NEAS ASA third quarter 2008

Highlights of the third quarter

- Turnover up 20 per cent to NOK 98.1 million
- New contracts up 115 per cent to NOK 86.3 million excluding Norwegian Property
- Implementation of Norwegian Property contract on schedule.
- Weak EBITDA, at NOK -2.3 million
- Workforce downsized by 28 people

NEAS key financial figures

	Third Quarter		Year to date		
(Amounts in NOK million)	**2008**	**2007**	**2008**	**2007**	**2007**
Total operating revenue	**98.1**	**81.7**	**299.5**	**221.8**	**325.2**
EBITDA	(2.3)	3.4	(3.9)	0.7	3.4
Operating profit (EBIT)	(7.3)	1.3	(15.6)	(5.0)	(5.7)
Earnings per share	**(0.71)**	**0.12**	**(1.54)**	**(0.69)**	**2.41**
EBITDA margin	(2.3%)	4.2%	(1.3%)	0.0%	1.0%
EBIT margin	(7.4%)	1.6%	(5.2%)	(2.3%)	(1.8%)

(figures for the third quarter of 2007 are shown in brackets)

Profit and loss account
Turnover for NEAS came to NOK 98.1 million in the third quarter of 2008 (81.7), which represents a growth of 20 per cent compared to the same period of 2007. NOK 8.7 million of the increase relates to the acquisition of F Holm and NOK 7.7 million to organic growth – which accordingly accounted for 9.4 per cent of the rise.

NEAS had a total turnover of NOK 299.5 million for the first nine months, a growth of 35 per cent. NOK 30.8 million of this increase related to acquisitions, while the remaining NOK 46.9 million was organic growth – which accordingly accounted for 21 per cent of the rise.

EBITDA for the third quarter was NOK -2.3 million (+3.4).

The operating loss before depreciation for the first nine months was NOK -15.6 million (-5.0)).

The EBITDA margin is affected by weak results in certain parts of the Operations business area. This can mainly be explained by weaker sales of additional services than expected. In addition, there were weak margins on some contracts. The stock of machinery held by Operations is also tailored for a higher level of activity.

As a result of weak results and as an extension of the cost-cutting programme initiated in the first quarter, NEAS will downsize by 28 employees. The cost reduction will be effective from the end of the year.

The group has initiated the renegotiation of certain contracts where profitability has been unsatisfactory. Contracts without satisfactory profitability will either be renegotiated or terminated.

One significant advantage for NEAS is its diversified customer portfolio. None of its customers currently account for more than five per cent of total turnover. This makes the group less dependent on individual clients and helps to reduce risk in the portfolio.

Depreciation and amortisation amounted to NOK 5 million in the third quarter (2.1). EBIT was accordingly NOK -7.3 million (+1.3). Depreciation for the first nine months totalled NOK 11.7 million (5.7), yielding an EBIT of NOK -15.6 million (5.0).

Net financial items came to NOK -0.8 million for the quarter (0.0) and NOK -2.4 million for the first nine months (19.2). The 2007 figures primarily reflect the transaction related to the purchase and sale of the new NEAS office building at Lysaker, which the group implemented in the second quarter of last year.

This yielded a net result for the third quarter of NOK -5.6 million (0.9). The net result for the first nine months was NOK -12.2 million (15.8 million).

Balance sheet
Total assets at 30 September were NOK 280.8 million (266.0). The group's equity ratio at 30 September was 55 per cent.

Cash flow from operating activities in the third quarter was NOK -4.9 million (1.7).

The accounts receivables increased by NOK 27 million. An important reason is an increase in the proportion of fixed contracts. These are invoiced three months in advance and will contribute to an increase in accounts receivables

Cash flow from financing activities was NOK -1.9 million (4.2). Cash flow from investment activities was NOK -5.6 million (-11.7).

Net cash flow for the third quarter was NOK -12.5 million (-5.9) and for the first nine months NOK -46.2 million (58.2). The 2007 figure primarily reflected the capital expansion related to the stock market listing of NEAS ASA in the first quarter of 2007.

