

Q1 2010
Quarterly Report



Record quarterly revenue and record EBITDA Q1 2010

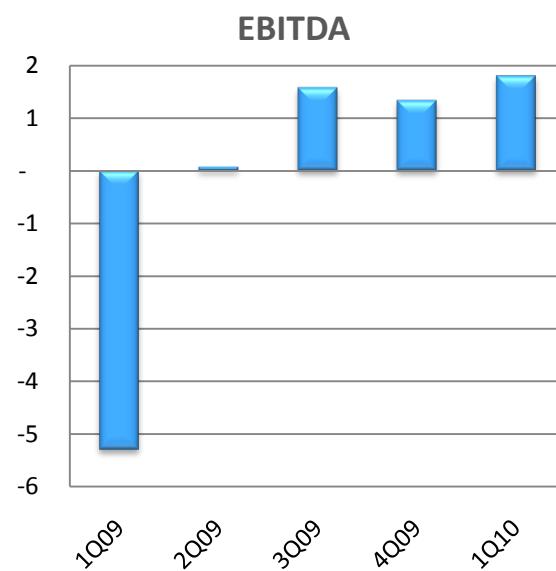
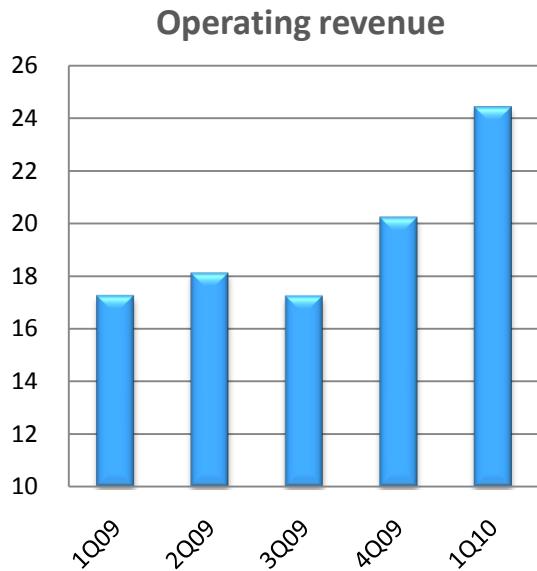
24SevenOffice ASA had a record revenue of MNOK 24.4 for 1Q10, up 28% compared to 1Q09 and a positive operating profit before depreciation (EBITDA) of MNOK 1.8 for 1Q10, a new quarterly record and the fourth consecutive quarter with positive EBITDA.

Highlights 1Q 2010

- Record revenue of MNOK 24.4 in 1Q10, up 28% compared to 1Q09.
- Record EBITDA of MNOK 1.8 in 1Q10, and the fourth consecutive quarter with positive EBITDA.
- Operating revenue in Sweden up 59% from 1Q09.
- Software revenue up 55%, compared to 1Q09.
- Prospectus approved by Oslo Stock Exchange and private placement finalised
- Invest significantly in high growth going forward, however with profitable EBITDA.
 - Invest in technology for distribution and internationalisation
 - Invest in technology for larger customers

Financial Review - First Quarter 2010

Operating revenue reached MNOK 24.4 in 1Q10.



EBITDA ended at MNOK 1.8 in 1Q10 compared to MNOK -5.3 in 1Q09.

24SevenOffice has reached critical mass and reported its fourth consecutive quarter with positive EBITDA after heavy investments in growth. Going forward the company will continue to invest significantly in high growth, however with profitability.

Total number of invoiced customers ended at 3514 at the end of 1Q10, up from 3157 at the end of 2009, a growth of 11%. Invoiced customers include accounting customers through partners.

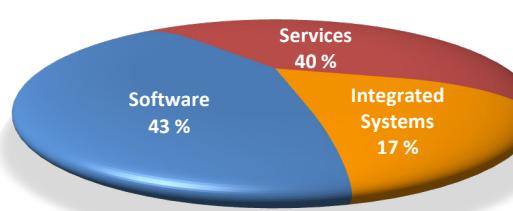
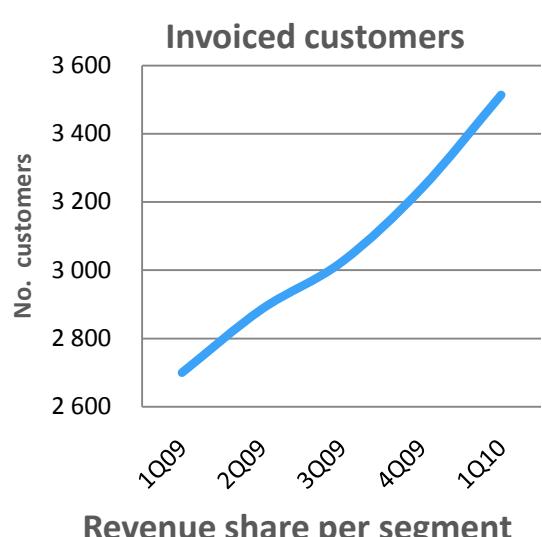
Cash and cash equivalents were MNOK 6.7 at the end of 1Q10.

