

Stock Exchange Announcement no. 8/2006
Copenhagen, April 26, 2006

Interim Report for the 1st Quarter of 2006

Resume:

Today, Maconomy's Board of Directors has discussed and approved the Group's interim report for the 1st Quarter of 2006. Highlights of the period include:

- The financial performance for the 1st Quarter of 2006, the first quarter of Maconomy's three-year growth plan, lived up to the expectations. Maconomy recorded in the 1st Quarter of 2006 revenue of DKK 40 million, which is an increase of DKK 8 million or 25% compared to the 1st Quarter in 2005.
- The sale of software licenses was DKK 9.5 million, an increase of 58% compared to the 1st Quarter in 2005.
- Earnings before income taxes in the 1st Quarter of 2006 was – at level with the expectations – a loss of DKK 5.7 million. This is half the loss compared to 1st Quarter of 2005, which was a loss of DKK 13.2 million. The loss in 1st Quarter of 2005 was, however, affected by one-off expenses of DKK 5.5 million regarding change in Management.
- February 23, 2006 Maconomy announced that the company had signed an OEM agreement with Business Objects. Business Objects is one of the world's leading suppliers of Business Intelligence and reporting and Maconomy's customers will henceforth have access to Business Object's products through their Maconomy application.
- Maconomy is currently conducting a pilot project with two IT development companies in Ukraine with the purpose of placing parts of the company's development in a low-cost area. With a development function in Ukraine, Maconomy will be able to accelerate its software development and be less dependent on the availability of qualified software engineers in Denmark.
- The activity level for the 1st Quarter of 2006 has been as expected and Management therefore maintains its expectations for 2006 with revenue growth of 20% corresponding to revenues of DKK 170 million and a loss before taxes of DKK 10 million.

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 2006.

The Interim Report, which is a summarized Consolidated Financial Statement for Maconomy A/S, has been prepared in accordance with the International Financial Reporting Standards as approved by EU including IAS 34 regarding interim reporting and such additional requirements that the Danish Stock Exchange makes for the financial reporting of listed companies.

The Danish Securities Council has demanded that Maconomy recognizes the deferred income tax asset with DKK 0 in the annual report 2004 and for the half year Interim Report for 2005. Maconomy's Management disagrees with the ruling and has appealed this to the Danish Commerce and Companies Appeal Board. The case is still pending at the Danish Commerce and Companies Appeal Board. Since the appeal does not have suspensory effect, the Management in Maconomy have chosen to comply with the interpretations of the International Financial Statements Act which have been applied in the Danish Securities Council's decision also for 2005 and 1st Quarter of 2006. For further description we refer to the Annual Report for 2005.

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 26, 2006

Management:

Hugo Dorph (CEO)

Board of Directors:

Thomas Hartwig (chairman)

John Andersen (deputy chairman)

Søren Hougaard

Annette McKenzie

Christian Mossin

Financial Highlights and Key Ratios

(DKK '000)	Q1 2006	Q1 2005
Net revenue	40,022	32,010
Earnings (loss) from operations	(5,783)	(13,602)
Interest income (expense), net	64	381
Earnings (loss) before income taxes	(5,719)	(13,221)
Net earnings (loss)	(5,719)	(13,226)
Non-current assets	7,782	8,197
Receivables	46,837	32,644
Cash and cash equivalents	71,588	91,432
Total assets	<u>126,207</u>	<u>132,273</u>
Common stock	38,813	38,662
Reserves	20,463	31,569
Total stockholders' equity	<u>59,276</u>	<u>70,231</u>
Short-term debt	66,931	62,042
Total liabilities and stockholders' equity	<u>126,207</u>	<u>132,273</u>
Change in revenue (%)	25%	(8)%
Revenue per employee (DKK '000)	220	177
Operating margin (%)	(14)%	(42)%
Earnings per share (DKK)	(0.29)	(0.68)
Diluted earnings per share (DKK)	(0.29)	(0.68)
Cash flow per share (DKK)	0.27	0.99
Solvency ratio (%)	47%	53%
Number of employees (average)	182	181

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

Accounting Policies

The Interim Report, which is a summarized Consolidated Financial Statement for Maconomy A/S, has been prepared in accordance with the International Financial Reporting Standards as approved by EU including IAS 34 regarding interim reporting and such additional requirements that the Danish Stock Exchange makes for the financial reporting of listed companies.

