

### Highlights

- Operating revenue of NOK 115.4 million
- EBIT (earnings before interest and tax) of NOK -5.5 million
- Licence revenue of NOK 20.0 million
- Cash and cash equivalents of NOK 77.6 million
- Launch of the new 360° suite, fully integrated with Microsoft®

### Group financials

Software Innovation had operating revenue of NOK 115.4 million in the first quarter of 2008, compared to NOK 115.4 million for the same period last year. Earnings before interest, tax, depreciation and amortization (EBITDA) ended at NOK -2.2 million for the quarter, compared to NOK -0.1 million for the same period in 2007. The result for the quarter is as expected and there are three main reasons for the reduction in earnings: (1) Easter fell in the first quarter of 2008 in contrast to 2007, when Easter took place during the second quarter, (2) the conclusion of the project for the Court Administration in Denmark (DSS) and (3) several changes in the operating management. Further, Software Innovation had an extraordinary license revenue of NOK 6,5 million in the first quarter of 2007 related to the conclusion of the cooperation with Software Innovation Inc. in Canada.

At the end of the first quarter, the Group's total assets amounted to NOK 373.4 million. Equity came to NOK 133.0 million, an equity to assets ratio of 36 %. Current assets amounted to NOK 201.6 million, and current liabilities were NOK 147.6 million. Of the non-current assets totalling NOK 171.8 million, deferred tax assets recognized in the balance sheet comprised NOK 47.3 million and other intangible assets NOK 12.9 million.

Cash flow from operating activities during the first quarter ended at NOK -26.8 million, a reduction of NOK 32.5 million from the same period last year. The most important reason for the change in cash flow from operations is the settlement related to the conclusion of the project for DSS, which was reported in Q4 2007. The effect on the cash position in this connection came to NOK -29.5 million during the quarter. The cash position is as expected and is regarded as satisfactory. Cash and cash equivalents at the first quarter amounted to NOK 77.6 million.

### A closer look at operations

#### Revenues

*Licence revenue* during the first quarter amounted to NOK 20.0 million, unchanged from the same period last year. In the first quarter of 2007, however, NOK 6.5 million was recognized as extraordinary license revenue in connection with the sale of a copy of the ProArc source code to Software Innovation Inc. in Canada. Adjusted for this, the underlying development in licence revenue is therefore good. The underlying growth in licence revenue is primarily driven by two factors: good growth in the sale of own licences and the full effect of OpenText licence sales throughout the quarter. For Q1 2007, activities related to OpenText were only consolidated in March in connection with the acquisition of SavelT.

*Service and maintenance revenue* during the first quarter came in at NOK 27.0 million, up 20 % from the same period last year. The growth is mainly driven by two factors: growth in service and maintenance revenues related to own products and a full quarter of service and maintenance revenues related to the OpenText activities.

*Revenue from consulting services* during the first quarter totalled NOK 68.4 million, down 6 % from the same period last year. There are two primary reasons for the decline in income from consulting services: the Easter holiday which fell during the quarter and the conclusion of the project for DSS, which released a considerable number of consultants at the beginning of the quarter. The development in hourly rates was satisfactory in the quarter, while the utilisation rate was somewhat lower than expected.

## Expenses

*The cost of goods sold* during the first quarter totalled NOK 8.9 million, up 51 % from the same period last year. The growth in the cost of sales is mainly attributable to the integration of the activities related to OpenText from the acquisition of SaveIT. In 2007, this operation was integrated only from March, while this year the entire quarter has been consolidated. In addition, the trend in the cost of goods sold reflected somewhat higher onward billing of third-party suppliers in connection with projects in Norway, Sweden and Denmark.

*Personnel expenses* during the first quarter totalled NOK 91.1 million, up 5 % from the same period last year. Although there were fewer employees during the quarter compared with the same period in 2007, personnel costs are increasing due to necessary and competitive growth in salaries. Demand for IT staff in the Nordic labour market remains strong, placing pressure on the development in salaries in the Group. The trend in the number of employees is driven by a combination of the tight labour market and more selective recruitment.