Segment Information

In the software segment, operating revenue from software licenses totaled MNOK 11.1 in 1Q10, up 55 % from 1Q09.

In the service segment, operating revenue from services totaled MNOK 10.4 in 1Q10, down 1% from 1Q09.

In the integrated systems segment, operating revenue totaled MNOK 4.4 in 2009, up 84% from 1Q09.



Operating revenue in Sweden totaled MNOK 1.4 in 1Q10, up 59% from 1Q09.

Business Update

Robust Business Model

The SaaS market is expected to increase by 27 % annually during the next four years, contrary to traditional local software installations which are predicted to grow by only 4 % annually during the same period.

24SevenOffice's revenue is based on recurring revenue in all business segments and is less dependent on new sales than the rest of the IT market. All services delivered in all segments are in the outsourcing industry, which is predicted to benefit in economic recession as companies try to find ways to save expenses.

24SevenOffice own all source code used in the applications and are not dependant on other companies' license policies.

Profitable growth going forward

24SevenOffice will continue to invest significantly in high growth, however with profitability. The Company's strategy for profitable growth is:

- Access to larger customers
- International expansion through partners or acquisitions
- Acquisitions of complimentary products or services, customer bases or niche systems
- Building strong partnerships and distribution channels

Investments in growth include technology for distribution, internationalization and access to larger customers. The growth strategy also includes strengthening the overall experience and knowhow in the company.

Private placement

24SevenOffice has completed a private placement, adding MNOK 6 to the company's cash inventory. The prospectus is formally approved by Oslo Stock Exchange and shares are expected to be issued and listed first half of May 2010.

Acquisitions

The company has made an agreement to buy the Norwegian IP-telephony company Phonzo AS from Agder Energy Venture AS in September 2010. The company has revenue of approximately MNOK 14 per year and positive net results from operations. Additionally, the company has agreed to buy critical technology and customers from the demerged outsourcing company NetClient AS, with revenue of approximately MNOK 5 per year. The company has not yet exercised their right to acquire the company that owns critical technology and customers from the demerged NetClient AS, but might consider such transaction at a later appropriate time. Hence, none of these transactions are taken into the company's accounts.

24SevenOffice is continuously evaluating possible acquisitions according to company's strategy.

Increased focus on partners and distribution

The company has increased its focus and made investments in partnerships and distribution channels. This strategy includes strengthening existing partnerships and creating new partners and distribution channels in existing and new markets.

About 24SevenOffice ASA Group

24SevenOffice has three independent business units, with significant synergy to each other and with services to the same customer segments: small and medium-sized businesses (5 - 300 employees). Customers are mainly small businesses (5 - 30 employees) in all sectors and medium-sized enterprises (30 - 300 employees) in the market segments: business knowledge and service industries.

The business units are:

1. IT business solution with a complete system portfolio of ERP, CRM, project and collaboration tools to the SMB market delivered as "Software as a Service" (SaaS).
2. Telecom solution delivered as an Internet service (SaaS). Includes switchboard services and IP telephony value-added services, through integration with the company's business solution. In addition, the unit offers mobile telephony solutions with value-added.
3. Accounting and payroll services, including financial advisory services for the SMB market. We offer accounting services for the Norwegian and Swedish market, currently employing about 37 accountants.

All solutions and applications are SaaS based. SaaS technology (also described by the term "Cloud Computing") gives you access to all applications and services through the web browser, and hence there is no need to invest in expensive hardware or software licenses.

The business model is lease-based service agreements. 90% of the company's revenue is recurring income from one year to the next, and the company's future earnings is, therefore, more predictable and secure than other software and IT service providers who are dependent on significant new sales of licenses and development projects to achieve profitability.

We have more than 10 years of experience of delivering SaaS applications over the Internet, and our combination of SaaS-technology, system portfolio and the integration of Internet services to the SMB market make us the leading company in Europe in our segment.

