

Q1 2011
Quarterly Report





Record revenue in 1Q11 adjusted for sold business units

Record revenue in 1Q11, adjusted for sold business units, of MNOK 17.9. This represents a growth of 27% compared to 1Q10. Operating profit before depreciation (EBITDA) ended at MNOK 0.2 in 1Q11.

24Seven Technology Group ASA believes it will be a substantial player in the international market for SaaS business software and is well positioned to take advantage of the window of opportunity in the market. The company is therefore continuing with increased investments in internationalization of the software and company.

Highlights 1Q 2011

- 24SevenOffice World Edition Phase 1 together with a new website was completed in 1Q11 somewhat earlier than planned and communicated.
- New community user registration growth has more than doubled after the launch and is now above 300 per month compared to an average of 150 in 2010.
- Record growth in customers through accounting partners with an increase of 398 which is more than doubled compared to average quarterly growth in 2010. Accounting companies will continue to be a major focus for the company going forward. The total amount of customers was 4821 at the end of 1Q11.
- Record revenue for core business areas SaaS software and SaaS VoIP of MNOK 16.5 in 1Q11. Core business revenue, consisting of 90% recurring revenue, contributes 87% of total revenue in the group in 1Q11.
- Share Purchase Program to employees was oversubscribed and the proxy fully used.

Internationalization

- Completed World Edition Phase 1 which includes complete project planning and management, document sharing integrated with Google Docs and single sign-on with Google and Yahoo.
- 24SevenOffice is on track with the launch on Google Apps Marketplace in 3Q11.
- Completed and launched the development of cross browser version of three major modules, which allows customers internationally to use 24SevenOffice on most common platforms and browsers:
 - E-mail World Edition
 - CRM World Edition
 - Project Management World Edition
- Completed in beta for existing customers a new cross browser version of the accounting module, especially targeted at accounting companies. Planned for release in 3Q11.
- Doubled number of new customer registrations, and the aim of tripling within 3Q11 is on track.
- Signed first international partner agreement with eOffice, which provides modern business centres in the United Kingdom and through a network of over 100 centres in 32 countries. First marketing campaign towards eOffice customers planned in May.



Financial Review - First Quarter 2011

The company had record revenue in 1Q11, adjusted for sold business units, of MNOK 17.9. This represents a growth of 27% compared to 1Q10.

The company had revenue for core business areas SaaS business software and SaaS VoIP of MNOK 16.5 in 1Q11. This is a growth of 18% compared to 1Q10.

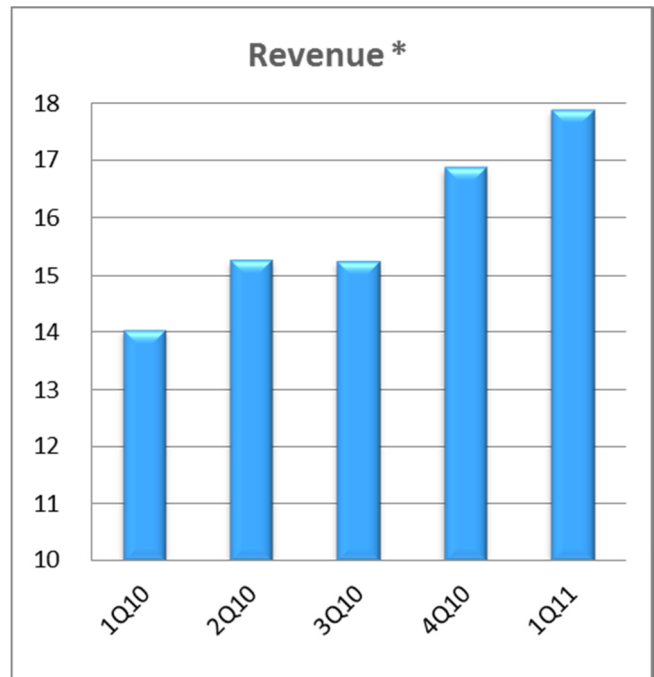
24Seven Technology Group ASA will continue its investments in cross browser and internationalization in 2011. It is expected that user counts will increase in second half of 2011 and substantial revenue from the investments to be seen in 2012.