The Danish Securities Council has demanded that the company follows an interpretation of IAS 12 regarding recognition of deferred tax assets, which is more restrictive than the standard so far has been interpreted, and the Danish Securities Council has demanded that the company writes down the value of the tax assets to 0 in the Interim Reports for 2005. The company has appealed this decision to the Danish Commerce and Companies Appeal Board.

There are no further changes in accounting policies compared to 1st Quarter 2005, as these were consistent with IFRS.

The Interim report is submitted according to the same accounting policies as the Consolidated Financial Statements for 2005, which we refer to.

Management report

Revenue and Statement of Operations

The financial performance for the 1st Quarter of 2006, the first quarter of Maconomy's three-year growth plan, lived up to the expectations. Maconomy recorded in the first quarter of 2006 revenue of DKK 40 million, which is an increase of DKK 8 million or 25% compared to the 1st Quarter in 2005. Furthermore, Maconomy achieved growth in 1st Quarter of 2006 in license revenue, which is the most important growth factor for Maconomy, of DKK 3.5 million of 58%. The growth is primarily due to sales to existing customers, but Maconomy also signed a number of contracts with new customers in the quarter.

Revenue by product

(DKK million)	<u>Q1 2006</u>	<u>Q1 2005</u>	<u>Change %</u>
Software licenses	9.5	6.0	58%
Software subscriptions	11.8	10.7	10%
Services	17.7	14.2	25%
Other	1.0	1.1	(9)%
Total Net revenue	<u>40.0</u>	<u>32.0</u>	<u>25%</u>

Aside from the growth in license revenue, the revenue allocation on product areas shows a growth of 10% in software subscriptions and a growth of 25% in services compared to 1st Quarter of 2005.

The growth in license revenue has a derived effect on the consulting revenue, which however is realized with a small time lag. The growth in service revenue is therefore primarily due to a number of contracts signed in 4th Quarter of 2005.

The growth in Maconomy revenue in 1st Quarter of 2006 is primarily due to UK and Other Nordic and is the first result of a more focused sales and marketing effort in these regions combined with a significant focus on Maconomy's core industries. There is a small decrease in revenue from Other Europe and in USA. The revenue on these markets is, however, currently relatively small. As described in the company's growth plan 2006-2008 from August 2005, Maconomy expects that the growth from this period will primarily come from UK and Sweden.

Revenue distributed by geographic segments

(DKK million)	<u>Q1 2006</u>	<u>Q1 2005</u>	<u>Change %</u>
Denmark	10.4	11.9	(13)%
Other Nordic	14.3	7.6	88%
UK	10.5	6.3	67%
Other Europe	1.9	2.8	(32)%
US	2.9	3.4	(15)%
Total Net revenue	<u>40.0</u>	<u>32.0</u>	<u>25%</u>

More than 70% of the license revenue in 1st Quarter of 2006 came from Maconomy's core industries namely Marketing Communications and Consulting.

Income before taxes in the 1st Quarter 2006 was - at level with the expectations – a loss of DKK 5.7 million. This is half the loss compared to 1st Quarter of 2005, which was a loss of DKK 13.2 million. The loss in 1st

Quarter of 2005 was, however, affected by one-off expenses regarding changes in management of DKK 5.5 million.

Other external costs were DKK 12.8 million, constituting an increase of DKK 2.2 million compared to the 1st Quarter of 2005, where other external costs were DKK 10.6 million. Half of this increase is due to external sales and marketing costs, which have increased by DKK 1.1 million to DKK 2.2 million in the 1st Quarter of 2006.

Maconomy is experiencing increased costs of recruiting new employees. As a consequence of the positive trading conditions in the countries where Maconomy operates, it is difficult to identify and attract the right new employees. Maconomy have therefore chosen to support the recruiting process by creating awareness in the market and by further use of professional advisors.

Staff costs were DKK 29.7 million in the 1st Quarter of 2006 compared with staff costs of DKK 32.3 million in the 1st Quarter of 2005, where DKK 5.5 million as mentioned earlier was a one-off cost for a change in Management. Adjusted for this, staff costs have increased by DKK 2.9 million, which is due to salary increases and bonus schemes due to the improved financial performance.

The average number of employees was 182 in Q1 2006 and is therefore basically unchanged compared to Q1 2005, where the average number of employees was 181.

Financial items net were in Q1 2006 a profit of DKK 0.1 million, which is a decline of DKK 0.3 million compared to Q1 2005.

Tax for the period was 0 as a consequence of the deferred tax asset being recognized as 0. There has been no actual tax for the period.