Software as a Service (SaaS)

SaaS is short for Software as a Service and is the term used for software where an application is hosted as a service provided to customers across the Internet through the web browser. This delivery model eliminates the need to install and run the application on the customer's own computers and servers, thus freeing resources normally used to software maintenance, ongoing operation, it-consultants, and support. Using SaaS also reduce the up-front expenses and capital investments of software purchases, through less costly, on-demand and pay-as-you-go pricing where the customer pay a fixed monthly fee per user per month.

IDC analytics predicts that:

- The SaaS market will increase by 27 % annually during the next four years, contrary to traditional local software installations which are predicted to grow by only 4 % annually during the same period. Many traditional software companies have close to zero or some even negative growth.
- Enterprise resource planning applications (ERP) represented 55 % of the total SaaS market in 2008 and is predicted to share an equal share in 2012.

- The global SaaS market revenue was 9 billion USD in 2008 and is predicted to grow to 23 billion USD in 2012

Gartner analytics predicts that:

- Approximately 65% of all European companies has started to use at least one SaaS application by 2010
- SaaS will be a common part of companies' IT architecture by 2010
- SaaS usage will double for small and medium sized companies by 2010
- Dedicated costs to SaaS will increase more than 25% annually
- 30% of all new software in the business market will be delivered as SaaS by 2012

NetSuite (www.netsuite.com) and Salesforce (www.salesforce.com) are two well known SaaS companies based in USA. NetSuite is the first and largest SaaS based integrated CRM and ERP system and listed at the New York Stock Exchange. Larry Ellison (Oracle) is the major share holder in NetSuite, which is the company with a product portfolio and strategy most comparable to 24SevenOffice.

Salesforce is the first and largest SaaS based CRM system and listed at the New York Stock Exchange. The company is the largest SaaS company and one of the key drivers of the SaaS market space. The company offers a standalone CRM application, thus offering less functionality than 24SevenOffice.

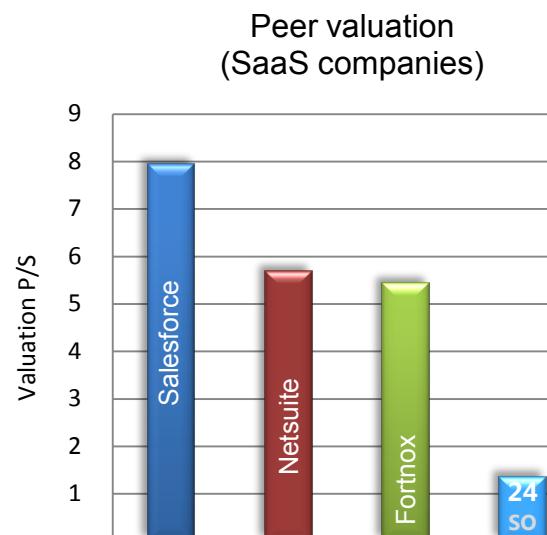
Fortnox (www.fortnox.se) is a Swedish company providing SaaS based CRM and accounting systems targeted mainly at SoHo (small office, home office) companies.

Visit www.saas-showplace.com for useful reports and more information on SaaS.

Peer Comparison

24SevenOffice, NetSuite, Salesforce and Fortnox are compared on valuation based on price/sales. The comparison is based on latest published quarterly results. NetSuite results are from 4Q 2009, Salesforce and Fortnox results are from 1Q10, and 24SevenOffice results are from 1Q10.

Valuation is based on market cap April 28. 2010 divided by estimated sales. USD exchange rate is based on rates NOK=USD and NOK=SEK, April 28. 2010.



Financial Calendar

24SevenOffice will present its 2Q10 figures on August 25th 2010.

Oslo, April 30th 2010
The Board of Directors
24SevenOffice ASA

Profit and loss statement

(all figures in NOK 1.000)

	Q1 - 2010	Q1 - 2009	2009
Revenue			
Operating Revenue	<u>24 418</u>	<u>19 062</u>	<u>74 977</u>
Other Income	<u>-</u>	<u>-</u>	<u>10</u>
Expenses			
Cost of sales	5 792	3 150	18 558
Wages and salaries	10 928	12 326	36 746
Other operating expenses	<u>5 892</u>	<u>8 882</u>	<u>22 041</u>
Total operating expenses	<u>22 612</u>	<u>24 359</u>	<u>77 345</u>
EBITDA	<u>1 806</u>	<u>(5 297)</u>	<u>(2 358)</u>
Depreciation, amortisation & write-down	1 292	1 390	5 008
EBIT	<u>514</u>	<u>(6 687)</u>	<u>(7 365)</u>
Net financial items	342	228	1 258
EBT	<u>173</u>	<u>(6 915)</u>	<u>(8 624)</u>
Taxes	347	(165)	(19 107)
Net profit / loss	<u>(174)</u>	<u>(6 751)</u>	<u>10 483</u>