*Other operating expenses* during the first quarter totalled NOK 17.6 million, down 21 % from the same period last year. The reduction in other operating expenses is primarily due to lower rent in the Norwegian operation, less use of external consultants and a generally lower level of costs.

## Results

*Earnings before interest, tax, depreciation and amortization (EBITDA)* during the first quarter ended at NOK -2.2 million, an improvement of NOK 8.4 million from the previous quarter and down NOK 2.1 million from the same period last year.

*Earnings before interest and tax (EBIT)* during the first quarter came in at NOK -5.5 million, an improvement of NOK 9.4 million from the previous quarter and a decrease of NOK 2.4 million from the same period last year.

## Important new contracts

The company signed a number of contracts during the first quarter. Some of these are listed below:

- |   |                          |
|---|--------------------------|
| • The Norwegian Prison and Probation Department (Kriminalomsorgen) (NO) | – Extension of DocuLive  |
| • The Norwegian Armed Forces (Forsvaret) (NO)                           | – Extension of DocuLive  |
| • Aspelin-Ramm Gruppen (NO)   | – 360° 4.0 (new version) |
| • Østfold Energi (NO)   | – 360° 4.0 (new version) |
| • Vesterålskraft (NO)   | – 360° 4.0 (new version) |
| • Asker and Bærum Hospital (NO)   | – 360° 4.0 (new version) |
| • Aker Borgestad (NO)   | – ProArc extension       |
| • APL (NO)  | – ProArc extension       |
| • Ministry of Refugee, Immigration and Integration Affairs (DK)         | – Public 360°            |
| • Nordic Council of Ministers (DK)                                      | – Upgrade of Public 360° |
| • Linköping University (SE)   | – Public 360°            |
| • Marks Municipality (Kommun) (SE)                                      | – 360° 4.0 (new version) |
| • Government Offices of Sweden (Regeringskansliet) (SE)                 | – Public 360°            |
| • TeliaSonera (SE)  | – Framework agreement    |
| • Patria Oy (FI)  | – CRM                    |
| • MTV3 (FI)   | – CRM                    |

## Business status

### The Group's principal markets

Software Innovation is the leading centre of competence in the Nordic countries within Information- and Enterprise Content Management. The Group's ambition is to develop this position further as well as to take a position as an international supplier of software within the same segment.

Software Innovation is established in the four Nordic markets: Norway, Sweden, Denmark and Finland. The most important events during the quarter:

- Adjusted for revenue of a non-recurring nature in 2007 as well as the effect of Easter in the first quarter, the Norwegian operation reflects growth. Licence revenue has increased, but the utilisation rate has been weaker than expected. This was due to the conclusion of several larger projects and somewhat later start-up of new projects in anticipation of the new 360° suite. Satisfactory hourly rates in the consulting units.
- The trend in the Swedish operation was weaker than expected, primarily due to fewer consultants. Satisfactory development in hourly rates and utilisation rate.
- Positive trend in the Danish operation. Low utilisation rate in the consulting business, but considerable growth in hourly rates because of fewer problem projects from earlier periods.
- Sustained good development in the Finnish operation with higher utilisation in the consulting unit and satisfactory trend in licence revenue.

### The Group's main products

Software Innovation offers solutions for controlling, managing and sharing information and documents. Our solutions are based on more than 20 years' experience with the world's leading innovators within their fields, including the public sector in the Nordic countries as well as international oil and engineering enterprises. Software Innovation is the leading Nordic player in this segment.

