

Stock Exchange Announcement no. 11/2005
Copenhagen, April 27, 2005

Interim Report for the 1st Quarter of 2005

Resume:

Today, Maconomy's Board of Directors has discussed and approved the Group's interim report for the 1st. Quarter of 2005. Highlights of the period include:

- In the first 1st Quarter of 2005, Maconomy recorded revenue of DKK 32.0 million corresponding to a decline of DKK 4.7 million, or 13%, compared with the same quarter a year ago. Q1 2004 was positively affected by Maconomy's largest order in 2004.
- Earnings before income tax was a loss of DKK 13.2 million, corresponding to a decline of DKK 12.3 million compared with Q1 2004, which showed a loss of DKK 0.9 million. The development is due to the aforementioned revenue decline of DKK 4.7 million as well as additional costs compared to the 1st. Quarter of 2004 of DKK 7.6 million. Of these non-recurring costs of DKK 4.2 million relates to CEO Bent Larsen leaving Maconomy and further DKK 1.3 million is related to advanced recognition of the costs without cash effect regarding previously issued warrants where the right to exercise has occurred earlier.
- Cash and cash equivalents as of March 31, 2005 was DKK 91.4 million against DKK 91.8 million as of March 31, 2004 and stockholders' equity was likewise DKK 101.3 million as of March 31, 2005 against DKK 102.6 million the year before.
- On March 2, 2005, Maconomy announced that Bent Larsen is to retire from his post as Chief Executive Officer, and that he will resign from the Board of Directors at the Annual General Meeting on April 27, 2005. Bent Larsen continues as CEO until his successor joins the company.
- The financial expectations for 2005 are maintained with revenue of DKK 165 million and small profit before income tax, at level with 2004.

This interim report is the first report in which Maconomy uses the recognition criteria and measurement rules of the International Financial Reporting Standards (IFRS). The most significant change is that the value of warrants issued to employees has been included in the Statement of Operations as a cost. The comparatives have been adapted accordingly.

Further information:

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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.

Statement of the Board of Directors and the Management

The Board of Directors and the Management have today presented and approved the Interim Report of Maconomy A/S for the 1st. Quarter of 2005.

The Interim Report has been prepared in accordance with the Danish Financial Statements Act and such additional requirements that the Danish Stock Exchange makes for the financial reporting of listed companies. Furthermore the Interim Report has been prepared under the recognition- and measurement rules of the International Financial Reporting Standards, IFRS.

We consider the accounting policies applied appropriate, and the performed estimates reasonable. Furthermore, we consider the overall interim report presentation true and fair. Therefore, in our opinion, the Interim Report gives a true and fair view of the financial position of the Group and of the results of the Group operations and consolidated cash flows.

The Interim Report has not been audited or reviewed by the auditors of Maconomy A/S.

Copenhagen, April 27, 2005

Management:

Bent Larsen (CEO)

Board of Directors:

Thomas Hartwig (chairman)

John Andersen (deputy chairman)

Steen Lohse

Bent Larsen

Annette McKenzie

Christian Mossin

Financial Highlights and Key Ratios

(DKK '000)	<u>Q1 2005</u>	<u>Q1 2004</u>
Net revenue	32,010	36,747
Earnings (loss) from operations	(13,602)	(1,807)
Interest income (expense), net	381	897
Earnings (loss) before income taxes	(13,221)	(910)
Net earnings (loss)	(10,933)	(527)
Non-current assets	39,311	30,870
Receivable	32,644	33,955
Cash and cash equivalents	91,432	91,792
Total assets	<u>163,387</u>	<u>156,617</u>
Common stock	38,662	38,597
Reserves	62,683	63,963
Total stockholders' equity	<u>101,345</u>	<u>102,560</u>
Short-term debt	<u>62,042</u>	<u>54,057</u>
Total liabilities and stockholders' equity	<u>163,387</u>	<u>156,617</u>
Change in revenue (%)	(13)%	
Revenue per employee (DKK '000)	177	197
Operating margin (%)	(42)%	(5)%
Earnings per share (DKK)	(0.57)	(0.03)
Diluted earnings per share (DKK)	(0.57)	(0.03)
Cash flow per share (DKK)	0.99	1.08
Solvency ratio (%)	62%	65%
Number of employees (average)	181	187

The key ratios have been calculated in accordance with the 2005 guidelines of the Danish Society of Financial Analysts.