Balance Sheet and Statement of Cash Flow

As of March 31, 2006 the total balance was DKK 126.2 million, a small reduction compared to the same date in 2005 where the balance was DKK 132.3 million.

Total non-current assets are DKK 7.8 million, where off half is deposits for office rentals. The deferred tax asset is recognized as 0.

Cash and cash equivalents including bonds constituted DKK 71.6 million as of March 31, 2006 compared with DKK 91.4 million the year before and have thus declined by DKK 19.8 million over the year. This decline is mostly due to the liquidity effect of the income losses over the past year which Maconomy has realized in 2005 and Q1 2006, but is also due to an increase in accounts receivable as a consequence of the increased activity level. Accounts receivable increases with DKK 11.7 million from DKK 26.0 million on March 31, 2005 to DKK 37.7 million on March 31, 2006.

As of March 31, 2006, stockholders' equity was DKK 59.3 million compared with DKK 64.8 million at the beginning of the year and DKK 70.4 million as per March 31, 2005.

Maconomy has no interest bearing debt.

Cash flows from operating activities in Q1 2006 were DKK 5.3 million compared with DKK 19.1 million in Q1 2005. Cash flows from operating activities are positive despite the loss since a large part of the support and maintenance subscriptions follows the calendar year and are invoiced in December.

This is also the reason for the decline in receivables from DKK 52.5 million on December 31, 2005 to DKK 37.7 million on March 31, 2006. The reduction in cash flows from operating activities compared to Q1 2005 can be explained by the increased activity level and the resulting increase in accounts receivable at March 31, 2006 compared to the year before.

There has been no significant development in the case with KPMG Meijburg in the recent period. KPMG must submit a written statement by the end of May 2006. Maconomy expects a final decision before the end of 2006.

Customer and market update

In the 1st Quarter of 2006, Maconomy gained a number of new customers. Maconomy's Norwegian subsidiary signed, through cooperation with its partner ErgoGroup SMB, a contract with Simonsen Føyen, one of Norway's largest law-firms. Maconomy Sweden signed a contract with two new consulting customers, Avalon Technology AB and Technology Nexus AB. Maconomy UK signed contracts with three new marketing communications customers, Incepta Online, Octopus Limited and Touch Worldwide Limited. The mentioned contracts are at the level of 15-150 users.

February 26, 2006, Maconomy announced that an OEM agreement had been made with Business Objects. This agreement is a part of the Maconomy strategy to focus on the company's core competencies and to an increasing degree participate in deals with the best 3rd party suppliers in selected areas. Business Objects is one of the worlds leading suppliers of Business Intelligence and reporting and Maconomy's customers can henceforth gain access to Business Objects through their Maconomy application. The first integration is expected to be finished on September 1, 2006.

Maconomy announced on March 28, 2006 that the company by May 1, 2006 would launch the new product version called Maconomy X. This product version includes a new feature, Time – on Time, which will make it significantly easier for employees in project-oriented companies to register time and therefore will help improve the profitability in these companies. Maconomy X will be intensely advertised on all the company's markets untill the summer vacation.

Development activities

As a part of the Maconomy growth strategy, a pilot project is being conducted with two IT development companies in Ukraine with the focus of placing a part of the company's development in a low-cost area. Maconomy has during the past half year prepared this and has evaluated a number of potential partners in Ukraine. Maconomy expects to be ready to sign a contract with one of these companies within the next months. With a development function in Ukraine Maconomy will be able to accelerate its software development and be less dependent on the availability of qualified software engineers in Denmark.

Board decisions

Capital increase

As per January 9, 2006, the Board decided to exercise parts of the authorization in the Articles of Association, Article 18, to increase the company's capital stock by 1,875 shares at DKK 2 each, nominally DKK 3,750. 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 9,844. 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 2006

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 herein.

The activity level developed as expected in the 1st Quarter of 2006, and the expectations for the revenue and earnings for 2006 are maintained as mentioned in the Annual Report for 2005, with a growth in revenue of 20% corresponding to revenues of DKK 170 million and a loss before taxes of DKK 10 million.