Software Innovation develops and delivers two main products:

- 360° - for administrative document management, case management and collaboration
- ProArc - for technical document management and collaboration

During the first quarter of 2008, the Group launched a new version of 360°, a product that fully reflects the product strategy chosen at the beginning of 2007. 360° now gives customers full control over the information flow in a highly user-friendly way. 360° makes it easier to share, store and retrieve all types of information and documents, since the functionality is now directly available in the tools and interface with which the user is familiar. The solution is fully integrated with Microsoft® Office, Microsoft® Outlook and Microsoft® SharePoint.

ProArc is one of the world's leading solutions for technical document management and collaboration. The solution is suitable for both larger and smaller organizations, and for both simple and complex projects. ProArc provides control and a clear overview right down to the smallest change in documents and drawings – all the way from the idea stage, via engineering and construction to operating and maintenance. During the third quarter of 2008, Software Innovation will launch new ProArc functionality for global organisations and SharePoint collaboration room. A new generation of ProArc featuring full integration with Microsoft® Office, Microsoft® Outlook and Microsoft® SharePoint is under development.

### Organisation and management

The Group had 530 employees at the end of the first quarter of 2008, compared with 559 employees at the end of the first quarter of 2007 and 541 employees at the end of the fourth quarter of 2007.

On the first of January, Lennart H. Liljenberg-Hane started as new Managing Director of SI Sweden. In February, Halvor Walla took over as the new Managing Director of SI Software, and on the first of March Kjell Erik Tenold took over as the new Managing Director of SI Norway. During the last three quarters, significant changes and strengthening in management have been made.

## Focus areas

The Group has three overarching objectives:

- Restore profitability
- Increase customer satisfaction
- Increase employee satisfaction

## Outlook

Enterprise content management (ECM) is one of the fastest growing sectors in the IT sector, according to IDC. Software Innovation is the leading Nordic player in this market. IDC expects the market to grow by more than 10 % per year until 2011 - a growth rate more than twice as high as in the general IT market.

Growth in the ECM market has three strong drivers:

- Radical growth in the volume of information
- Increased extent and new forms of digital collaboration in and between enterprises
- More stringent regulatory requirements for corporate management and internal control in the form of new EU directives among others

The total Scandinavian market is currently of the order of 470 million euro, while it is estimated to reach 650 million euros in 2011.

On the basis of the considerable market potential and the positive market trend, Software Innovation will give priority to full commercialization of the new 360° suite in the time ahead. A number of activities have already been completed: training of salespeople and consultants, presentation and demonstration to more than 400 customers, and the establishment of a Nordic Early Customer Programme (ECP) with six customers. The feedback from customers is highly positive so far, but despite this a somewhat later start-up of new projects is expected in anticipation of feedback from the ECP. It is also important for Software Innovation to ensure high quality and maximum learning in the implementation of the first projects in the new 360°, so the number of new projects will be limited in the short term. In parallel with the commercialization of the new 360° suite, the process of completing the new ProArc generation will be in full focus.

Software Innovation is the leading centre of competence in the Nordic countries within Information- and Enterprise Content Management. The Group's ambition is to develop this position further as well as to take a position as an international supplier of software within the same segment. The Group's objective is to be one of the Nordic countries' most attractive IT employers and to develop an organization which is genuinely customer- and market-focused. 2008 will be a profitable year for Software Innovation.