EBITDA ended slightly positive at MNOK 0.2 in 1Q11 which is better than earlier announced. Only MNOK 0.8 of the sales profit of MNOK 2.1 from sales of private customers in Phonzo AS is included in group revenue and EBITDA. The company will continuously evaluate when and how the sales profit will be accounted for in the coming quarters.

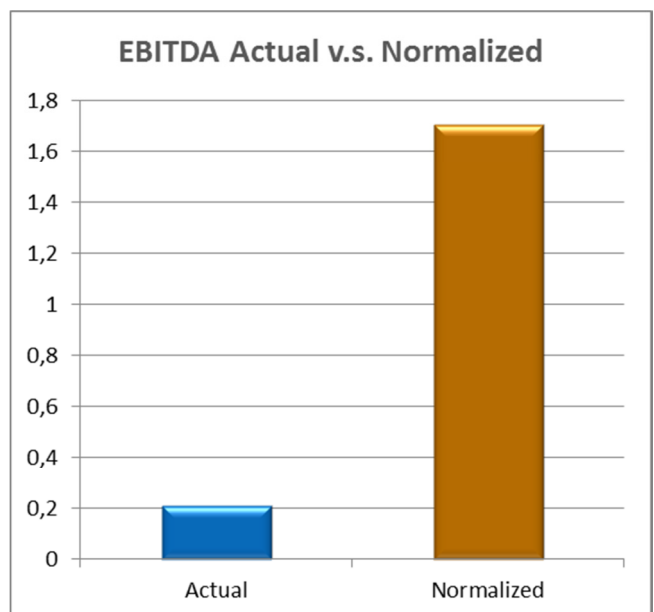
Investments in internationalization and cross browser versions will continue at the same level. The company announced earlier significant negative EBITDA for 2011. Current development has made the company reevaluate its outlook for 2011, and EBITDA is expected to be significant better than earlier announced. Positive EBITDA for the full year 2011 is now within reach.

The company has continued its investment in internationalisation in 1Q11. Total costs for internationalization and development of the cross browser version and the world edition amounted to MNOK 1.5 for the quarter. Without investments in internationalization the group's EBITDA would have ended at MNOK 1.7. Investments in running costs concerning internationalization can be retracted in two to three months notice.

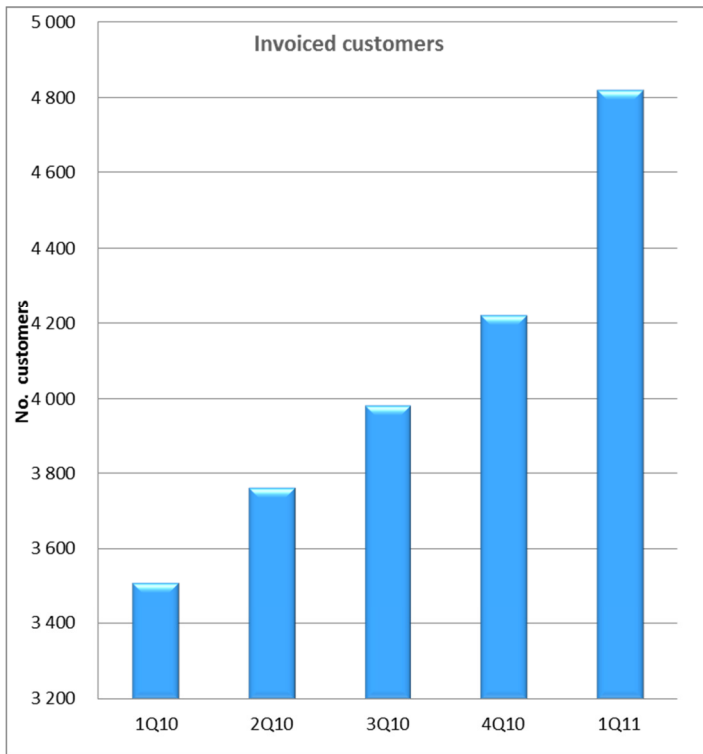
Core business contributed to 87 % of the revenue in 1Q11.



