

Three-Monthly Report

July-September 2005

First quarter 2005/2006: Strong growth in revenues and result

- Total revenues grow by 28.7% (previous year: 16.1%)
- EBIT margin increases considerably to 20.8% (previous year: 13.0%)
- Product Business with SafeGuard® licenses grows by 75.8% (previous year: 15.5%)
- Project business wins major order worth € 2.6 million
- Utimaco takes a leading position in Gartner's "Magic Quadrant for Mobile Data Protection"
- Company branch opens in Japan
- Cooperation with Lenovo extended further

Significant events after the end of the first quarter 2005/2006

- Utimaco presents new solution for securing push mail services: SafeGuard® PushMail enables secure eMail communication with push mail services as for example BlackBerry
- Cooperation with Microsoft: Utimaco becomes founding member of the Microsoft SecureIT Alliance, an association of leading vendors of security solutions for Microsoft platforms.

Key figures

	2005/2006 Q1 Jul-Sep	2004/2005 Q1 Jul-Sep	2005/2006 3 months Jul-Sep	2004/2005 3 months Jul-Sep
€ 000				
Sales revenues	9,361	7,271	9,361	7,271
• growth	28.7%	16.1%	28.7%	16.1%
EBITDA	2,123	1,074	2,123	1,074
• margin	22.7%	14.8%	22.7%	14.8%
EBIT	1,950	943	1,950	943
• margin	20.8%	13.0%	20.8%	13.0%
Net profit	1,767	529	1,767	529
• margin	18.9%	7.3%	18.9%	7.3%
EPS (in acc. with IFRS)				
• undiluted	€ 0.12	€ 0.04	€ 0.12	€ 0.04
• diluted	€ 0.12	€ 0.04	€ 0.12	€ 0.04
Operating cash flow	1,564	1,450	1,564	1,450
Employees (Sept. 30)	228	207	228	207

Financial Calendar:

- Presentation Q1 results
Telephone conference
for analysts
17th November 2005
- Company presentation
Autumn forum of the
German stock exchange
22nd November 2005
- General meeting 2005
24th November 2005
- 6-monthly report
February 2006
- 9-monthly report
May 2006
- 12-monthly results
Financial statement
press conference
Analysts conference
September 2006

Outlook:

- Continued increased investments in research and development and in marketing and sales
- Double digit growth and EBIT margin both expected in 2005/2006

Utimaco Safeware AG

WKN: 7572406
ISIN: DE0007572406
Reuters: UTIG.DE
Bloomberg: USA
Internet: www.utimaco.de

Investor Relations
Jutta Stolp, CIRO
mailto: jutta.stolp@utimaco.de
Phone: +49 (0)6171 88-1117
Fax: +49 (0)6171 88-1050

Postal address
Utimaco Safeware AG
Investor Relations
Postbox 20 26
DE-61410 Oberursel

Basis and Methods for Accounting Principles

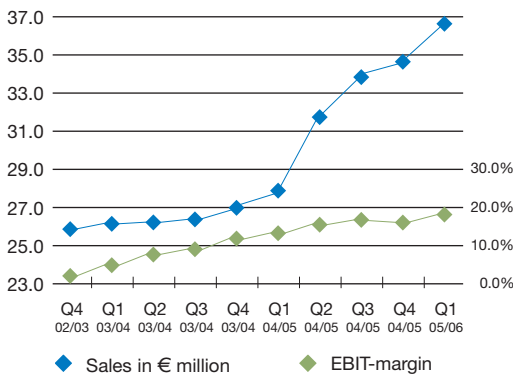
The unaudited quarterly report was created in Euros in accordance with the International Financial Reporting Standards (IFRS). The quarterly report shows no changes in the statutory accounting principles and methods when compared to the consolidated annual report of the fiscal year 2004/2005, as of 30th June 2005. The consolidated quarterly report includes Utimaco Safeware AG and all subsidiaries, and uses the full consolidation method.

Changes in Revenues and Results

In the first three months of the current business year, 2005/2006, revenues of € 9.4 million (previous year: € 7.3 million) were achieved. This corresponds to a growth in revenues of 28.7% compared to the same period in the previous year. The revenues generated in the domestic market (Germany) after the first three months contributed 65.3% (previous year: 68%) to total revenues.

