

Stock Exchange Announcement no. 13/2004
Copenhagen, April 29, 2004

Interim Report for the 1st Quarter of 2004

Resume:

Today, Maconomy's Board of Directors has discussed and approved the interim report for the 1st quarter of 2004. The report shows the following highlights:

- In the 1st quarter of 2004 Maconomy recorded satisfactory progress in both revenue and earnings compared with Q1 2003. The net revenue of DKK 36.7 million represented a DKK 4.9 million increase, corresponding to 15%. Earnings before income taxes were a loss of DKK 0.9 million compared with a DKK 4.9 million loss in Q1 2003.
- The performance matches management expectations for the quarter.
- Maconomy enjoys a strong financial standing with total stockholders' equity of DKK 102.6 million, a solvency ratio of 65% and cash and cash equivalents of DKK 91.8 million.
- On March 22, 2004 Maconomy announced closure of a new contract with Publicis Group, Re:Sources in the United Kingdom.
- The management of Maconomy maintains its expectations for the accounting year 2004 with revenue of about DKK 170 million corresponding to a growth of more than 10% compared with 2003 and expected earnings before income taxes of DKK 12 million for the whole year.
- The Board of Directors has agreed with CEO Bent Larsen to extend his employment.

Further information:

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Financial Highlights and Key Ratios

| (DKK '000) | <u>Q1 2004</u> | <u>Q1 2003</u> |
|--|----------------|----------------|
| Net revenue | 36,747 | 31,865 |
| Earnings (loss) from operations | (1,807) | (4,651) |
| Interest income (expense), net | 897 | (235) |
| Earnings (loss) before income taxes | (910) | (4,886) |
| Non-current assets | 30,870 | 30,437 |
| Receivable | 33,955 | 28,891 |
| Cash and cash equivalents | 91,792 | 87,445 |
| Total assets | <u>156,617</u> | <u>146,773</u> |
| Common stock | 38,597 | 38,597 |
| Reserves | 63,963 | 52,058 |
| Total stockholders' equity | <u>102,560</u> | <u>90,655</u> |
| Short-term debt | <u>54,057</u> | <u>56,118</u> |
| Total liabilities and stockholders' equity | <u>156,617</u> | <u>146,773</u> |
| Revenue growth (%) | 15% | |
| Revenue per employee (DKK '000) | 197 | 168 |
| Operating margin (%) | (5)% | (15)% |
| Earnings before taxes per share (DKK) | (0.05) | (0.25) |
| Cash flow per share (DKK) | 1.08 | 0.92 |
| Solvency ratio (%) | 65% | 62% |
| Number of employees (average) | 187 | 190 |

| | |
|-----------------------------------|---|
| Revenue growth = | $(\text{Revenue in period in current year} - \text{Revenue in period last year}) \times 100 / \text{Revenue in period last year}$ |
| Revenue per employee = | $\text{Revenue} / \text{Average number of employees}$ |
| Gross margin = | $(\text{Revenue} - \text{cost of revenue}) \times 100 / \text{Revenue}$ |
| Operating margin = | $\text{Income (loss) from operations} \times 100 / \text{Net revenue}$ |
| Earnings before taxes per share = | $\text{Net earnings (loss) before taxes} / \text{Average number of shares}$ |
| Cash flow per share = | $\text{Cash flow from operations} / \text{Average number of shares}$ |
| Dividend per share = | $\text{Dividend} / \text{Number of shares at year-end}$ |
| Solvency ratio = | $\text{Stockholders' equity at year-end} \times 100 / \text{Total assets at year-end}$ |

The key ratios have been calculated in accordance with the 1997 guidelines of the Danish Society of Financial Analysts.

Revenue distributed by geographic segments

| (DKK million) | <u>Q1 2004</u> | <u>Q1 2003</u> | <u>Change %</u> |
|--------------------------|--------------------|--------------------|-------------------|
| Danmark | 10.9 | 11.7 | (7)% |
| Other Nordic | 8.2 | 7.8 | 5% |
| UK | 11.4 | 5.8 | 97% |
| Other Europe | 2.1 | 1.7 | 24% |
| US | 4.1 | 4.9 | (16)% |
| Total Net revenue | <u>36.7</u> | <u>31.9</u> | <u>15%</u> |

Maconomy is still focused on tight cost management. Total costs increased by 7%. However, other external costs in the 1st quarter of 2003 were positively affected by the reversal of debt provisions amounting to net DKK 1.5 million. This largely accounts for the increase in other external costs from DKK 6.3 million in Q1 2003 to DKK 8.4 million in Q1 2004.

Staff costs were DKK 26.8 million in the 1st quarter of 2004, representing a small decrease compared with DKK 27.1 million in Q1 2003. The average number of employees was 187 in Q1 2004 compared with 190 in the same quarter of 2003.

Interest income was DKK 0.9 million in the 1st quarter of 2004 compared with a DKK 0.2 million expense in Q1 2003. The significant change is primarily due to exchange rate adjustments and, to a lesser extent, to the fact that at year-end 2003 Maconomy placed a substantial part of its cash in bonds in DKK resulting in higher interest.

