

Stock Exchange Announcement No. 11/2003

Copenhagen, April 30, 2003

Interim Report for the First Quarter of 2003

Report on the Financial Results for the First Quarter of 2003

Resume:

- Total revenue for the first quarter of 2003 amounts to DKK 32 million, and the result is a deficit before tax of DKK 5 million.
- Cash and cash equivalents increased to DKK 87 million as of March 31, 2003 compared with DKK 70 million at year-end 2002, and the cash flow from operations constitutes DKK 18 million for the quarter.
- The balance sheet has shown a positive development compared with March 31, 2002 with a significant reduction of the working capital.
- Three new pre-configured industry solutions were released:
 - Maconomy Agency Solution
 - Maconomy Consulting Solution
 - Maconomy Audit & Tax Consulting Solution
- The order book for licenses constituted DKK 7 million as of March 31. There were no outstanding orders at the end of the first quarter of 2002.
- In Q1 orders were signed with KPMG Meijburg & Co. in Holland and NRK, the largest national broadcast network in Norway. Furthermore WPP signed a three-year extension to its global agreement with Maconomy as a preferred supplier of business software.
- Expectations for the fiscal year 2003 are maintained as announced in the 2002 Annual Report with revenue of DKK 160 million and a pretax profit of about DKK 5 million.

Further information:

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Financial Highlights and Key Ratios

(DKK '000)	<u>Q1 2003</u>	<u>Q1 2002</u>
Net revenue	31.865	50.212
Gross profit	18.567	26.515
Earnings (deficit) from operations	(4.857)	(17.158)
Interest income (expense), net	(235)	1.568
Earnings (deficit) before income taxes	(4.886)	(15.590)
Net earnings (deficit)	(4.892)	(15.629)
Fixed assets	9.056	16.111
Accounts receivable	50.272	99.001
Cash and cash equivalents	<u>87.445</u>	<u>92.340</u>
Total assets	<u>146.773</u>	<u>207.452</u>
Common stock	38.597	38.597
Reserves	<u>52.058</u>	<u>116.335</u>
Total stockholders' equity	<u>90.655</u>	<u>154.932</u>
Provisions and long-term debt	-	231
Short-term debt	<u>56.118</u>	<u>52.289</u>
Total liabilities and stockholders' equity	<u>146.773</u>	<u>207.452</u>
Revenue growth (%)	-37%	-9%
Revenue per employee (DKK '000)	168	186
Gross margin (%)	58%	53%
Operating margin (%)	-15%	-34%
Earnings per share (DKK)	(0,25)	(0,81)
Cash flow per share (DKK)	0,92	(0,22)
Solvency ratio (%)	62%	75%
Number of employees (average)	190	270

Definitions of key ratios:

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

Report on Financial Results in the First Quarter of 2003

For the first quarter of 2003, net revenue totaled DKK 32 million with a pretax deficit of DKK 5 million. In comparison, net revenue and deficit before tax for Q1 2002 were DKK 50 million and DKK 16 million, respectively.

Interest expense was at DKK 0.2 million compared with an interest income of DKK 1.6 million in Q1 2002. The Q1 2003 interest expense includes exchange rate adjustments regarding foreign currency constituting an expense of DKK 0.7 million.

As can be seen from the table below, the majority of the absolute decline in revenue is due to a decrease in services of DKK 11 million. In this context it is important to note that in the second quarter of 2002, Maconomy introduced a comprehensive restructuring including a significant reduction in the number of employees. The average number of employees in the first quarter of 2002 was 270 compared with 190 in Q1 2003 – a 30% decrease.

For the first quarter of 2003, license revenue was DKK 6 million lower than the corresponding quarter of 2002. At the end of Q1 2003, the order book for software licenses totaled DKK 7 million. The licenses will be delivered continually over the next three quarters. There were no outstanding orders at the end of Q1 2002.

For the first quarter of 2002, revenue from software subscriptions was at DKK 9 million, adjusted for the divestment of Maconomy Media Systems A/S as of October 1, 2002. With this adjustment, the subscription revenue shows a small increase of DKK 1 million. The total revenue of Maconomy Media Systems A/S was at DKK 3 million in Q1 2002.