Attributable to:

Minority Interests	(69)	(485)	(1 208)
Equity holders of the parent	(105)	(6 266)	11 691
Average no. of shares	14 626 123	13 376 123	14 152 862
Earnings per share	-0,01	-0,47	0,83



Balance Sheet

(all figures in NOK 1.000)

ASSETS	31.03.2010	31.03.2009	31.12.2009
<i>Non current assets</i>			
Deferred tax asset	19 743	409	19 736
Development cost	8 674	6 737	7 837
Goodwill	20 551	21 735	20 856
Customer bases	3 855	5 924	4 363
Brand name	962	962	962
Equipment	1 225	2 808	1 402
Other non-current assets	154	23	159
Total non current assets	55 163	38 598	55 315
<i>Current assets</i>			
Inventory	70	98	70
Trade receivables	12 194	8 726	9 263
Other current receivables	10 851	6 859	8 515
Cash and short-term deposits	6 742	6 899	8 115
Total current assets	29 856	22 582	25 962
TOTAL ASSETS	85 019	61 180	81 278
EQUITY AND DEBT			
<i>Equity</i>			
Share capital	1 755	1 605	1 755
Share premium	99 677	90 933	95 633
Translation reserve	-154	-178	-158
Retained earnings	-70 049	-86 023	-67 900
Equity before minority interest	31 229	6 338	29 331
Minority	1 970	2 664	1 931
Total equity Capital	33 199	9 001	31 261
<i>Liabilities</i>			
Debt to credit institutions	4 123	706	4 179
Sellers credit	11 368	11 772	11 501
Deferred taxes	1 528	1 584	1 648
Total non current liabilities	17 019	14 062	17 327
Accounts payable	9 406	10 296	7 659
Deferred revenue	4 200	3 612	4 156
Public duties payable	4 113	3 477	3 947
Taxes payable	771	0	325
Debt to credit institutions	4 409	5 938	8 436
Other current liabilities	11 902	14 794	8 166
Total current liabilities	34 801	38 116	32 689
Total liabilities	51 820	52 178	50 016
TOTAL EQUITY AND LIABILITIES	85 019	61 180	81 278

Statement of changes in equity

(all figures in NOK 1.000)

2009

	Attributable to equity holders of the parent						
	Share capital	Share Premium	Translation Differences	Retained Earnings	Total	Minority Interest	Total Equity
Equity 31.12.2008	1 605	90 933	-151	-79 757	12 630	3 149	15 779
Currency translation differences	-	-	-6	-	-6	-10	-16
Equity Issue	150	4 850	-	-	5 000	-	5 000
Equity Issue expenses	-	-150	-	-	-150	-	-150
Employee options	-	-	-	166	166	-	166
Net profit for the year	-	-	-	11 691	11 691	-1 208	10 483
Equity 31.12.2009	1 755	95 633	-158	-67 900	29 331	1 931	31 262

2010

	Attributable to equity holders of the parent						
	Share capital	Share Premium	Translation Differences	Retained Earnings	Total	Minority Interest	Total Equity
Equity 01.01.2010	1 755	95 633	-158	-67 900	29 331	1 931	31 262
Acquired minority stake	-	-	-	-2 190	-2 190	107	-2 083
Currency translation differences	-	-	4	-	4	1	5
Paid in, not registered, capital	-	4 044	-	-	4 044	-	4 044
Employee options	-	-	-	146	146	-	146
Net loss for the year	-	-	-	-105	-105	-69	-174
Equity 31.03.2010	1 755	99 677	-154	-70 049	31 229	1 970	33 199

Cash Flow Statement

(all figures in NOK 1.000)

	Q1 - 2010	Q1 - 2009	2009
<i>Operating Activities</i>			
Operating earnings before interest and taxes (EBIT)	514	-6 687	-7 365
Depreciation, amortisation & write-down	1 292	1 390	5 008
Net financial items	342	228	1 258
Cash earnings in operations	1 465	(5 525)	(3 616)
Changes in working capital	-1 304	4 220	-3 576
Cash flow from operating activities	161	(1 305)	(7 192)
<i>Investment activities</i>			
Development costs to balance sheet	-1 386	-937	-3 417
Net cash flow from acquisitions	-220	0	0
Net investments in tangible fixed assets	-34	-190	367
Net cash flow from investment activities	(1 640)	(1 128)	(3 050)
<i>Financing activities</i>			
Increase (decrease) long-term debt	-56	-1 163	3 198
Net deposited equity	4 190	0	4 850
Increase (decrease) short-term debt	-4 028	3 572	3 385
Net cash flow from financing activities	106	2 408	11 433
Cash and bank deposits at 01.01	8 115	6 924	6 924
Net changes of cash and bank deposits	-1 373	-24	1 191
Cash and bank deposits at 31.12	6 742	6 899	8 115