Order books of non-delivered licenses amounted to DKK 2.3 million as of March 31, 2004, compared with DKK 4.3 million at the end of 2003, and DKK 7.2 million as of March 31, 2003. Maconomy expects to deliver and recognize the majority of the revenue in the 2nd quarter of 2004.

On March 31, 2004, stockholders' equity was DKK 102.6 million.

The development of the balance sheet since December 31, 2003, and the cash flow statement for the quarter are influenced by payments on software subscriptions for the calendar year 2004. Cash flows from operations represented DKK 20.9 million in the 1st quarter of 2004, an increase from DKK 17.7 million in Q1 2003. On March 31, 2004, total cash and cash equivalents were DKK 91.8 million, an increase of DKK 20.6 compared with December 31, 2003, and an increase of DKK 4.3 million compared with March 31, 2003.

Trade accounts receivable have decreased correspondingly from DKK 57.9 million at December 31, 2003 to DKK 27.0 million at March 31, 2004.

Customer and market update

On March 22, 2004 Maconomy announced closure of a new contract with Publicis Group, Re:Sources in the United Kingdom. As a consequence of the agreement, all 11 UK-based Publicis companies will be operating on the Maconomy system by the end of 2004.

The contract confirms and reinforces Maconomy's leading position as a supplier of industry solutions to the advertising industry.

Expectations for fiscal year 2004

The following section contains information on Maconomy's plans, forecasts and future activities. Such activities may involve risks and uncertainties and the Group's results may vary significantly from the expectations expressed here.

The management of Maconomy maintains its expectations for the accounting year 2004 as described in the 2003 Annual Report. This entails revenue increasing to about DKK 170 million, corresponding to a growth of more than 10% compared with 2003. Earnings before income taxes are expected to total DKK 12 million for the whole year. Revenue for the first 6 months of the year is expected at DKK 75 million, and for the last 6 months at DKK 95 million. Management expects a small loss before tax of DKK 2 million for H1 and profit before tax at DKK 14 million in H2.

Board decisions

The Board of Directors has agreed with CEO Bent Larsen to extend his contract with the company until June 30, 2008. The contract can, however, be terminated at 12 months' notice. The agreement does not include any particular severance terms.

Remuneration is at a level with current remuneration and consists of a fixed salary and a bonus element of no more than 50% of the fixed salary. The bonus depends on budget compliance.

The Board also allocated Bent Larsen a further 300,000 warrants at DKK 2 at a subscription price of 19.10, corresponding to the price of the Maconomy share at Copenhagen Stock Exchange at the time of allotment.

Presentation of interim report for the 1st quarter of 2004

The interim report will be presented at an investors meeting at 10.00 am on April 30, 2004, at Maconomy's premises, Vordingborggade 18-22, Copenhagen. Please notify Inger Johansen of attendance on telephone number +45 3527 2374 or email inj@maconomy.dk.

Copenhagen, April 29, 2004

Steen Lohse

Chairman of the Board of Directors

Bent Larsen

CEO

This announcement has been prepared in Danish and English. The Danish version is to be considered the original version for official purposes and in case of any discrepancies between the two versions, the Danish version shall prevail.

Statements of Operations and Stockholders Equity

Consolidated Statement of Operations

| (DKK '000) | <u>Q1 2004</u> | <u>Q1 2003</u> |
|--|-----------------------|-----------------------|
| Revenue | 36,747 | 31,865 |
| External project costs | 2,805 | 2,052 |
| Gross profit | <u>33,942</u> | <u>29,813</u> |
| Other external costs | 8,374 | 6,345 |
| Staff costs | 26,811 | 27,095 |
| Earnings before depreciation - EBITDA | <u>(1,243)</u> | <u>(3,627)</u> |
| Depreciation | 564 | 1,024 |
| Earnings before interests - EBIT | <u>(1,807)</u> | <u>(4,651)</u> |
| Interest income (expense), net | 897 | (235) |
| Earnings (loss) before income tax | <u>(910)</u> | <u>(4,886)</u> |

Statement Of Stockholders' Equity

| (DKK '000) | <u>Common stock</u> | <u>Additional paid-in capital</u> | <u>Acc. cur. translat. adj., net</u> | <u>Retained earnings (deficit)</u> | <u>Total</u> |
|-----------------------------------|-------------------------|---|--|--|-----------------------|
| Balance at January 1, 2004 | 38,597 | 58,786 | (4,005) | 9,514 | 102,892 |
| Net earnings (deficit) before tax | - | - | - | (910) | (910) |
| Currency translation adjustments | - | - | 578 | - | 578 |
| Balance at March 31, 2004 | <u>38,597</u> | <u>58,786</u> | <u>(3,427)</u> | <u>8,604</u> | <u>102,560</u> |