Management report

Revenue and Statement of Operations

In the 1st Quarter of 2005, Maconomy recorded revenue of DKK 32.0 million corresponding to a decline of DKK 4.7 million, or 13%, compared with Q1 2004. The first quarter is usually the weakest quarter of the year, and since Q1 2005 was further affected by substantial non-recurring costs, Earnings before income tax displayed a loss of DKK 13.2 million. This is a decline of DKK 12.3 million compared with Q1 2004 when Earnings before income tax showed a loss of DKK 0.9 million. The development does not reflect a corresponding decline in the underlying operations. The most important reasons for the development are:

- Revenue decline of DKK 4.7 million. Q1 2004 was positively affected by sale to Publicis Group in the UK, which was Maconomy's largest order in 2004.
- Non-recurring costs of DKK 4.2 million in relation to CEO Bent Larsen leaving Maconomy and additionally DKK 1.3 million relating to an advanced recognizing of costs without cash effect regarding previously issued warrants where the right to exercise has occurred earlier.
- Recognition of costs in accordance with the International Financial Reporting Standards (IFRS) related to warrants issued to employees, constituting a total of DKK 1.9 million, including the DKK 1.3 million relating to warrants issued to Bent Larsen as mentioned above.

The breakdown of revenue by geographic segments is presented below. The revenue decline is mainly attributable to the UK where revenue for Q1 2005 was DKK 6.3 million compared with DKK 11.4 million in Q1 2004. Revenue in Q1 2005 was at level with Q1 2003 when revenue was DKK 5.8 million in UK and DKK 31.9 million for Maconomy Group. This illustrates the importance of the Publicis order for Q1 2004.

Geographical segments Denmark and Other Europe recorded increased revenue.

Revenue distributed by geographic segments

(DKK million)	<u>Q1 2005</u>	<u>Q1 2004</u>	<u>Change %</u>
Danmark	11.9	10.9	9%
Other Nordic	7.6	8.2	(7)%
UK	6.3	11.4	(45)%
Other Europe	2.8	2.1	33%
US	3.4	4.1	(17)%
Total Net revenue	<u>32.0</u>	<u>36.7</u>	<u>(13)%</u>

Revenue by product

(DKK million)	<u>Q1 2005</u>	<u>Q1 2004</u>	<u>Change %</u>
Software licenses	6.0	8.5	(29)%
Software subscriptions	10.7	9.6	11%
Services	14.2	16.7	(15)%
Other	1.1	1.9	(42)%
Total Net revenue	<u>32.0</u>	<u>36.7</u>	<u>(13)%</u>

Revenue by product shows a decline in Software licenses of DKK 2.5 million and in Services of DKK 2.5 million, corresponding to 15%. Revenue from Software subscriptions shows an increase by DKK 1.1 million to DKK 10.7 million, corresponding to an increase of 11% due to addition of new subscriptions in the second half of 2004.

The backlog of non-delivered licenses was DKK 1.4 million as of March 31, 2005 compared with DKK 2.3 million as of the same date in 2004. The orders are expected to be delivered and recognized as revenue during 2005.

Other external costs have increased from DKK 8.4 million in Q1 2004 to DKK 10.6 million in Q1 2005. The rise is primarily due to growth in external assistance, one reason being preparation of an analysis of Maconomy's market position, and growth in training costs.

Maconomy's most significant cost type, Staff costs, constituted DKK 32.3 million in Q1 2005, an increase of DKK 5.5 million from Q1 2004. The average number of employees is largely unchanged. The increase in Staff costs is due to non-recurring costs of DKK 5.5 million relating to CEO Bent Larsen leaving Maconomy of which DKK 1.3 million is a non-cash expense relating to previously issued warrants. Furthermore, warrants recognized as costs in accordance with IFRS account for DKK 0.6 million in addition to the DKK 1.3 million mentioned above that relates to warrants previously issued to Bent Larsen.