NEAS has no major investment requirements which will need financing or capital injections.

Segment information

NEAS has two business areas: Operations and Consulting.

NEAS Operations offers administrative and operational support to property owners and tenants. At 30 September 2008, this business area was involved in management and operation of more than five million square metres spread over more than 1 600 properties.

NEAS Consulting provides property advisory services. Its main activities cover property development, facility services, fire safety consulting, legal services and rental brokerage.

Operations

	Third Quarter		**Year to date**		
(Amounts in NOK million)	**2008**	**2007**	**2008**	**2007**	**2007**
Operating revenue	53.9	52.5	164.2	132.0	197.6
EBITDA	(6.4)	1.7	(12.2)	(2.5)	(2.4)
Operating profit (EBIT)	(9.5)	0.2	(20.0)	(7.2)	(9.0)
EBITDA margin	(11.8%)	3.2%	(7.4%)	(1.9%)	(1.2%)
EBIT margin	(17.6%)	0.0%	(12.2%)	(5.5%)	(4.5%)

The Operations business area had a turnover of NOK 53.9 million in the third quarter, up by 2.7 per cent from the same period of 2007. For the first nine months, the rise in turnover was 24 per cent, with organic growth accounting for 21.5 per cent.

Operations had an EBITDA of NOK -6.4 million for the quarter (1.7). Start-up costs related to the Norwegian Property contract have been recognised in their entirety in this business area. EBITDA for Operations in the first nine months was NOK -12.2 million (2.5 million).

Operations delivered a result which was clearly below expectations. For segments with fixed contracts profitability is satisfactory, while costs in the project business have not been adjusted to a lower level of activity. The latter segment depends on a constant flow of new assignments. Recently, NEAS has experienced a lower level of demand for supplementary services than before. A contributory reason for this development is the instability in financial markets.

A number of steps were taken in the third quarter to improve profitability. The most important is a downsizing by a total of 27 employees.

Nexus secured a contract during the quarter from the Norwegian National Rail Administration concerning maintenance of train stations. This deal runs until Christmas and is worth NOK 8.2 million including supplementary orders.

Consulting

	Third Quarter		**Year to date**		
(Amounts in NOK million)	**2008**	**2007**	**2008**	**2007**	**2007**
Operating revenue	44.3	29.3	135.3	89.8	127.7
EBITDA	4.1	1.7	8.4	3.2	5.8
Operating profit (EBIT)	2.2	1.1	4.4	2.2	3.3
EBITDA margin	9.3%	5.8%	6.2%	3.6%	4.5%
EBIT margin	5.0%	3.8%	3.2%	2.4%	2.5%

In the third quarter, Consulting had a turnover of NOK 44.3 million (29.3). This was an increase of 51 per cent from the same period of last year. Adjusted for the acquisition of F Holm, the area experienced an organic growth of 21.5 per cent.

Consulting is still experiencing satisfactory results, with solid progress in areas with acceptable margins. EBITDA came to NOK 4.1 million (1.7), an increase of NOK 2.4 million from the same period of last year.

NEAS Brannconsult delivered yet another quarter with good progress, driven by a solid market position. In addition, there are high activity related to implementing legal standards and regulations.

Totalreform delivered good results, according to expectations, and the fourth quarter has started well.. As previously communicated during the first half, some moving projects were postponed to the second six months.

NEAS has secured an agreement with Nordea Liv on handling all common operational and service functions at the latter company’s Bergen head office. Including options, this deal will run for five years with an annual base value of more than NOK 5 million.

A similar contract was secured from NCC to handle all common operational and service functions at Lysaker Torg 45, a building of 16 500 square metres. This three-year deal has a base value of more than NOK 11 million over the period.

Other

Neas will during the fourth quarter move into its new headquarter.

Organisation

NEAS had 378 employees at 30 September, up by 58 from 1 January. Of these, 38 were acquired together with F Holm. The workforce breaks down into 223 in Operations, 140 in Consulting and 15 in the administration. Employees totalled 321 at 30 September 2007.