Balance sheet

ASSETS

(DKK '000)

| | <u>March 31</u> <u>2004</u> | <u>Dec. 31</u> <u>2003</u> | <u>March 31</u> <u>2003</u> |
|----------------------------------|--------------------------------|-------------------------------|--------------------------------|
| Tangible fixed assets | | | |
| Leasehold improvements | - | - | 48 |
| Hardware | 947 | 896 | 1,841 |
| Software for internal use | 86 | 91 | 185 |
| Fixtures and equipment | <u>1,347</u> | <u>1,227</u> | <u>1,323</u> |
| | <u>2,380</u> | <u>2,214</u> | <u>3,397</u> |
| Investments | | | |
| Deposits | 3,601 | 3,576 | 5,659 |
| Deferred income tax assets | <u>24,889</u> | <u>24,759</u> | <u>21,381</u> |
| | <u>28,490</u> | <u>28,335</u> | <u>27,040</u> |
| Non-current assets | <u>30,870</u> | <u>30,549</u> | <u>30,437</u> |
| Receivables | | | |
| Trade accounts receivable | 27,001 | 57,859 | 21,664 |
| Contracted work in progress | 3,411 | 2,449 | 1,911 |
| Other receivables | 1,682 | 1,899 | 1,541 |
| Prepaid expenses | <u>1,861</u> | <u>2,261</u> | <u>3,775</u> |
| | <u>33,955</u> | <u>64,468</u> | <u>28,891</u> |
| Bonds | <u>60,075</u> | <u>49,083</u> | <u>-</u> |
| Cash and cash equivalents | <u>31,717</u> | <u>22,060</u> | <u>87,445</u> |
| Total current assets | <u>125,747</u> | <u>135,611</u> | <u>116,336</u> |
| Total assets | <u>156,617</u> | <u>166,160</u> | <u>146,773</u> |

LIABILITIES AND STOCKHOLDERS' EQUITY

| (DKK '000) | <u>March 31 2004</u> | <u>Dec. 31 2003</u> | <u>March 31 2003</u> |
|---|--------------------------|-------------------------|--------------------------|
| Stockholders' equity | | | |
| Common stock | 38,597 | 38,597 | 38,597 |
| Additional paid-in capital | 58,786 | 58,786 | 59,704 |
| Accumulated currency translation adjustments, net | (3,427) | (4,005) | (2,754) |
| Retained earnings (deficit) | 8,604 | 9,514 | (4,892) |
| Total stockholders' equity | <u>102,560</u> | <u>102,892</u> | <u>90,655</u> |
| Short-term debt | | | |
| Current installments on long-term debt | - | - | 212 |
| Trade accounts payable | 4,388 | 4,614 | 5,771 |
| Contracted work in progress | 4,102 | 4,819 | 6,532 |
| Other accounts payable | 21,538 | 23,263 | 20,382 |
| Deferred revenue | 24,029 | 30,572 | 23,221 |
| | <u>54,057</u> | <u>63,268</u> | <u>56,118</u> |
| Total debt | <u>54,057</u> | <u>63,268</u> | <u>56,118</u> |
| Total liabilities & stockholders' equity | <u>156,617</u> | <u>166,160</u> | <u>146,773</u> |

Statement of Cash Flow

| (DKK '000) | <u>Q1 2004</u> | <u>Q1 2003</u> |
|---|----------------------|----------------------|
| Earnings before depreciation - EBITDA | (1,251) | (3,627) |
| <i>Adjustments:</i> | | |
| Change in allowance for uncollectibles | (44) | (2,320) |
| <i>Change in working capital:</i> | | |
| Accounts receivable, etc. | 30,224 | 32,989 |
| Accounts payable, etc. | (8,843) | (9,417) |
| | <u>20,086</u> | <u>17,625</u> |
| Interest received (paid), net | 830 | 35 |
| Income taxes paid | - | - |
| Cash flow from (to) operating activities | <u>20,916</u> | <u>17,660</u> |
| Purchase of tangible fixed assets | (900) | (313) |
| Proceeds from sale of tangible fixed assets | 186 | 375 |
| Change in other investments | 165 | 89 |
| Cash flow from (to) investing activities | <u>(549)</u> | <u>151</u> |
| Cash flow from (to) financing activities | <u>-</u> | <u>-</u> |
| Effect of currency translation adjustments on cash and cash equivalents | 282 | (606) |
| Net change in cash and cash equivalents | <u>20,649</u> | <u>17,205</u> |
| Cash and cash equivalents, beginning of period | 71,143 | 70,240 |
| Cash and cash equivalents, end of period | <u>91,792</u> | <u>87,445</u> |
| Cash and cash equivalents comprise | | |
| Bonds | 60,075 | - |
| Cash | 31,717 | 87,445 |
| Cash and cash equivalents | <u>91,792</u> | <u>87,445</u> |

Accounting policies

In order to achieve greater conformity between internal and external reporting, Maconomy decided, when preparing the Annual Report for 2003, to present the income statement by type. The company has previously presented the income statement by function.

Being a company listed on the Copenhagen Stock Exchange, Maconomy is required to present the annual report in accordance with International Financial Reporting Standards (IFRS) as from 2005 at the latest. In accordance with these standards it has been decided, as from January 1st 2004, to present deferred income tax assets as non-current assets. There will most likely be additional changes when interim reports and annual reports are prepared under IFRS.

The comparative figures have been changed accordingly. Besides the change of the presentation of deferred income tax assets, this interim report, including comparative figures, has been prepared under the same accounting policies as the annual report for 2003.