Maconomy has issued warrants since 1998, but as a consequence of transition rules in IFRS implementation, only warrants that may be exercised after January 1, 2005 are to be recognized as a cost. Accordingly, comparative figures for Q1 2004 are not affected; cf. description under Significant Accounting Policies.

Interest income, net was DKK 0.4 million compared with DKK 0.9 million in Q1 2004. The decline is primarily due to poorer performance of the securities holding that is made up by Danish bonds.

Income tax of the period is an income of DKK 2.3 million and relates to a change of deferred tax.

Balance Sheet and Statement of Cash Flow

As of March 31, 2005 the total balance was DKK 163.4 million, or basically unchanged compared with the same date in 2004. Of the total balance, cash and cash equivalents constituted DKK 91.4 million compared with DKK 91.8 million on March 31, 2004.

As of March 31, 2005, Stockholders' equity was DKK 101.3 million. In addition to the financial result of the period and currency rate adjustments that are entered directly to Stockholders' equity, Stockholders' equity is affected by DKK 0.1 million from a capital stock increase as a result of employees' exercise of previously issued warrants; cf. mention under Board decisions. It should be noted that the value of warrants, expensed with DKK 1.9 million in the income statement, is offset by a corresponding entry in Stockholders' equity and the net-equity is therefore unaffected; cf. Statement of Stockholders' Equity.

In the 1st Quarter of 2005, cash flow from operations was DKK 19.1 million compared with DKK 20.9 million in Q1 2004. This is due to the fact that a major part of the support and maintenance subscriptions follows the calendar year and is invoiced in advance. This is also the reason for the decline in Trade accounts receivable from DKK 60.4 million as of December 31, 2004 to DKK 26.0 million as of March 31, 2005.

As a result of the transition to the International Financial Reporting Standards, IFRS, the securities holding will be re-classified in the Cash Flow Statement from being included in Cash and cash equivalents to cash flow from investment activities. The comparative data is adjusted correspondingly. This means that cash flow from investment activities and cash flow of Q1 2004 have been reduced and increased by DKK 11 .0 million, respectively.

In Q1 2005, cash flow from investment activity constituted a cash debit of DKK 10.8 million due to investment in securities of DKK 8.7 million. In total, cash holdings increased by DKK 8.6 million in Q1 2005 compared with Year-end 2004.

Customer and market update

Maconomy's Consulting Solution

Maconomy develops and supplies pre-configured industry solutions based on an in-depth knowledge of selected industries. Maconomy's Consulting Solution, targeted at consulting companies, is such a solution. In March 2005, Maconomy Benelux entered into an agreement with FRS Global on the sale and implementation of this solution. FRS is a leading supplier of software and expertise for reporting and analysis in financial corporations, including 55 of the world's 100 largest banks. The Maconomy solution will be used both for management of internal development projects and project management at FRS' customers. Maconomy's resource planning module is part of the solution.

Maconomy's resellers have also contributed with new customers in the consulting industry: AIDC, a South African consulting house, which advises companies in the South African automobile industry, as well as the largest Hungarian-owned IT consulting house, AAM Vezetői Informatikai Tanácsadó Rt.

Sales and marketing

Over the past 1-2 years Maconomy has increased its sales and marketing costs through expansion of the sales force and establishment of a corporate marketing function. At the same time marketing efforts have been focused on building up, and maintaining, a sufficient pipeline of prospects within Maconomy's primary market segments. The full effect of these efforts has not yet materialized, and Maconomy's revenue is still of a size, which means that individual large orders, like Publicis-UK in the 1st. Quarter of 2004 and PricewaterhouseCoopers South-Africa in the quarter before, have a significant impact on both revenue and profit in a given period.