The Board of Directors at Software Innovation ASA

Lysaker, 23 April 2008

## Profit & Loss Statement 01.01.2008 – 31.03.2008

### Software Innovation Group

(All figures in TNOK)	Q1 08	Q1 07	▲ %	2007	2006	▲ %
<b>Operating revenues</b>	<b>115 402</b>	<b>115 372</b>	<b>0 %</b>	<b>436 409</b>	<b>376 130</b>	<b>16 %</b>
Cost of goods sold	8 889	5 901	51 %	43 781	28 366	54 %
Salaries and personnel expenses	91 125	87 183	5 %	347 525	336 675	3 %
Other operating expenses	17 603	22 363	-21 %	72 045	96 599	-25 %
<b>Total operating expenses</b>	<b>117 617</b>	<b>115 447</b>	<b>2 %</b>	<b>463 351</b>	<b>461 640</b>	<b>0 %</b>
<b>EBITDA</b>	<b>-2 215</b>	<b>-75</b>	<b>-2853 %</b>	<b>-26 942</b>	<b>-85 510</b>	<b>68 %</b>
<i>EBITDA margin %</i>	<i>-2 %</i>	<i>0 %</i>		<i>-6 %</i>	<i>-23 %</i>	
Depreciation	3 254	2 973		13 137	40 251	
<b>EBIT</b>	<b>-5 469</b>	<b>-3 048</b>	<b>-79 %</b>	<b>-40 079</b>	<b>-125 761</b>	<b>68 %</b>
<i>EBIT margin %</i>	<i>-5 %</i>	<i>-3 %</i>		<i>-9 %</i>	<i>-33 %</i>	
One-time effects	0	0				
Net financial items	-1 741	-1 857		-6 507	-5 039	
<b>EBT</b>	<b>-7 210</b>	<b>-4 905</b>	<b>-47 %</b>	<b>-46 586</b>	<b>-130 800</b>	<b>64 %</b>
Tax expenses [28%]	4	80		8 641	47 343	
<b>Net profit</b>	<b>-7 214</b>	<b>-4 985</b>	<b>-45 %</b>	<b>-55 227</b>	<b>-178 143</b>	<b>69 %</b>

## Balance Sheet per 31.03.2008

### Software Innovation Group

(All figures in TNOK)	Q1 08	Q1 07	▲ %	2007	2006	▲ %
<b>Non-current assets</b>						
Goodwill	85 666	89 938		87 310	68 920	
Deferred tax asset	47 272	57 874		47 083	60 033	
Other non-current assets	38 890	35 882		41 657	30 816	
<b>Total non-current assets</b>	<b>171 828</b>	<b>183 694</b>	<b>-6 %</b>	<b>176 050</b>	<b>159 769</b>	<b>10 %</b>
<b>Current assets</b>						
Inventory	946	1 278		927	1 395	
Accounts receivable	88 902	71 613		92 754	79 016	
Work in progress	13 830	22 299		5 453	18 214	
Other receivables	20 276	24 777		14 811	18 603	
Cash and cash equivalents	77 606	100 602		106 122	103 925	
<b>Total current assets</b>	<b>201 560</b>	<b>220 569</b>	<b>-9 %</b>	<b>220 067</b>	<b>221 153</b>	<b>0 %</b>
<b>Total assets</b>	<b>373 388</b>	<b>404 263</b>	<b>-8 %</b>	<b>396 117</b>	<b>380 922</b>	<b>4 %</b>

## Balance sheet per 31.03.2008, continued

### Software Innovation Group

(All figures in TNOK)	Q1 08	Q1 07	▲ %	2007	2006	▲ %
<b>Equity</b>						
Share capital	7 435	5 736		7 435	5 449	
Other equity	124 647	128 723		132 196	120 590	
Minority interests	952	-66		860	698	
<b>Total equity</b>	<b>133 034</b>	<b>134 393</b>	<b>-1 %</b>	<b>140 491</b>	<b>126 737</b>	<b>11 %</b>
<b>Long-term debt</b>						
Pensions	11 411	10 870		11 417	10 870	
Other long-term debt	81 332	82 985		82 050	83 927	
<b>Total long-term debt</b>	<b>92 743</b>	<b>93 855</b>	<b>-1 %</b>	<b>93 467</b>	<b>94 797</b>	<b>-1 %</b>
<b>Current liabilities</b>						
Debt to financial institutions	5 246	4 293		5 125	3 912	
Accounts payable	11 795	26 287		36 550	23 310	
Tax / Public duties	35 567	34 180		34 382	43 669	
Other current liabilities	95 003	111 255		86 102	88 497	
<b>Total current liabilities</b>	<b>147 611</b>	<b>176 015</b>	<b>-16 %</b>	<b>162 159</b>	<b>159 388</b>	<b>2 %</b>
<b>Total liabilities</b>	<b>240 354</b>	<b>269 870</b>		<b>255 626</b>	<b>254 185</b>	<b>1 %</b>
<b>Total equity and liabilities</b>	<b>373 388</b>	<b>404 263</b>	<b>-8 %</b>	<b>396 117</b>	<b>380 922</b>	<b>4 %</b>
<b>Equity ratio</b>	<b>36 %</b>	<b>33 %</b>	<b>7 %</b>	<b>35 %</b>	<b>33 %</b>	<b>7 %</b>