Revenue distributed by products

(DKK million)	Q1 2003	Q1 2002	Change %
Software licenses	4	10	-60%
Software subscriptions	10	11	-9%
Services	17	28	-39%
Other	1	1	0%
Total Net revenue	32	50	-36%

The revenue decline primarily took place on the US and UK markets which saw a total decrease of DKK 12 million, from DKK 23 million to DKK 11 million. The decline on the Danish market was at 14% with adjustment for Maconomy Media Systems, cf. table below:

Revenue distributed by geographic segments

(DKK million)	Q1 2003	Q1 2002	Change %
Denmark Excl. MMS	12	14	-14%
Maconomy Media Systems	-	3	-100%
Other Nordic	8	9	-11%
UK	6	10	-40%
Other Europe	1	1	0%
US	5	13	-62%
Total Net revenue	32	50	-36%

The deficit before tax of DKK 5 million in the first quarter of 2003 was significantly lower than the DKK 16 million pretax deficit in Q1 2002. The improvement corresponds with the established plans. The operating margin improved from -34% to -15%. Total costs decreased by DKK 30 million from DKK 67 in Q1 2002 to DKK 37 million in Q1 2003. The decline reflects the effect of the restructuring implemented in Q3 and Q4 of 2002. It is the opinion of Management that the structure of Maconomy is now in line with market conditions. The planned release of three new industry solutions on March 31, 2003, also demonstrated that Maconomy has maintained its core competences.

The balance sheet displayed a positive development compared with March 31, 2002, with a substantial reduction in working capital and investment in fixed assets.

Trade accounts receivable fell significantly from DKK 70 million as of March 31, 2002 to DKK 22 million on the same date in 2003. The decline is the result of focused efforts to ensure agreement on the supplied products and services with the customers in order to achieve punctual settlement of accounts.

Maconomy's liquid funds were DKK 87 million compared with DKK 70 million at year-end 2002 and DKK 92 million as of March 31, 2002. In the first quarter of 2003, cash flow from operations constituted DKK 18 million compared with DKK (4) million in Q1 2002. The significant increase in liquid funds is due to the fact that a major part of subscription contracts follow the calendar year and is payable in the first quarter of the year. This is reflected in the balance sheet in deferred revenue under liabilities and constituted at the end of Q1 2003 DKK 23 million, the same level as the year before.

At the end of Q1 2003, stockholders' equity constituted DKK 91 million compared with DKK 155 million at the end of Q1 2002.

Launch of industry solutions

By the end of the quarter Maconomy released the three first new industry solutions that will enable companies to quickly benefit from the strongest aspects of our software. For 12 years Maconomy has designed software for project-oriented organizations (such as, for example, professional service companies) and has accumulated extensive knowledge of how these companies operate. It is this knowledge that the company has coined into these 3 industry solutions:

- Maconomy Agency Solution for agencies engaged in advertising, PR, branding, and other communication services.

- Maconomy Consulting Solution for professional services organizations engaged in consulting engineering, IT consulting, management consulting, and other consulting services.
- Maconomy Audit & Tax Consulting Solution for professional services organizations that provide auditing, tax consulting and other consulting services.

The latest version of Maconomy's core product, version 8.0, forms the basis for these solutions. All solutions are web-based and contain automated workflows for all employee groups and management. A standardized method ensures that the solutions are supported by a proven fast, cost-effective implementation. A high level of scalability makes the solutions equally attractive for a local company as well as for large global enterprises.

Expectations for fiscal year 2003

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.

Maconomy maintains the expectations for fiscal year 2003 described in the 2002 Annual Report. This means estimated revenue of about DKK 160 million with a profit before tax of about DKK 5 million. The revenue is expected to be distributed with DKK 70 million in the first half of 2003 and DKK 90 million in the second half. A pretax deficit of DKK 6 million is expected for the first half of the year and a pretax profit of DKK 11 million is expected for the second half. The number of employees is not expected to change significantly.

Presentation of financial results

An investor presentation of our Q1 results will be given at Maconomy's address on Thursday, May 1st. at 1 p.m.