Board decisions

Change of Management

On March 2, 2005, Maconomy announced that Bent Larsen is to retire from his post as Chief Executive Officer, and that he will resign from the Board of Directors at the Annual General Meeting on April 27, 2005. Bent Larsen continues as CEO until his successor joins the company.

It has been agreed that Bent Larsen continues to receive remuneration 12 months after the date of retirement, and in addition receives a cash, non-recurrent amount of DKK 2.0 million. These costs of totally DKK 4.2 million have been registered as Staff costs in the income statement and is included in Other debt as of March 31, 2005.

Capital increase

As per March 15, 2005 the Board decided to exercise parts of the authorization in the Articles of Association, Article 18, to increase the company's capital stock by 10,000 shares at DKK 2 each, nominally DKK 20,000. The exercise was a response to a request by Maconomy employees to exercise previously issued warrants. The exercise price was DKK 5.25 per share, and the total increase of stockholders' equity was DKK 52,500. The capital increase has been registered with the Danish Commerce and Companies Agency, and the stock has been included in the listing at Copenhagen Stock Exchange.

Expectations for fiscal year 2005

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 activity level of the 1st. Quarter of 2005 has been somewhat weaker than expected. Never the less the financial expectations for 2005 are maintained with revenue of DKK 165 million and small profit before income tax, at level with 2004. The majority of the revenue is as usual expected in the second half. The expectation therefore is a loss before income tax in the first half and profit before income tax in the second half.

Significant accounting policies

Summary of significant accounting policies

The Interim Financial Report has been prepared in accordance with the requirements of the Danish Financial Statements Act and the Copenhagen Stock Exchange relating to interim reporting of listed companies.

As of the current fiscal year, 2005, Maconomy presents its Annual Report under the International Financial Reporting Standards, IFRS. Therefore, this Interim Financial Report has been prepared under the recognition and measurement rules of IFRS. As of Q1 2007, Interim Reports will be presented under IFRS, including IAS 34 Interim Financial Reporting.

The IFRS standards and IFRIC interpretations that will be applicable as at December 31, 2005, including those that will be applicable on an optional basis, are not known with certainty at the time of preparing this Interim Financial Report (April 2005). The accounting policies that Maconomy applies to its first Annual Report under IFRS for the year ended December 31, 2005 may therefore differ from those applied in this Interim Financial Report.

Changes to significant accounting policies

The financial reporting requirements of the Danish Financial Statements Act, Danish Accounting Standards and the Copenhagen Stock Exchange relating to listed companies are, as regards accounting areas material to Maconomy, very similar to those of IFRS. Consequently, the transition to financial reporting under IFRS only has major impact in few areas. The only change with an income statement effect is the recognition in the income statement of a value upon granting of warrants in accordance with IFRS 2 Share-based Payment.

In relation to Maconomy's warrant program, IFRS 2 implies that the fair value of warrants granted measured at the time of granting should be recognized as an expense in the income statement over the vesting period. The expense should be set off against equity, and no subsequent adjustments should be made as a result of stock price changes.

In addition to affecting the item Staff expenses in the income statement, the recognition of stock-based compensation in the income statement also affects income-related ratios but has no effect on the balance sheet, equity or cash flow statement. Moreover, the recognition does not affect tax on the income for the period.

In 2005 comparative figures for 2004 will be adjusted by DKK 1.2 million broken down as follows on the individual quarters:

Recognition of warrants (DKK '000)

Q1 2004	-
Q2 2004	302
Q3 2004	458
Q4 2004	483
2004	<u>1,243</u>

The transition to financial reporting under IFRS does not affect the balance sheet and equity.

In the cash flow statement, securities portfolio is reclassified from cash and cash equivalents to investing activities. The reclassification increases/decreases cash flows from investing activities and cash flows for 2004 by DKK 7.8 million broken down as follows on the individual quarters:

Q1 2004	(10,992)
Q2 2004	138
Q3 2004	(959)
Q4 2004	19,580
2004	<u>7,767</u>

Furthermore, IFRS has certain additional disclosure requirements as compared to the existing requirements. The most important such requirements to Maconomy will be:

- Disclosure of diluted earnings per share
- Additional disclosures on financial instruments
- Additional segment reporting disclosures

Basis of preparation

The Consolidated Financial Statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

Consolidation

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a stockholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Segment reporting

Disclosure is given on geographical markets based on the location of assets and from where the sale takes place. Segment information follows the Group's accounting policies, risks, earnings and the internal financial reporting.