* Graph shows comparable figures from existing business units. Revenue from services division which was sold in 3Q10 and Phonzo private customers which was sold in 4Q10, is excluded from the comparable quarters.



Growth in invoiced customers of 37%, compared to 1Q10, with a total of 4821 customers at the end of 1Q11. Invoiced customers include accounting customers through partners. Most of the customer growth is a result of the company's focus on accounting partners.

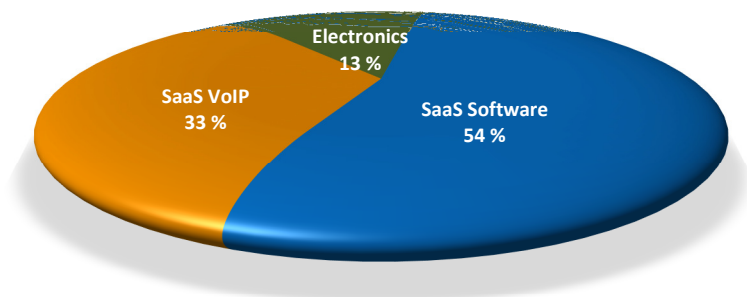


Cash and cash equivalents

Cash and cash equivalents were MNOK 8.6 at the end of 1Q11. The company has outstanding sellers credit for a total of MNOK 10, where MNOK 8 is due in 2011 and access to an unused credit line.

Segment Information

Core business consists of 90% recurring revenue. Revenue share per segment is as below.



24Seven Technology Group - Strategy update

Accounting companies

24Seven Technology Group ASA has delivered good results with the focus on accounting partners and technology development towards this segment. This work has resulted in approximately 100% growth in new clients from accounting partners in 1Q11 compared to average growth in 2010. 24Seven Technology Group ASA has launched in beta the new accounting module especially targeted towards accounting companies and we will continuously launch new features for this segment going forward.

Internationalization - Significant investments will yield great return

24Seven Technology Group ASA believe it will be a substantial player in the international market for SaaS business software and is well positioned to take advantage of the window of opportunity in the market. The company is therefore continuing its increased investments in internationalization of the software and company as earlier announced.

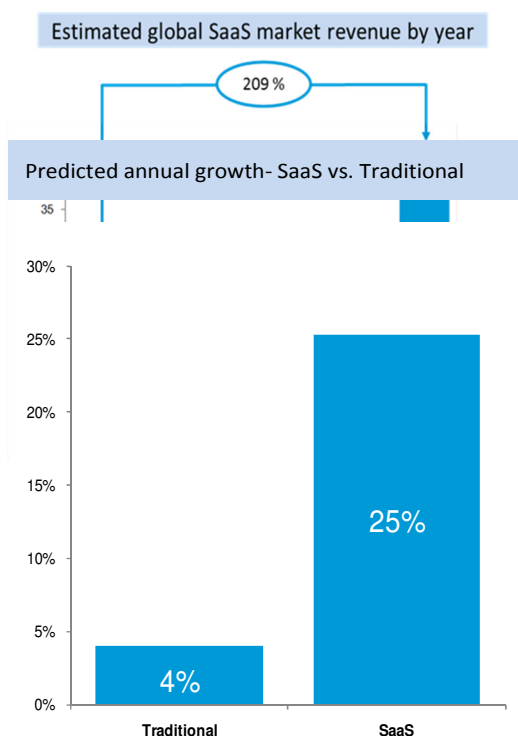
First phase of the internationalization with distribution of generic product modules on the web is now launched. After the launch new community user registration growth has more than doubled and is now above 300 per month compared to an average of 150 in 2010.

Oyatel AS

Oyatel AS, the group's SaaS telephony system, has continued its technology progress according to earlier announced plans. The iPhone App has been improved with more business functionality and now supports backgrounding, which allows the app to run in the background of the iPhone while working on other apps on the phone, and transfer calls which allows the user to transfer any call to a desired phone number.

Oyatel has successfully transferred their sales from face to face sales to online sales, and currently 80% of their sales are done online. 24Seven Technology Group has the knowledge and experience to move sales process to online sales and experience from Oyatel and the ongoing optimization of online sales processes are used in the internationalization of 24SevenOffice.