Revenue and EBIT margin

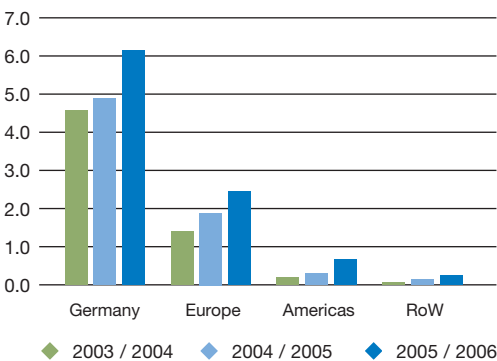
Rolling 12-months



After three months, the region Germany achieved revenues worth € 6.1 million, an increase of 24.1% over the previous year (€ 4.9 million). Equally pleasing was revenue development in Europe outside Germany, which grew by 28.0% to € 2.5 million (previous year: € 1.9 million). The Americas region also showed strong growth with a rise in revenues to € 0.6 million which was more than double that of the previous year.

Revenue by region

3 months (Jul - Sep)

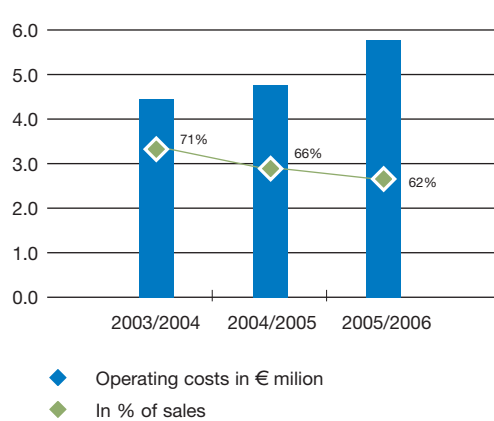


Gross profit on sales grew by 37.5% to € 7.7 million (previous year: € 5.6 million) due to strong revenue growth from license sales for the SafeGuard® product family, which corresponds to a gross margin of 82.0% (previous year: 77.0%).

Operational costs (sales and marketing costs, research and development costs, and general administration expenses) rose by 20.8% to € 5.8 million (previous year: € 4.8 million). The company focused on expanding its sales and marketing activities. The resources dedicated to these areas have been increased by 22.4% to € 3.4 million. Despite a significant rise in costs, the positive development led to an improvement of the costs/revenue ratio to 61.8% (previous year: 65.9%).

Costs

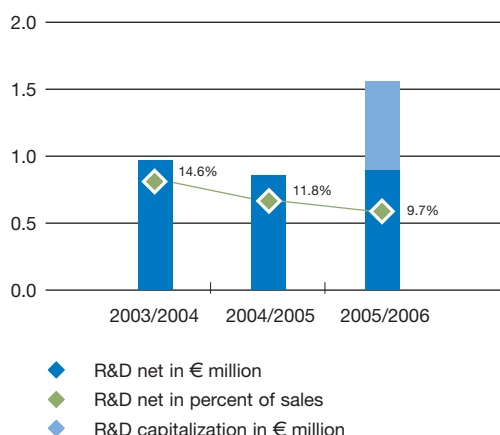
3 months (Jul - Sep)



In the reporting period, research and development expenses increased to € 1.6 million (previous year: € 0.9 million), of which € 0.7 million was dedicated to the development of new products and capitalized in accordance with IAS 38. As a result, after capitalization, research and development costs equaled 9.7% of revenue (previous year: 11.8%).

Research and development costs

3 months (Jul - Sep)



After three months an operating profit (EBIT) of € 2.0 million (previous year: € 0.9 million) was achieved, and an EBIT margin of 20.8% (previous year: 13.0%).

The EBITDA (after tax) result after three months was € 2.1 million (previous year: € 1.1 million), which corresponds to a margin of 22.7% (previous year: 14.8%). The result after tax improved to € 1.8 million, compared to € 0.5 million in the previous year.

The diluted result per share in accordance with IAS equaled € 0.12 (previous year: € 0.04), based on a weighted, diluted number of shares of 14,726,064 (previous year: 13,996,914). The diluted result per share in accordance with IAS equaled € 0.12 (previous year: € 0.04), based on a weighted, diluted number of shares of 14,745,449 (previous year: 14,745,449).

In the first three months a positive operating cashflow of € 1.6 million (previous year: € 1.5 million) was achieved.

Assets and investments

At the end of the first quarter of financial year 2005/2006, Utimaco has considerable financial resources available. On 30th September 2005 liquid assets equaled € 23.0 million (on 30th June 2005: € 22.4 million). Short-term assets (cash and cash equivalents, receivables, inventories and other short-term assets) exceeded current liabilities by 190% (on 30th June 2005: 186%).