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in DKK, which is the Parent Company's functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at closing exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each income statement are translated at exchange rates ruling at the dates of the transactions, and
- (iii) all resulting exchange differences are recognized as a separate component of equity.

When a foreign operation is sold, such exchange differences are recognized in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Long-term loans have been granted to certain foreign operations and such loans are considered as forming part of the net investment in the subsidiary. The loans have been granted in the functional currency of the subsidiary, and currency translation adjustments generated by translation to year-end exchange rates are recorded directly to equity, net of tax. Upon repayment of the loan, the cumulative translation adjustments are reversed from equity and recorded in the income statement.

Intangible assets

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include software development employee costs and an appropriate portion of relevant overheads related to these costs.

Computer software development costs recognized as assets are measured at historical cost less depreciation and accumulated impairment losses. The software is amortized over estimated useful lives not exceeding five years.

Tangible non-current assets

Tangible non-current assets are measured at historical cost less depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Borrowing costs are not recognized as part of the cost.

Depreciation is calculated using the straight-line method to allocate the cost of the assets reduced by any residual value over their estimated useful lives. For hardware and software for internal use, the estimated useful life is 3 years, and for fixtures and equipment the estimated useful life is 3-5 years.

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are recognized in the income statement.

Impairment of non-current assets

Goodwill is tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized at the amount by which the asset's carrying amount exceeds its

recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Contract work in progress

Contracts, including those for which significant modifications or enhancements are made to the software and which are essential for the customer's requirements in respect of functionality, are treated as contract work in progress. The contracts are measured at incurred direct expenses for labor, software and other external expenses with the addition of a share of the income based on the percentage of completion. The percentage of completion is computed by comparison of time spent to estimated total time for each such contract at the balance sheet date.

Provisions are made for estimated losses on work in progress. The provision comprises an individual valuation of the estimated loss until the completion of the work.

Advance billings are offset against the value of the individual contract to the extent that they do not exceed the capitalized amount. If the value of advance billings exceeds the value of the capitalized amount, the net item is included in prepayments from customers.

Trade accounts receivable

Trade accounts receivable are recorded at amortized cost less any provisions for impairment based on an analysis of collectibility.

Securities

The Group classifies its investments in securities into the financial assets at fair value through profit or loss category. The fair value of listed securities is determined as the quoted price at the balance sheet date or at the most recent market price prior to the balance sheet date. Gains and losses on re-measurement to fair value are recognized in the Income statement as financial income or expenses.

Derivative financial instruments

All derivative financial instruments are initially recognized at fair value and subsequently measured in the balance sheet at fair value. For fair value hedges of assets and liabilities, the gain or loss on the hedging instruments is recognized in operations along with the corresponding gain or loss on the hedged item. For cash flow hedges of anticipated transactions, the effective part of the gain or loss on the hedging instrument is recognized in equity until the hedged item is recognized. The cumulative adjustment is reversed from equity and incorporated in the income statement once the hedged item affects the income statement. For instruments, or parts thereof, which are not or are longer considered effective from a hedging perspective, the fair value adjustment is incorporated in the income statement.

Equity

Ordinary stock is classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of acquisition as part of the purchase consideration. Where any group company purchases the Company's equity stock capital (treasury stock), the consideration paid, including any directly attributable incremental costs (net of income taxes,) is deducted from equity attributable to the Company's equity holders until the stock is cancelled, reissued or disposed of. Where such stock is subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

Deferred taxes

Deferred income tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements.

However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable income or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are only recognized to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Revenue recognition

Revenues comprise the fair value of licensing of software and sale of related services and products, including the enhancement of functionality, installation, integration, training, sales of computer hardware and third-party software as well as maintenance and support on subscription terms.