Agreement with Norwegian Property

NEAS announced at the end of February a facility management agreement with the listed property company Norwegian Property. Under its terms, NEAS will take over complete responsibility for managing all Norwegian Property's commercial sites in Norway – a total of 668 000 square metres in 50 buildings.

Work on implementing the agreement with Norwegian Property is on schedule, and the contract has begun to generate turnover for the group. The organisation is also ready to take over management of the Ibsen Quarter and Middelthunsgate from January. This represents a total of 100 000 square metres.

The next phases under the agreement will be the take-over of new properties for management on 1 April and 1 July, when a total of 320 000 square metres is due to be transferred. This means that NEAS will acquire the management of 420 000 square metres in all during 2009, or about 63 per cent of Norwegian Property's total space.

Outlook

The current instability in financial markets could open new market opportunities for NEAS. Through the agreement concluded with Norwegian Property, the group documented that it can secure economies of scale and to create predictability in owner costs and professional operating concepts for client properties. This could attract new customers who want to pay greater attention to efficient operation in order to maintain property values. The group also sees increased interest in and demand for facility management solutions from NEAS Consulting, which derives from the need to enhance efficiency and cut costs for support functions. Particular interest is being showing in the group's approach to a business park concept, where both NCC and Nordea have opted for NEAS solutions for common services and where tenants also choose to buy office support and service functions from the group.

On the other hand, some companies are likely to implement cost cuts which reduce their demand for certain service functions. This will make bigger demands on NEAS, and it will be even more important in the future to focus on services which customers feel are best left to professional facility management companies such as NEAS. An important requirement will therefore be to increase flexibility and adaptability in the organisation. A rather freer labour market will make an important contribution by improving access to the appropriate expertise as well as opportunities to secure temporary personnel.

The third quarter of 2008 was good for NEAS in terms of sales, with new contracts excluding the Norwegian Property agreement up by 115 per cent from the same period of 2007. The focus in the time to come will be on building up group profitability.

Lysaker, 30 October 2008
The board of directors of NEAS ASA

Profit and loss account for the third quarter 2008 and year to date

(The figures are unaudited.)

	Third Quarter		Year to date		Full Year	
(Amounts in NOK million)	**2008**	**2007**	**2008**	**2007**	**2007**	**2006**
Total operating revenues	**98.1**	**81.7**	**299.5**	**221.8**	**325.2**	**261.3**
Sales expenses	31.0	25.5	85.4	66.6	102.2	79.0
Operating expenses	69.4	52.8	217.9	154.5	219.6	168.6
EBITDA	**(2.3)**	**3.4**	**(3.9)**	**0.7**	**3.4**	**13.6**
Depreciation & amortisation	5.0	2.1	11.7	5.7	9.1	7.0
Operating profit/(loss) (EBIT)	**(7.3)**	**1.3**	**(15.6)**	**(5.0)**	**(5.7)**	**6.7**
Net financial income/ (expenses)	(0.8)	0.0	(2.4)	19.2	20.1	(2.2)
Profit/ (loss) before taxes	**(8.2)**	**1.3**	**(20.0)**	**14.2**	**14.4**	**4.4**
Taxes	2.5	(0.4)	5.8	1.6	4.6	(1.1)
Net profit/ (loss)	**(5.6)**	**0.9**	**(12.2)**	**15.8**	**18.9**	**3.3**
Earnings per share	(0.71)	0.12	(1.54)	(0.69)	2.41	0.75
EBITDA margin	(2.3%)	4.2%	(1.3%)	0.0%	1.0%	5.2%
EBIT margin	(7.4%)	1.6%	(5.2%)	2.2%	(1.8%)	2.5%