The increase in equity capital in the reporting period from € 28.0 million to € 29.7 million was due to the achieved period surplus of € 1.8 million. On the 30th September 2005 the equity capital equaled 69.8% (on 30th June 2005: 69.0%).

Investments

In the reporting period, investments totaled € 1.0 million (previous year: € 0.4 million), of which € 0.7 million were due to new product developments.

Staff

On the 30th September 2005, Utimaco employed 228 associates (previous year: 207). Of these employees, 67% were active in the domestic market (Germany), previous year: 66%, and 33% were active outside Germany (previous year: 34%).

Fluctuations in orders: seasonal factors

Utimaco usually supplies its products and solutions shortly after receiving orders and usually has no major order backlog. The sale of products and solutions is fundamentally dependent on the orders received, and fulfilled in a particular quarter, and cannot be accurately predicted.

Outlook

In the current fiscal year, 2005/2006, the company is focusing on further extending technology and sales partnerships, increasing its expansion into the American market and also gaining a foothold in Japan, the world's second-largest ITC market, where Utimaco is represented by a branch since September 2005. In Research and Development the emphasis lies on focusing the SafeGuard® product portfolio on mobile security. In the Transaction Security project business new application areas are to be found for Utimaco's base technology, which in future will increasingly be sold via OEM partners. In this current fiscal year Utimaco will continue to show double digit growth and aims to achieve a double digit growth in its EBIT margin despite increased investments in research and development, as well as in sales and marketing.

Segment reporting

Utimaco is organized in two units (segments) for the purpose of company management:

- I. Product Business (Personal Device Security)
- II. Project business (Transaction Security)

Income between the segments is presented separately. The basis for offsetting deliveries and services between the segments is the valid market price applied to customers

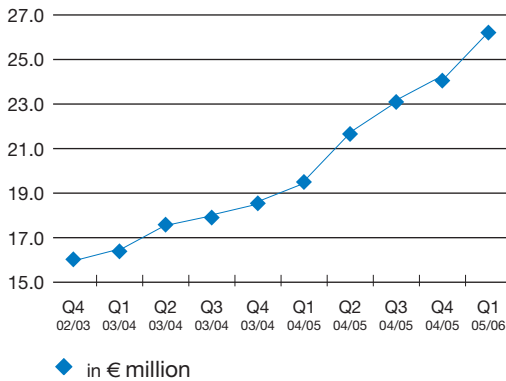
I. Personal Device Security: Strong Growth in License Sales

The Personal Device Security unit develops, markets and sells professional software security products for protecting data against unauthorized access and modification on endpoint such as desktops, notebooks, PDAs and smartphones, as well as protecting sensitive data on network servers. It sells its products both directly and indirectly.

In the first quarter of the current financial year, 2005/2006, Personal Device Security has once again achieved significant increases in its revenue from the SafeGuard® product family (licenses and maintenance revenues).

Personal Device Security SafeGuard® product family revenue

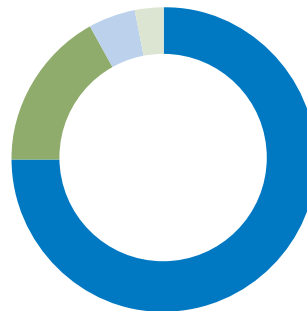
Rolling 12-months



The share of revenues achieved by the SafeGuard® product family (licenses and maintenance revenues) equaled 92.1% (previous year: 88.0%) in the reporting period. License sales grew by 75.8% disproportionately to the total revenues for the Personal Device Security unit. In total, this unit achieved revenues worth € 7.1 million in the first three months of the current financial year. This corresponds to an increase of 48.5% compared to the same period in the previous year (€ 4.8 million). This unit's contribution to the operating result (segment contribution) more than tripled due to the strong growth of license sales to € 2.8 million in comparison with the previous year.

Personal Device Security Revenue by product group

3 months (Jul - Sept)



- Core Segments**
- ◆ Licenses: 75.0%
- ◆ Maint.: 17.0%
- Other Segments**
- ◆ Hardware: 5.0%
- ◆ Service: 3.0%

Personal Device Security

	2005/2006 Q1 Jul-Sep	2004/2005 Q1 Jul-Sep
€ 000		
Revenue	7,140	4,807
• growth	48.5%	13.8%
Segment contribution*	2,785	756
• margin	39.0%	15.7%

* before allocation of central costs

Utimaco takes a leading position in Gartner's "Magic Quadrant for Mobile Data Protection"

One of the most important studies on the market for secure mobile computing is Gartner Research's "Magic Quadrant for Mobile Data Protection", which is updated every two years. In this qualitative study Gartner ranks the manufacturers active in this area according to their ability to implement and the completeness of vision of their product strategy. In the latest study from July 2005 Utimaco achieved a leading position in the Leader quadrant of the "Magic Quadrant". Gartner's analysts gave Utimaco a leading position in Ability to Execute and even judged it the leader when it came to Completeness of Vision and its product strategy.