Software revenue is recognized when an agreement with a customer has been executed, delivery is complete, the purchase price has been fixed and the collection of the related sales amount has been deemed probable by management.

Service revenue from services which are not essential to the customer's requirements of software functionality is recognized as the services are performed, provided that a contract exists with the customer and the purchase price is fixed or determinable and deemed collectible.

For agreements that require customer acceptance, except for those that include significant customization or modification, license and service revenues are recognized when obligations under the license and services agreements have been fulfilled and acceptance by the customer has occurred.

The group recognizes revenue for multiple element arrangements based upon the residual value method, which entails that service and maintenance fees are recognized at market rates that are supported by vendor specific objective evidence, while the software license fees are recognized as the residual of the total fee less service and maintenance fees.

Where the group enters into larger arrangements, including those where agreements are made to make significant modifications to the software that are essential to the customer's requirements of the functionality of the software, the calculated total sales price for software and services is recognized using the percentage-of-completion method.

Maintenance and support revenue paid in advance for ongoing customer support and unspecified upgrades is non-refundable and is recognized ratably over the term of the agreement, typically twelve months, once all of the other revenue recognition criteria for license and services revenues have been met.

Stock-based compensation

The fair value of the employee services received in exchange for the grant of warrants is recognized as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the warrants expected to be exercised. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognizes the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

External project costs

External project costs comprise expenses, excluding wages and salaries, incurred directly in reaching the revenue of the fiscal year, including external expenses for hardware, third-party software and external consultants.

Other external costs

Other external costs comprise leasehold expenses, sales and distribution costs and office supplies, etc.

Financial items

Financial items include interest related to for the fiscal year as well as financial charges related to capital leases, financial items related to write-downs of investments and realized and unrealized gains and losses from securities, financial instruments and foreign currencies.

Definitions of key ratios

The key ratios have been calculated in accordance with the 2005 guidelines of the Danish Society of Financial Analysts.

Change in revenue = $(\text{Revenue current year} - \text{Revenue last year}) \times 100 / \text{Revenue period last year}$

Revenue per employee = $\text{Revenue} / \text{Average number of employees}$

Operating margin = $\text{Income (loss) from operations} \times 100 / \text{Revenue}$

Earnings per share = $\text{Net income (loss)} / \text{Average number of shares}$

Diluted earnings per share = Earnings per share adjusted for the effect of the conversion of potential shares into shares to the extent that the conversion has a dilutive effect

Cash flow per share = $\text{Cash flow from operations} / \text{Average number of shares}$

Net asset value per share = $\text{Equity at year end} / \text{Number of shares at year end}$

Dividend per share = $\text{Dividend} / \text{Number of shares at year end}$

Solvency ratio = $\text{Equity at year end} \times 100 / \text{Total assets at year end}$

Return on equity = $\text{Net income (loss)} / \text{Average equity}$

Statement of Operations

(DKK '000)	<u>Q1 2005</u>	<u>Q1 2004</u>
Revenue	32,010	36,747
External project costs	<u>2,204</u>	<u>2,805</u>
Gross profit	<u>29,806</u>	<u>33,942</u>
Other external costs	10,643	8,374
Staff costs	<u>32,305</u>	<u>26,811</u>
Earnings before depreciation - EBITDA	<u>(13,142)</u>	<u>(1,243)</u>
Depreciation	460	564
Earnings before interests - EBIT	<u>(13,602)</u>	<u>(1,807)</u>
Interest income (expense), net	381	897
Earnings (loss) before income tax	<u>(13,221)</u>	<u>(910)</u>
Income tax (expense) benefit	<u>2,288</u>	<u>383</u>
Net earnings (loss)	<u>(10,933)</u>	<u>(527)</u>
Earnings per share (DKK)	(0.57)	(0.03)
Diluted earnings per share (DKK)	(0.57)	(0.03)