Statement of Operations

(DKK '000)	<u>Q1 2006</u>	<u>Q1 2005</u>
Revenue	40,022	32,010
External project costs	<u>2,786</u>	<u>2,204</u>
Gross profit	<u>37,236</u>	<u>29,806</u>
Other external costs	12,771	10,643
Staff costs	<u>29,688</u>	<u>32,305</u>
Earnings before depreciation - EBITDA	<u>(5,223)</u>	<u>(13,142)</u>
Depreciation	560	460
Earnings before interests - EBIT	<u>(5,783)</u>	<u>(13,602)</u>
Interest income and other financial income	667	1,101
Interest expenses and other financial expenses	<u>(603)</u>	<u>(720)</u>
Earnings (loss) before income tax	<u>(5,719)</u>	<u>(13,221)</u>
Income tax (expense) benefit	-	(5)
Net earnings (loss)	<u>(5,719)</u>	<u>(13,226)</u>
Earnings per share		
Earnings per share (EPS)	(0.29)	(0.68)
Diluted earnings per share (EPS-D)	(0.29)	(0.68)

Balance sheet

ASSETS

(DKK '000)	Mar. 31 2006	Dec. 31 2005	Mar. 31 2005
Intangible non-current assets			
Software development costs	321	385	579
Tangible non-current assets			
Leasehold improvements	116	119	-
Hardware	1,139	1,552	1,344
Software for internal use	123	481	123
Fixtures and equipment	2,567	2,049	2,567
	<u>3,945</u>	<u>4,201</u>	<u>4,034</u>
Investments			
Deposits	3,516	3,466	3,584
Deferred income tax assets	-	-	-
	<u>3,516</u>	<u>3,466</u>	<u>3,584</u>
Total non-current assets	7,782	8,052	8,197
Receivable			
Trade accounts receivable	37,704	52,491	25,992
Contracted work in progress	4,785	4,340	2,930
Other receivable	1,001	1,418	2,413
Prepaid expenses	3,347	2,204	1,309
	<u>46,837</u>	<u>60,453</u>	<u>32,644</u>
Bonds	<u>32,854</u>	<u>32,749</u>	<u>50,000</u>
Cash and cash equivalents	<u>38,734</u>	<u>33,970</u>	<u>41,432</u>
Total current assets	118,425	127,172	124,076
Total assets	126,207	135,224	132,273

LIABILITIES AND STOCKHOLDERS' EQUITY

(DKK '000)	Mar. 31 2006	Dec. 31 2005	Mar. 31 2005
Stockholders' equity			
Common stock	38,813	38,810	38,662
Additional paid-in capital	282,995	282,988	282,779
Reserve for currency translation adjustments	(3,678)	(3,738)	(3,314)
Retained earnings (deficit)	<u>(258,854)</u>	<u>(253,251)</u>	<u>(247,896)</u>
Total stockholders' equity	<u>59,276</u>	<u>64,809</u>	<u>70,231</u>
Short-term debt			
Prepayments from customers	2,655	2,984	4,666
Trade accounts payable	8,006	8,148	3,482
Other accounts payable	24,076	26,187	23,041
Deferred revenue	<u>32,194</u>	<u>33,096</u>	<u>30,853</u>
	<u>66,931</u>	<u>70,415</u>	<u>62,042</u>
Total debt	<u>66,931</u>	<u>70,415</u>	<u>62,042</u>
Total liabilities & stockholders' equity	<u>126,207</u>	<u>135,224</u>	<u>132,273</u>

Statement of Stockholders' Equity

(DKK '000)

	Common stock	Additional paid-in capital	Reserve for cur. transl. adj.	Retained earnings	Total Stockhold- ers' equity
Balance January 1, 2005	38,642	282,746	(3,639)	(236,520)	81,229
Movements in equity capital Q1 2005					
Other	-	-	-	-	-
Currency translation adjustments	-	-	325	-	325
Proceed recognized directly on equity capital	-	-	325	-	325
Net earnings	-	-	-	(13,226)	(13,226)
Total income	-	-	325	(13,226)	(12,901)
Expensed warrants	-	-	-	1,850	1,850
Proceed from issue of common stock	20	33	-	-	53
Balance at March 31, 2005	38,662	282,779	(3,314)	(247,896)	70,231
Balance April 1, 2005	38,662	282,779	(3,314)	(247,896)	70,231
Movements in equity capital Q2-Q4 2005:					
Adjustments to issue expenses 2000	-	-	-	918	918
Currency translation adjustments	-	-	(424)	-	(424)
Proceed recognized directly on equity capital	-	-	(424)	918	494
Net earnings	-	-	-	(6,531)	(6,531)
Total income	-	-	(424)	(5,613)	(6,037)
Expensed warrants	-	-	-	258	258
Proceed from issue of common stock	148	209	-	-	357
Balance at December 31, 2005	38,810	282,988	(3,738)	(253,251)	64,809
Balance January 1, 2006	38,810	282,988	(3,738)	(253,251)	64,809
Movement in equity capital Q1 2006:					
Currency translation adjustments	-	-	60	-	60
Proceed recognized directly on equity capital	-	-	60	-	60
Net earnings	-	-	-	(5,719)	(5,719)
Total income	-	-	60	(5,719)	(5,659)
Expensed warrants	-	-	-	116	116
Proceed from issue of common stock	3	7	-	-	10
Balance March 31, 2006	38,813	282,995	(3,678)	(258,854)	59,276