SaaS market – window of opportunity



The SaaS market is rapidly growing and gaining momentum internationally. Well-known companies such as IDC and Gartner have published several reports:

According to IDC, the SaaS market is experiencing rapid growth, with estimated global SaaS market revenue expected to reach 40.5 billion USD by 2014.

Gartner predicts that 30% of all new software in the business market will be delivered as SaaS by 2012 and that the transition from traditional software to SaaS will be more a revolution than an evolution.

Social Issues Research predicts that SaaS will be the business standards in the SME market by 2020.

The SaaS market is expected to increase by 25 % 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.

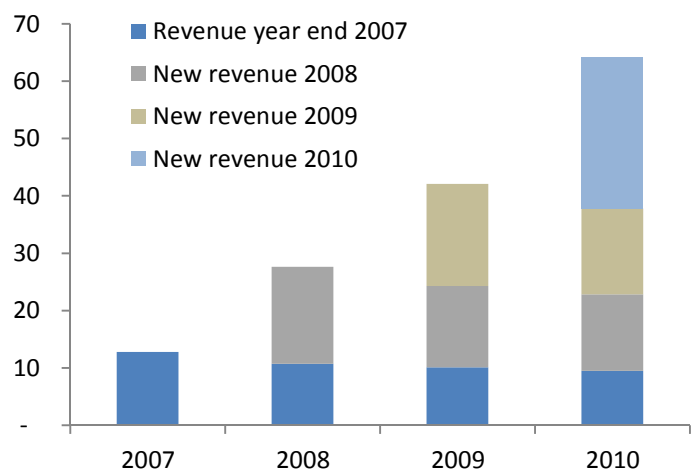
Recurring revenue adds visibility to the business model

24seven Technology Group's revenue is primarily recurring and is thus less dependent on new sales compared to other parts of the IT market. All services delivered in all segments are in the outsourcing industry, which is predicted to benefit in an economic recession as companies try to find ways to reduce expenses.

24seven Technology Group owns all source code used in the applications and are not dependent on other companies' license policies.

Benefits of recurring revenue business model

- Recurring revenue stream from existing customers
- New revenue from new customers
- Multiple sources of revenue from different products
- Low churn
- Low deployment costs
- Constant software upgrades which is easily implemented
- Predictable growth by monitoring usage
- Aggregated operating environment



Financial Calendar

24seven Technology Group will present its 2Q 2011 figures on August 19th 2011.

Oslo, May 20th 2011
 The Board of Directors
 24Seven Technology Group ASA



Profit and loss statement

(all figures in NOK 1.000)

	Q1 - 2011	Q1 - 2010 excluding Services segment sold in Aug. 2010	Q1 - 2010	2010
Revenue				
Operating Revenue	17 902	14 124	24 418	87 229
Other Income	26	-	-	-
Expenses				
Cost of sales	7 426	5 653	5 792	27 847
Wages and salaries	5 351	4 190	10 928	35 166
Other operating expenses	4 943	4 223	5 892	37 186
Total operating expenses	17 720	14 066	22 612	100 199
EBITDA	208	57	1 806	(12 970)
Depreciation, amortisation & write-down	2 691	1 089	1 292	8 195
EBIT	(2 483)	(1 032)	514	(21 165)
Net financial items	554	425	341	2 631
EBT	(3 037)	(1 457)	173	(23 796)
Taxes	502	(124)	347	(6 356)
Net profit / loss	(3 539)	(1 333)	(174)	(17 440)
Attributable to:				
Minority Interests	(49)		(69)	(294)
Equity holders of the parent	(3 489)		(105)	(17 146)
Average no. of shares	19 042 998		14 626 123	15 608 086
Earnings per share	-0,18		-0,01	-1,10



Balance Sheet

(all figures in NOK 1.000)