Cooperation with Lenovo extended further

Cooperation with the Chinese PC manufacturer Lenovo, which acquired IBM's PC unit in May 2005, and with it took over the reseller contract with Utimaco for SafeGuard® Easy and SafeGuard® PrivateDisk, was further extended in the first quarter of 2005/2006. As a result, since August 2005, SafeGuard® PrivateDisk security software has been pre-installed on all Lenovo ThinkPad notebooks and ThinkCentre desktops. Lenovo's customers can now use SafeGuard® PrivateDisk to create an encrypted virtual disk drive on their local or server hard disk, or on mobile media such as memory sticks, so that they can store and transport confidential data safely and securely. A software update can be used to upgrade the pre-installed Personal Edition of SafeGuard® PrivateDisk to the Enterprise Edition. This gives companies the option of then implementing their individual security policies on all their computers, on an ongoing basis, with the help of the central administration functions, and so create a homogenous security environment.

Research and development activities in the Personal Device Security unit

In the current financial year, in addition to the ongoing modification and improvement of its existing products, the Personal Device Security unit will continue to concentrate its research and development activities on extending its product portfolio in the direction of mobile security. This approach bundles security functions from the SafeGuard product family into one integrated suite and uses central management functions to make them available for use on a range of different operating systems. This will give our customers a comprehensive solution that is a safe investment which will protect and administer their mobile IT infrastructures.

Utimaco becomes founding member of the SecureIT Alliance started by Microsoft

Utimaco is a founding member of the SecureIT Alliance that was initiated by Microsoft in October 2005 – an alliance of leading suppliers of security solutions that run on Windows platforms. The aim of this alliance is optimize the interoperability of security solutions from different manufacturers, in order to provide companies with better protec-

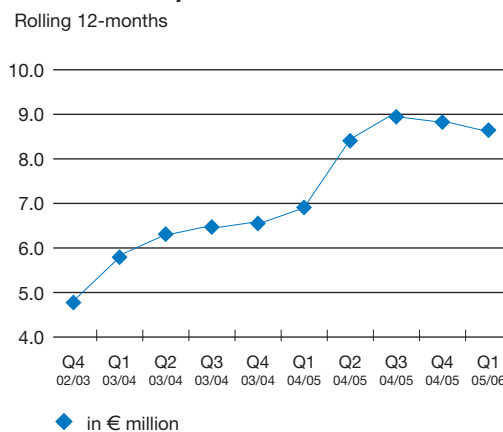
tion for their IT infrastructures. For Utimaco, this close cooperation with Microsoft and other partners in the alliance is an important step in ensuring the best-possible integration of SafeGuard® solutions with other enterprise security solutions.

II. Transaction Security: Major Contract of € 2.6 million signed

The Transaction Security unit acquires and implements customer-specific security projects on the basis of its own technologies to protect distributed electronic processes that require protection. Its base technologies include software components (PKI, digital signature, security gateways and telecommunications management systems) and a hardware security module in which cryptographic services are given optimum protection in a secure hardware environment.

In the first three months the Transaction Security unit achieved revenues of € 2.3 million (including internal revenues of € 114,000), just under the record result for the previous quarter of € 2.5 million including internal revenues of € 81,000. The major order for the CryptoServer security module, worth € 2.6 million, which was won in the reporting period, has already contributed € 0.5 million to revenues in the first quarter and the entire order will be fulfilled within the next 9 to 12 months, affecting net income.

Transaction Security Revenue development



The Transaction Security unit contributed € 0.6 million (previous year: € 1.1 million) to the operating result (segment contribution).

Transaction Security

€ 000	2005/2006 Q1 Jul-Sep	2004/2005 Q1 Jul-Sep
Sales*	2,335	2,545
• growth	-8.3%	18.5%
Segment contribution**	648	1,145
• margin	27.8	45.0%

* including internal revenues

** before allocation of central costs

Research and development activities in the Transaction Security unit

The Transaction Security unit develops base technologies that are used in projects and are sold through OEM partnerships. These base technologies undergo on-going functional development and is intended for specialist applications.

