1.000	31.12.2005	31.12.2004	Q4 2005	Q4 2004	2004
Sales revenue	97.443	73.324	29.168	19.528	73.324
EBITDA	19.657	11.638	5.279	4.047	11.638
Depreciation	3.378	2.052	755	434	2.052
EBIT	16.279	9.586	4.524	3.613	9.586

TOTAL					
NOK 1.000	31.12.2005	31.12.2004	Q4 2005	Q4 2004	2004
Sales revenue	201.604	152.014	57.723	42.604	152.014
EBITDA	13.161	10.133	6.880	4.976	10.133
Depreciation	8.061	4.277	2.267	909	4.277
EBIT	5.100	5.856	4.613	4.067	5.856

REVENUE DISTRIBUTION YEAR TO DATE - UTILITY						
NOK 1.000	Norway	Sweden	EU	North America	Other	TOTAL
Lisences and maintenance	42.676	6.169	2.343	6.937	0	58.125
Services	18.773	9.763	549	9.614	225	38.924
Other	762	0	174	1.680	0	2.616
TOTAL	62.211	15.932	3.066	18.231	225	99.665
	62,4 %	16,0 %	3,1 %	18,3 %	0,2 %	100,0 %

REVENUE DISTRIBUTION YEAR TO DATE - POWER						
NOK 1.000	Norway	Sweden	EU	North America	Other	TOTAL
Lisences and maintenance	28.394	11.568	8.951	127	0	49.040
Services	22.999	18.402	6.725	3.744	0	51.870
Other	173	487	369	0	0	1.029
TOTAL	51.566	30.457	16.045	3.871	0	101.939
	50,6 %	29,9 %	15,7 %	3,8 %	0,0 %	100,0 %

REVENUE DISTRIBUTION YEAR TO DATE - TOTAL						
NOK 1.000	Norway	Sweden	EU	North America	Other	TOTAL
Lisences and maintenance	71.070	17.737	11.294	7.064	0	107.165
Services	41.772	28.177	7.274	13.358	225	90.806
Other	935	474	543	1.680	0	3.632
TOTAL	113.777	46.388	19.111	22.102	225	201.603
	56,4 %	23,0 %	9,5 %	11,0 %	0,1 %	100,0 %