## Cash flow 01.01.2008 – 31.03.2008

### Software Innovation Group

(All figures in TNOK)	Q1 08	Q1 07	▲ %	2007	2006	▲ %
<b>Cash flow from operating activities</b>						
Profit (loss) before tax	-7 210	-4 905		-46 586	-130 800	
Tax paid in the period	-206	0				
Depreciation / Amortization	3 254	2 973		13 137	12 251	
One-time effects						
Change in inventory, accounts receivable and accounts payable	-19 999	12 629		6 051	13 530	
Effect of changes in exchange rates	-104	-2 358		-3 061	715	
Change in other balance sheet items	-2 573	-2 630		-3 918	66 170	
<b>Net cash flow from operating activities</b>	<b>-26 838</b>	<b>5 709</b>	<b>-570 %</b>	<b>-34 377</b>	<b>-38 134</b>	<b>10 %</b>
<b>Cash flow from investment activities</b>						
Investment in tangible fixed assets	-2 713	-8 471		-32 995	-11 805	
<b>Net cash flow from investment activities</b>	<b>-2 713</b>	<b>-8 471</b>	<b>68 %</b>	<b>-32 995</b>	<b>-11 805</b>	<b>-180 %</b>
<b>Cash flow from financing activities</b>						
Share issue	0	0		68 803		
Repayment of long term liabilities	-853	-561		-3 146	85 254	
Payment from long term liabilities	1 888	0		3 912		
<b>Net cash flow from financing activities</b>	<b>1 035</b>	<b>-561</b>	<b>n/a</b>	<b>69 569</b>	<b>85 254</b>	<b>-18 %</b>
Net change in cash and bank deposits	-28 516	-3 323		2 197	35 315	
Cash and bank deposits as at period start	106 122	103 925		103 925	68 609	
<b>Cash and bank deposits as at period end</b>	<b>77 606</b>	<b>100 602</b>	<b>-23 %</b>	<b>106 122</b>	<b>103 925</b>	<b>2 %</b>



## Segment Information 01.01.2008 – 31.03.2008

Revenue split (MNOK)	Q1 08	Q1 07	▲ %	2007	2006	▲ %
License sales	20,0	20,0	0 %	69,2	52,2	33 %
Service and Maintenance	27,0	22,5	20 %	99,5	83,5	19 %
Professional services	68,4	72,9	-6 %	299,0	270,4	11 %
One time effects	0,0	-		-31,3	-30,1	-4 %
Total	115,4	115,4	0 %	436,3	376,0	16 %

Revenue (MNOK)	Q1 08	Q1 07	▲ %	2007	2006	▲ %
Norway	81,1	86,2	-6 %	355,0	293,5	21 %
Sweden	8,4	9,9	-15 %	40,2	35,1	15 %
Denmark	24,8	20,3	22 %	82,4	84,3	-2 %
Finland	5,4	4,6	17 %	16,5	15,8	5 %
SI Software	9,8			0,0	0,0	
Eliminations	-14,1	-5,7	-149 %	-26,5	-22,4	-18 %
One time effects	0,0	-		-31,3	-30,1	
Total	115,4	115,4	0 %	436,3	376,0	16 %