ASSETS	31.03.2011	31.03.2010	31.12.2010
<i>Non current assets</i>			
Deferred tax asset	26 154	19 743	26 379
Development cost / Technology	17 875	8 674	16 611
Goodwill	15 965	20 551	15 965
Customer bases	17 422	3 855	20 925
Brand name	1 848	962	1 848
Property, Plant & Equipment	28 199	1 225	27 965
Other non-current assets	1 817	154	5 948
Total non current assets	109 279	55 163	115 640
<i>Current assets</i>			
Inventory	45	70	45
Trade receivables	24 306	12 194	13 224
Other current receivables	16 615	10 851	16 358
Cash and short-term deposits	8 626	6 742	10 877
Total current assets	49 592	29 857	40 504
TOTAL ASSETS	158 871	85 020	156 145
EQUITY AND DEBT			
<i>Equity</i>			
Share capital	2 285	1 755	2 285
Share premium	32 128	99 677	34 038
Translation reserve	-847	-154	-509
Other paid-in capital	1 909	0	0
Retained earnings	-3 112	-70 049	0
Equity before minority interest	32 362	31 229	35 814
Minority	7 940	1 970	7 990
Total equity Capital	40 302	33 199	43 803
<i>Liabilities</i>			
Debt to credit institutions	27 928	4 123	29 662
Sellers credit	19 828	11 368	19 437
Deferred taxes	13 042	1 528	14 315
Total non current liabilities	60 798	17 019	63 414
Accounts payable	12 110	9 406	8 390
Deferred revenue	6 404	4 200	8 232
Public duties payable	2 836	4 113	2 656
Taxes payable	1 087	771	487
Debt to credit institutions	7 880	4 409	4 408
Other current liabilities	27 453	11 903	24 754
Total current liabilities	57 770	34 802	48 928
Total liabilities	118 568	51 821	112 342
TOTAL EQUITY AND LIABILITIES	158 871	85 020	156 145



Statement of changes in equity

2010

	Attributable to equity holders of the parent					Minority Interest	Total Equity
	Share capital	Share Premium	Translation Differences	Retained Earnings	Total		
Equity 01.01.2010	1 755	95 633	-158	-67 900	29 331	1 931	31 262
Acquired minority stake	-	-	0	-2 192	-2 192	112	-2 080
Currency translation differences	0	0	-352	-	-352	7	-345
Equity Issue	530	24 761	-	-	25 291	-	25 291
Equity Issue expenses	-	-490	-	0	-490	-	-490
Employee options	-	-	-	1 372	1 372	0	1 372
Changes due to acquisitions	0	0	0	0	0	4 751	4 751
Acquisition own shares	0	0	0	0	0	0	0
Equity component convertible loan	0	0	0	0	0	1 482	1 482
Net loss for the year	0	0	0	-17 146	-17 146	-294	-17 440
Equity 31.12.2010	2 285	119 904	-509	-85 866	35 814	7 990	43 803

2011

	Attributable to equity holders of the parent					Minority Interest	Total Equity
	Share capital	Share Premium	Translation Differences	Retained Earnings	Total		
Equity 01.01.2011	2 285	119 904	-509	-85 866	35 814	7 990	43 803
Acquired minority stake	-	-	-	-	-	-	-
Currency translation differences	-	-	-338	-	-338	-	-338
Equity Issue	-	-	-	-	-	-	-
Equity Issue expenses	-	-	-	-	-	-	-
Employee options	-	-	-	377	377	-	377
Changes due to acquisitions	-	-	-	-	-	-	-
Equity component convertible loan	-	-	-	-	-	-	-
Net loss for the year	-	-	-	-3 489	-3 489	-49	-3 539
Equity 31.03.2011	2 285	34 038	-847	-3 112	32 363	7 940	40 303

Cash Flow Statement

	Q1 - 2011	Q1 - 2010	2010
<i>Operating Activities</i>			
Operating earnings before interest and taxes (EBIT)	-2 483	514	-21 165
Depreciation, amortisation & write-down	2 691	1 292	8 195
Net financial items	554	342	2 631
Cash earnings in operations	(346)	1 464	(15 601)
Changes in working capital	-2 899	-1 304	-4 284
Cash flow from operating activities	(3 245)	160	(19 885)
<i>Investment activities</i>			
Development costs to balance sheet	-1 264	-1 386	-1 020
Net cash flow from acquisitions	0	-220	-10 359
Net cash flow from sale of subsidiary	0	0	17 753
Net changes in tangible fixed assets	3 276	-34	4 299
Net cash flow from investment activities	2 012	(1 640)	10 673
<i>Financing activities</i>			
Increase (decrease) long-term debt	-1 342	-56	0
Proceeds from sale of assets	0	0	0
Public subsidies	0	0	950
Net deposited equity	0	4 190	5 800
Increase (decrease) short-term debt	324	-4 027	5 225
Net cash flow from financing activities	(1 018)	107	11 975
Cash and bank deposits at 01.01	10 877	8 115	8 114
Net changes of cash and bank deposits	-2 251	-1 373	2 763
Cash and bank deposits at 31.12	8 626	6 742	10 877