Balance sheet

ASSETS

(DKK '000)	March 31 2005	Dec. 31 2003	March 31 2004
Intangible fixed assets			
Software development costs	579	642	-
Tangible fixed assets			
Leasehold improvements			
Software for internal use	123	152	86
Fixtures and equipment	2,567	1,593	1,347
	<u>4,034</u>	<u>2,988</u>	<u>2,380</u>
Investments			
Deposits	3,584	3,313	3,601
Deferred income tax assets	31,114	28,657	24,889
	<u>34,698</u>	<u>31,970</u>	<u>28,490</u>
Non-current assets	<u>39,311</u>	<u>35,600</u>	<u>30,870</u>
Receivable			
Trade accounts receivable	25,992	60,429	27,001
Contracted work in progress	2,930	4,024	3,411
Other receivable	2,413	2,088	1,682
Prepaid expenses	1,309	2,192	1,861
	<u>32,644</u>	<u>68,733</u>	<u>33,955</u>
Bonds	<u>50,000</u>	<u>41,316</u>	<u>60,075</u>
Cash and cash equivalents	<u>41,432</u>	<u>32,820</u>	<u>31,717</u>
Total current assets	<u>124,076</u>	<u>142,869</u>	<u>125,747</u>
Total assets	<u>163,387</u>	<u>178,469</u>	<u>156,617</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

(DKK '000)	March 31 2005	Dec. 31 2003	March 31 2004
Stockholders' equity			
Common stock	38,662	38,642	38,597
Additional paid-in capital	33	-	58,786
Accumulated currency translation adjustments, net	(3,409)	(3,898)	(3,427)
Retained earnings (deficit)	66,059	75,142	8,604
Total stockholders' equity	101,345	109,886	102,560
Short-term debt			
Trade accounts payable	3,482	2,265	4,388
Contracted work in progress	4,666	6,941	4,102
Other accounts payable	23,041	25,737	21,538
Deferred revenue	30,853	33,640	24,029
	<u>62,042</u>	<u>68,583</u>	<u>54,057</u>
Total debt	62,042	68,583	54,057
Total liabilities & stockholders' equity	163,387	178,469	156,617

Statement Of Stockholders' Equity

(DKK '000)	Common stock	Additional paid-in capital	Acc. cur. translat. adj., net	Retained earnings (deficit)	Total
Balance at January 1, 2005	38,642	-	(3,898)	75,142	109,886
Net earnings (deficit)	-	-	-	(10,933)	(10,933)
Costs related to warrants	-	-	-	1,850	1,850
Share capital increase	20	33	-	-	53
Currency translation adjustments	-	-	519	-	519
Tax effect from currency translations	-	-	(30)	-	(30)
Balance at March 31, 2005	38,662	33	(3,409)	66,059	101,345

Statement of Cash Flow

(DKK '000)	<u>Q1 2005</u>	<u>Q1 2004</u>
Earnings before depreciation - EBITDA	(13,142)	(1,243)
<i>Adjustments:</i>		
Change in allowance for uncollectibles	(96)	(44)
Costs related to warrants	1,850	-
<i>Change in working capital:</i>		
Accounts receivable, etc.	39,284	30,216
Debt and deferred revenue	<u>(9,013)</u>	<u>(8,843)</u>
	18,883	20,086
Interest received (paid), net	237	830
Income taxes paid	(5)	-
Cash flow from (to) operating activities	<u>19,115</u>	<u>20,916</u>
Purchase of tangible fixed assets	(1,857)	(900)
Proceeds from sale of tangible fixed assets	47	186
Investment in bonds	(8,684)	(10,992)
Change in other investments	(261)	165
Cash flow from (to) investing activities	<u>(10,755)</u>	<u>(11,541)</u>
Proceeds from issue of common stock	53	-
Cash flow from (to) financing activities	<u>53</u>	<u>-</u>
Effect of currency translation adj. on cash and equivalents	199	282
Net change in cash and cash equivalents	<u>8,612</u>	<u>9,657</u>
Cash and cash equivalents, beginning of period	32,820	22,060
Cash and cash equivalents, end of period	<u>41,432</u>	<u>31,717</u>