Unit contribution (MNOK)	Q1 08	Q1 07	▲ NOK	2007	2006	▲ NOK
Norway	8,5	16,0	-7,5	56,8	10,5	46,2
% margin	10 %	19 %		16 %	4 %	
Sweden	-1,3	-0,4	-0,9	1,5	-8,6	10,1
% margin	-16 %	-4 %		4 %	-25 %	
Denmark	1,1	-5,1	6,2	-47,6	-2,0	-45,7
% margin	4 %	-25 %		-58 %	-2 %	
Finland	0,8	-0,1	0,9	0,0	0,0	0,0
% margin	15 %	-2 %		0 %	0 %	
SI Software	-11,0	-8,5	-2,5	-32,8	-12,1	-20,8
Corporate	-3,4	-4,8	1,4	-17,9	-87,4	69,5
One time effects	0	0	0,0	-40,3		-40,3
Total EBIT	-5,5	-2,9	-2,5	-40,1	-99,5	59,4
% margin	-5 %	-3 %		-9 %	-26 %	

Unit contribution consists of the different Business unit's contribution. Unit contribution consist of EBIT, royalties derived from license sales and service and maintenance income of group products and the business units share of corporate cost.

## Organisation

No of employees	Q1 08	Q1 07	▲ %	Q4 07	Q4 06	▲ %
Norway	302	300	1 %	305	286	7 %
Sweden	45	57	-21 %	51	53	-4 %
Denmark	110	113	-3 %	110	110	0 %
Finland	26	29	-10 %	26	28	-7 %
Corporate	5	18	-72 %	7	22	-68 %
SI Software	42	42	0 %	42	43	-2 %
Total	530	559	-5 %	541	542	0 %

## EPS

Earnings per share	Q1 08	Q1 07	▲ NOK	2007	2006	▲ NOK
Average no. of shares fully diluted [000']	21 849	16 059		19 790	16 047	
EPS	-0,33	-0,31	-0,02	-2,79	-11,08	8,29
Average no of shares outstanding [000']	21 849	16 033		19 790	16 006	
EPS	-0,33	-0,31	-0,02	-2,79	-11,11	8,32
No of shares outstanding	21 869	16 869		21 869	16 025	

## Top 20 shareholders per 21.04.2008

Shareholder	Shares	% share
1 Firmament AS	2 152 500	9,8 %
2 Ojada AS	1 644 705	7,5 %
3 Sanden AS	1 584 763	7,2 %
4 Sundt AS	1 500 000	6,9 %
5 Skagen Vekst	1 500 000	6,9 %
6 Briskebakken AS	1 300 000	5,9 %
7 Benestad Golf AS	488 000	2,2 %
8 Holberg Norge	435 000	2,0 %
9 Bridago AS	389 020	1,8 %
10 NHO Arbeidsmiljøfond	384 654	1,8 %
11 Middelboe AS	344 777	1,6 %
12 Norse AS	340 000	1,6 %
13 Silvercoin Industrier	313 183	1,4 %
14 Rosenfonn Investing	301 000	1,4 %
15 Birdrock AS	286 875	1,3 %
16 DnBNOR Selekt	272 946	1,2 %
17 Pedersen Olav Werner	271 000	1,2 %
18 Norse Kapitalforvalt	260 000	1,2 %
19 T-International	231 873	1,1 %
20 Tema Invest AS	229 388	1,0 %
<b>Sum 20 Largest Shareholders</b>	<b>14 229 684</b>	<b>65,1 %</b>
Total number of shares	21 869 080	100,0 %

## Statement of changes in Equity per 31.03.2008

(All figures in TNOK)	Share capital and share premium reserve	Other paid in capital	Other equity	Minority interests	Total equity
Equity 01.01.08	128 351	11 048	0	860	140 260
Stock options		-265			-265
Currency translation differences			253		253
Change in Minority interests			16	-16	0
Profit (loss) YTD			-7 322	108	-7 214
Equity 31.03.08	128 351	10 783	-7 053	952	133 034

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