Balance sheet at 30 September 2008

(Amounts in NOK million)	30.09		31.12	
Assets	**2008**	**2007**	**2007**	**2006**
Intangible assets	117.5	99.1	101.6	89.8
Tangible fixed assets	28.0	17.5	21.3	10.5
Long-term receivables	1.0	0.4	0	0.5
Trade debtors	90.1	63.8	65.9	58.1
Inventories	1.4	2.6	1.5	1.3
Prepayments	30.9	19.1	22.7	12.0
Cash and cash equivalents	11.9	63.5	58.1	12.9
Total assets	**280.8**	**266.0**	**271.2**	**185.0**
Equity and liabilities				
Paid in capital	145.4	142.5	142.4	58.3
Retained earnings	7.7	20.6	21.0	0
Long-term liabilities	22.7	26.4	23.7	21.4
Current liabilities	105.0	76.6	84.1	105.3
Total equity and liabilities	**280.8**	**266.0**	**271.2**	**185.0**

Equity movements

(Amounts in NOK million)	Third Quarter 2008	Third Quarter 2007	Year to date 2008	Year to date 2007	Full Year 2007	Full Year 2006
Opening balance	158.4	161.8	163.4	58.3	58.3	46.0
Paid-in capital	0.2	1.0	1.6	88.1	89.0	8.2
Dividend to former owner A3					(2.0)	0
Net profit/(loss) for the period	(5.6)	0.9	(12.2)	14.9	18.9	3.3
Other		(0.7)	0.2	0.5	(0.9)	0.8
Total	**153.0**	**163.0**	**153.0**	**161.8**	**163.4**	**58.3**

Cash flow statement for the third quarter 2008 and year to date

(Amounts in NOK million)	Third Quarter 2008	Third Quarter 2007	Year to date 2008	Year to date 2007	Full Year 2007	Full Year 2006
Cash flow from operations	(4.9)	1.7	(12.4)	(14.2)	10.1	2.4
Cash flow from investments	(5.6)	(11.7)	(22.5)	(5.0)	(3.3)	(6.6)
Cash flow from financing	(1.9)	4.2	(11.4)	77.4	(9.8)	0.4
Cash flow for the period	**(12.5)**	**(5.9)**	**(46.2)**	**58.2**	**(3.0)**	**(3.8)**

Segment reporting for the third quarter 2008 and year to date

Operations

(Amounts in NOK million)	Third Quarter 2008	Third Quarter 2007	Year to date 2008	Year to date 2007	Full Year 2007	Full Year 2006
Revenues	53.9	52.5	164.2	132.0	197.6	161.3
EBITDA	(6.4)	1.7	(12.2)	(2.5)	(2.4)	5.6
Operating profit/(loss) (EBIT)	(9.5)	0.2	(20.0)	(7.2)	(9.0)	0.9
EBITDA margin	(11.9%)	3.2%	(7.4%)	(1.9%)	(1.2%)	3.4%
EBIT margin	(17.6%)	0.0%	(12.2%)	(5.5%)	(4.5%)	0.6%

Consulting

(Amounts in NOK million)	Third Quarter 2008	Third Quarter 2007	Year to date 2008	Year to date 2007	Full Year 2007	Full Year 2006
Revenues	44.3	29.3	135.3	89.8	127.7	100.0
EBITDA	4.1	1.7	8.4	3.2	5.8	8.1
Operating profit/(loss) (EBIT)	2.2	1.1	4.4	2.2	3.3	5.8
EBITDA margin	9.3%	5.8%	6.2	3.6%	4.5%	8.1%
EBIT margin	5.0%	3.8%	3.3%	2.4%	2.5%	5.8%

NEAS 20 largest shareholders at 28 October 2008

	Name	Holding
1	Nordic Capital Partners	3 833 183
2	Skagen Vekst	416 000
3	Lundhs Labradoreksport	303 000
4	Odin Eiendom	303 000
5	MP Pensjon	270 400
6	Totalreform Management	231 173
7	Holberg Norden	223 200
8	Investigate	216 333
9	Ingerø Reiten	169 000
10	Investment Du Nord	149 000
11	Vissit	147 876
12	Holberg Norge	139 000
13	State Street Bank	137 867
14	Terra Norge	118 500
15	Goldman Sachs	103 762
16	Frans Enger	100 000
17	A3 Holding	99 706
18	WarrenWicklund Norge	98 200
19	Løkta	75 317
20	Elinborg Invest	72 810
	Total beholdning 20 største	**7 207 327**
	Others	729 392
	Total	**7 936 719**