Notes to 4Q 2010 Interim Financial report

(all figures in NOK 1.000)

Q1 - 2011

Business segment	SaaS	SaaS	Services	Electronics	Other	Elimination	Total
	Software	VoIP			Services		
Operating Revenue *	10 300	6 359	-	2 458	-	(1 216)	17 902
Other Income	12	13	-	-	-	-	26
Operating Expenses	12 580	6 956	-	42	-	(1 858)	17 720
Operating profit before depreciation	(2 267)	(583)	-	2 416	-	642	208
Depreciation	803	147	-	155	-	1 586	2 691
Operating Result	(3 070)	(730)	-	2 261	-	(944)	(2 483)

2011

Business segment	SaaS	SaaS	Services	Electronics	Other	Elimination	Total
	Software	VoIP			Services		
Operating Revenue	10 300	6 359	-	2 458	-	(1 216)	17 902
Other Income	12	13	-	-	-	-	26
Operating Expenses	12 580	6 956	-	42	-	(1 858)	17 720
Operating profit before depreciation	(2 267)	(583)	-	2 416	-	642	208
Depreciation	803	147	-	155	-	1 586	2 691
Operating Results	(3 070)	(730)	-	2 261	-	(944)	(2 483)

Q1 - 2010

Business segment	SaaS	SaaS	Services	Electronics	Other	Elimination	Total
	Software	VoIP			Services		
Operating Revenue	11 080	2 903	10 366	-	1 490	(1 421)	24 418
Other Income	-	-	-	-	-	-	-
Operating Expenses	10 966	2 843	8 617	-	1 607	(1 421)	22 612
Operating profit before depreciation	114	60	1 749	-	(117)	-	1 806
Depreciation	513	252	495	-	55	(23)	1 292
Operating Result	(399)	(192)	1 254	-	(172)	23	514

2010

Business segment	SaaS	SaaS	Services	Electronics	Other	Elimination	Total
	Software	VoIP			Services		
Operating Revenue	40 780	17 803	25 177	-	8 208	(4 739)	87 229
Other Income	-	-	-	-	-	-	-
Operating Expenses	60 076	17 308	23 204	-	6 150	(6 539)	100 199
Operating profit before depreciation	(19 295)	284	1 973	-	2 268	1 800	(12 970)
Depreciation	2 263	1 808	1 324	-	2 869	(69)	8 195
Operating Result	(21 558)	(1 723)	649	-	(402)	1 869	(21 165)

Operating revenue by Geographical Area

	Q1 - 2011	2011	Q1-2010	2010
Norway	15 606	15 606	22 985	80 392
Sweden	2 295	2 295	1 433	6 837
Total	17 902	17 902	24 418	87 229



Notes to 4Q 2010 Interim Financial report

Note 2 - Financial Framework and Accounting Principles

The accounting principles applied are the same as those used for the Group's 2010 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

There have not been any changes in the group's organizational structure in the period of 1Q 2011.

Note 5 - Stock option program

The stock option program for key employee's total 985.000 shares options. Total cost accrued for the program on 31.03.2010 is NOK 1.908.984.

Note 6 - Equity Issue

There has not been any equity issue in the period of Q 2011.

Note 7 - Liabilities structure

Of the total long term interest bearing debt in the group, the mother company, 24Seven Technology Group ASA, which is a pure holding company without any independent business, is only accounting for 5 MNOK from Innovasjon Norge, and 12.4 MNOK from the Mamut law suit in 2010, not finally settled. All other debt is structured in daughter companies, with no mother company guarantee.

Note 8 - Events after 31.03.2011

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.



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