Statement of Cash Flow

(DKK '000)	<u>Q1 2006</u>	<u>Q1 2005</u>
Earnings before depreciation - EBITDA	(5,223)	(13,142)
<i>Adjustments:</i>		
Change in allowance for uncollectibles and gain/loss on sale of tangible fixed assets	47	(96)
Costs related to warrants	116	1,850
<i>Change in working capital:</i>		
Accounts receivable, etc.	13,534	39,284
Accounts payable, etc.	<u>(3,433)</u>	<u>(9,013)</u>
	5,041	18,883
Financial income received	844	957
Financial expenses paid	(603)	(720)
Paid corporate taxes	-	(5)
Cash flow from operating activities	<u>5,282</u>	<u>19,115</u>
Purchase of tangible non-current assets	(405)	(1,857)
Proceeds from sale of tangible non-current assets	171	47
Investments in bonds	(105)	(8,684)
Change in other investments	<u>(55)</u>	<u>(261)</u>
Cash flow from investing activities	<u>(394)</u>	<u>(10,755)</u>
Net proceeds from issue of common stock	10	53
Cash flow from financing activities	<u>10</u>	<u>53</u>
Effect of currency translation adj. on cash and equivalents	(134)	199
Net change in cash and cash equivalents	<u>4,764</u>	<u>8,612</u>
Cash and cash equivalents, beginning of period	33,970	32,820
Cash and cash equivalents, end of period	<u>38,734</u>	<u>41,432</u>

Segment information

(DKK '000)

	Den- mark *)	Other Nordic	UK	Other Europe	US	Elimina- tions	Total
1st Quarter 2006:							
Revenue	20,092	14,294	10,497	1,965	2,913	(9,739)	40,022
Inter segment sales	8,853	(4,681)	(2,921)	(1,641)	(728)	-	-
Revenue growth %	20%	88%	68%	(30)%	(15)%	0%	25%
Earnings (deficit) from operations	(5,771)	2,172	199	(1,703)	(680)	-	(5,783)
non-current assets	24,085	3,723	376	298	395	(21,095)	7,782
Current assets	64,739	21,134	26,776	11,887	7,422	(13,533)	118,425
Total assets	88,824	24,857	27,152	12,185	7,817	(34,628)	126,207
Invest. in tangible fixed assets	212	150	36	10	-	-	408
Depreciations	332	69	51	20	22	-	494
Provisions and debt	(28,094)	(19,298)	(46,639)	(34,182)	(14,380)	209,524	66,931
Cash flows from operations	(6,024)	7,828	3,345	(33)	124	42	5,282
Operating margin (%)	(29)%	15%	2%	(87)%	(23)%	0%	(14)%
Number of employees (average)	108	35	21	6	12	-	182
1st Quarter 2005:							
Revenue	16,758	7,588	6,255	2,808	3,416	(4,815)	32,010
Inter segment sales	6,612	(2,327)	(1,769)	(1,485)	(1,031)	-	-
Revenue growth %	(8)%	(7)%	(45)%	32%	(17)%	(34)%	(13)%
Earnings (deficit) from operations	(10,831)	(52)	(600)	(916)	(1,203)	-	(13,602)
non-current assets	25,114	1,793	236	216	517	(19,679)	8,197
Current assets	84,037	14,439	14,772	12,376	4,056	(5,604)	124,076
Total assets	109,151	16,232	15,008	12,592	4,573	(25,283)	132,273
Invest. In intangible fixed assets	740	-	-	-	-	-	740
Invest. in tangible fixed assets	1,423	29	13	-	123	-	1,588
Depreciations	274	63	33	8	64	-	442
Provisions and debt	28,622	11,370	37,407	29,770	8,159	(53,286)	62,042
Cash flows from operations	520	6,950	6,468	2,049	2,596	532	19,115
Operating margin (%)	(65)%	(1)%	(10)%	(33)%	(35)%	0%	(42)%
Number of employees (average)	115	27	17	6	16	-	181

*) Denmark includes R&D, customer support, corporate general and administrative functions, etc. and certain non-allocated non-current assets and related depreciation.