Notes to Q4 - 09 Interim Financial report

(all figures in NOK 1.000)

Note 1 - Segment information

Q1 - 2010

Business segment	Software	Services	Integrated Systems	Elimination	Total
Operating Revenue	11 080	10 366	4 393	(1 421)	24 418
Other Income	-	-	-	-	-
Operating Expenses	10 966	8 617	4 450	(1 421)	22 612
Operating profit before depreciation	114	1 749	(57)	-	1 806
Depreciation	513	495	307	(23)	1 292
Operating Result	(399)	1 254	(364)	23	514

2009

Business segment	Software	Services	Integrated Systems	Elimination	Total
Operating Revenue	34 305	34 531	12 134	(5 994)	74 976
Other Income	10	-	-	-	10
Operating Expenses	37 969	31 513	13 755	(5 892)	77 345
Operating profit before depreciation	(3 654)	3 018	(1 621)	(102)	(2 359)
Depreciation	2 249	2 017	901	(159)	5 008
Operating Results	(5 903)	1 001	(2 522)	57	(7 366)

Q1 - 2009

Business segment	Software	Services	Integrated Systems	Elimination	Total
Operating Revenue	7 170	10 447	2 385	(940)	19 062
Other Income	-	-	-	-	-
Operating Expenses	12 881	9 595	2 824	(940)	24 359
Operating profit before depreciation	(5 710)	853	(439)	-	(5 297)
Depreciation	551	504	336	-	1 390
Operating Result	(6 261)	348	(775)	-	(6 687)

Operating revenue by Geographical Area

	Q1 - 2010	2009	Q1 - 2009	2008
Norway	22 985	69 958	18 160	48 835
Sweden	1 433	5 019	902	1 906
Total	24 418	74 977	19 062	50 741

Notes to Q4 - 09 Interim Financial report

Note 2 - Financial Framework and Accounting Principles

The accounting principles applied are the same as those used for the Group's 2009 Consolidated Financial Statements. These statements were prepared in accordance with the international accounting standards published by the International Accounting Standard Board.

The interim accounts have been prepared in accordance with Oslo Axess rules and regulations and IAS 34 - "Interim Financial Reporting". Please refer to annual report, where the accounting policies are described in detail.

Note 3 - Estimates

The preparation of interim accounts involves the use of estimates and assumptions. These estimates impact the amounts stated for assets, obligations, revenues and costs. Actual results may differ from these estimates.

Note 4 - Changes in the Group's structure

In January the group acquired 10,18% of the shares in Oyatel AS for NOK 1.863.000. After the acquisition, the group holds 60,62% of the shares in Oyatel AS. The transaction is settled with 232.875 24SevenOffice shares at NOK 8,00 per share.

In January the group acquired the remaining 49% of the shares in 24SevenOffice Asset Management AS for NOK 219.805. After the acquisition, the group holds 100% of the shares in 24SevenOffice Asset Management AS.

The company has agreed to buy critical technology and customers from outsourcing company Netclient AS, for a total of NOK 5.000.000. Recurring revenue in Netclient is approximately 5 MNOK p.a. at the time of acquisition. The transaction will be settled with 625.000 new 24SevenOffice shares at NOK 8,00 per share.

The group has agreed to buy the Norwegian IP-telephony company Phonzo AS from Agder Energy Venture AS for approximately NOK 13.850.000. The agreement will be effective from 30.09.2010 (acquisition date). Purchase price is subject to changes in underlying factors. 24SevenOffice has the option to settle up to NOK 11.950.000 of the purchase price with 24SevenOffice shares at NOK 5,00 per share.

Note 5 - Stock option program

In January the company extended the stock option program for key employees by granting options for 490.000 shares. Total cost accrued for the program 31.03.2010 is NOK 471.832.

Note 7 - Events after 31.03.2010

In April 2010 the group completed a private placement of 1.080.000 shares to a price of NOK 6,00 per share. Total expenses with the capital expansion is NOK 680.000.

There have been no other material events subsequent to the end of the interim period that have not been reflected in the Group's first quarter financial statement.



Q1 2010

Quarterly Report

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