Copenhagen April 30, 2003:

Diederik Heyning
Chairman of the Board

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)	Q1 2003	Q1 2002
Net revenue	31.865	50.212
Cost of revenue	13.298	23.697
Gross profit	18.567	26.515
Sales and marketing expenses	10.970	25.525
Research and development expenses	7.877	8.932
General and administrative expenses	4.577	9.216
Earnings (deficit) from operations	(4.857)	(17.158)
Other income	206	-
Interest income (expense), net	(235)	1.568
Earnings (deficit) before income taxes	(4.886)	(15.590)
Income tax (expense) benefit	(6)	(39)
Net earnings (deficit)	(4.892)	(15.629)

STATEMENT OF STOCKHOLDERS' EQUITY

(DKK '000)	Common stock	Additional paid-in capital	Acc. cur. translat. adj., net	Retained income (loss)	Total
Balance at January 1, 2003	38.597	59.704	(2.988)	-	95.313
Net earnings (deficit)	-	-	-	(4.892)	(4.892)
Currency translation adj.	-	-	(120)	-	(120)
Tax effect from curr. transl.	-	-	354	-	354
Balance at March 31, 2003	38.597	59.704	(2.754)	(4.892)	90.655

Balance sheet

ASSETS

(DKK '000)

	<u>Q1 2003</u>	<u>Q4 2002</u>	<u>Q1 2002</u>
Tangible fixed assets			
Leasehold improvements	48	449	999
Hardware	1.841	2.310	4.887
Internal use software	185	235	445
Fixtures and equipment	<u>1.323</u>	<u>1.775</u>	<u>3.560</u>
	<u>3.397</u>	<u>4.769</u>	<u>9.891</u>
Investments			
Deposits	5.659	5.754	6.220
	<u>5.659</u>	<u>5.754</u>	<u>6.220</u>
Total fixed assets	<u>9.056</u>	<u>10.523</u>	<u>16.111</u>
Receivables			
Trade accounts receivable	21.664	29.187	70.170
Contracted work in progress	1.911	3.435	6.295
Other receivables	1.541	1.302	428
Deferred income tax assets	21.381	21.173	18.456
Prepaid expenses	<u>3.775</u>	<u>3.187</u>	<u>3.652</u>
	<u>50.272</u>	<u>58.284</u>	<u>99.001</u>
Cash and cash equivalents	<u>87.445</u>	<u>70.240</u>	<u>92.340</u>
Total current assets	<u>137.717</u>	<u>128.524</u>	<u>191.341</u>
TOTAL ASSETS	<u>146.773</u>	<u>139.047</u>	<u>207.452</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

(DKK '000)

	<u>Q1 2003</u>	<u>Q4 2002</u>	<u>Q1 2002</u>
Stockholders' equity			
Common stock	38.597	38.597	38.597
Additional paid-in capital	59.704	59.704	80.090
Retained earnings (deficit)	(4.892)	-	38.887
Total stockholders' equity	<u>90.655</u>	<u>95.313</u>	<u>154.932</u>
Provisions			
Deferred income tax liabilities	-	-	19
Long-term debt			
Capital lease obligations	-	-	212
Short-term debt			
Current installments on long-term debt	212	355	563
Trade accounts payable	5.771	4.093	5.186
Contracted work in progress	6.532	7.151	-
Other accounts payable	20.382	32.135	23.419
Deferred revenue	23.221	-	23.121
	<u>56.118</u>	<u>43.734</u>	<u>52.289</u>
Total debt	<u>56.118</u>	<u>43.734</u>	<u>52.501</u>
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	<u>146.773</u>	<u>139.047</u>	<u>207.452</u>

Statement of Cash Flow

(DKK '000)	<u>Q1 2003</u>	<u>Q1 2002</u>
Operating earnings (deficit)	(4.857)	(17.158)
<i>Adjustments:</i>		
Depreciation and amortization and gain/loss on sale of tangible fixed assets	926	2.600
Change in allowance for uncollectibles	(2.320)	902
<i>Change in working capital:</i>		
Accounts receivable, etc.	9.418	247
Accounts payable, etc.	14.252	8.693
	<u>17.419</u>	<u>(4.716)</u>
Other income received	206	-
Interest received (paid), net	35	770
Income taxes paid	-	(267)
Cash flows from operating activities	<u>17.660</u>	<u>(4.213)</u>
Purchase of tangible fixed assets	(313)	(36)
Proceeds from sale of tangible fixed assets	375	-
Change in other investments	89	114
Cash flows from investing activities	<u>151</u>	<u>78</u>
Repayment of long-term debt	-	(136)
Cash flows from financing activities	<u>-</u>	<u>(136)</u>
Effect of currency translation adjustments on cash and cash equivalents	(606)	328
Net change in cash and cash equivalents	<u>17.205</u>	<u>(3.943)</u>
Cash and cash equivalents, beginning of period	70.240	96.283
Cash and cash equivalents, end of period	<u>87.445</u>	<u>92.340</u>

These interim financial statements, including comparative figures, have been prepared under the same accounting policies as the annual report for 2002.