CryptoServer

CryptoServer is a security module that encapsulates cryptographic functions and keys in a secured hardware module. It is used as a base component in many of Utimaco's project solutions to integrate high-performance cryptographic services in business-critical IT processes, and to guarantee secure key management. The benefit of using a hardware security system instead of pure software solutions is that the customer-specific application, and the security area in which encryption keys and operations are saved and performed can be kept separate. The closed (encapsulated) hardware area offers maximum security for the application, since the cryptographic processes and keys cannot be manipulated. It is typically used in security-critical applications such as for card production (Visa, MasterCard, EC), for road pricing systems, or in Trust Centers. The CryptoServer has FIPS (US Federal Information Processing Standard security standard) 140-2 level 3 certification. This important IT security standard for cryptographic modules is required by the US-Government and the banking industry. It is also certified by the ZKA (German central credit committee) for use in electronic payment systems in Germany. Up to now the CryptoServer has primarily been used as a security module in projects, and a major order, worth around € 2.6 million was won for it in the first quarter of 2005/2006. In this fiscal year, 2005/2006, it is planned to further standardize

the CryptoServer, and to increasingly sell it as a product via OEM partners, for payment applications, the Microsoft Server environment, and for industrial applications with a PKCS#11 interface.

Telecommunications management systems

Many telecommunications providers have implemented the Transaction Security's telecommunications management systems. We have now extended its functionality so that it can be used for Voice over IP (VoIP), and it is currently being tested by potential customers. It is planned to sell this special solution world-wide via OEM partners such as Siemens and Motorola.

SignatureServer

With the Signature Server completed in the last fiscal year, it is now possible to generate mass signatures that comply with the digital signature law, even if the electronic signature infrastructure is deployed outside a trust center. This solution can be used, for example, for electronically signed invoices, a requirement to deduct sales taxes in Germany. Based on SAP's certified standard library, SafeGuard® Sign & Crypt for SAP, the Signature Server can be integrated easily in existing business processes. The manufacturer's declaration needed for approval as a digital signature law-compliant solution has been provided to the BundesNetzAgentur (BNetzA – German Federal Networks Agency) for processing. A decision and publication are expected by the end of 2005.

SafeGuard® PushMail

In the first quarter, Utimaco used its gateway technology to develop a concept for securing push e-mail services such as BlackBerry infrastructures. An initial solution, SafeGuard® PushMail, was presented in October 2005 and is due to be released in December 2005. This new security technology can be used to encrypt all e-mails that are sent e.g. to a BlackBerry and sent out from such a device, and prevents unauthorized people from accessing the data. Only the final recipient can read and process the mail in decrypted form. On the internal infrastructure, the messages are only present in encrypted form, therefor guaranteeing the confidentiality of e-mail traffic.

Consolidated Profit and Loss Statement

€ 000	2005/2006 Q1 Jul-Sep	2004/2005 Q1 Jul-Sep	2005/2006 3 months Jul-Sep	2004/2005 3 months Jul-Sep
Revenues	9,361	7,271	9,361	7,271
Cost of sales	-1,687	-1,666	-1,687	-1,666
Gross profit	7,674	5,605	7,674	5,605
Sales and marketing costs	-3,449	-2,818	-3,449	-2,818
Research and development costs	-906	-855	-906	-855
General administrative costs	-1,435	-1,121	-1,435	-1,121
Other operating income/expenses, net	67	132	67	132
Result from ordinary operations	1,951	944	1,951	944
Financial result	73	-194	73	-194
Result before taxes	2,025	750	2,025	750
Taxes on income	-257	-221	-257	-221
Result after tax	1,767	529	1,767	529
Minority interests	0	0	0	0
Net profit	1,767	529	1,767	529
Result per share acc. to IFRS				
• undiluted	€ 0.12	€ 0.04	€ 0.12	€ 0.04
• diluted	€ 0.12	€ 0.04	€ 0.12	€ 0.04
Weighted average number of shares				
• undiluted	14,726,064	13,996,914	14,726,064	13,996,914
• diluted	14,745,449	14,745,449	14,745,449	14,745,449

Segment Result 1st Quarter

€ 000	Personal Device Security		Transaction Security		Elimination/General		Total	
	2005/06 Jul-Sep	2004/05 Jul-Sep	2005/06 Jul-Sep	2004/05 Jul-Sep	2005/06 Jul-Sep	2004/05 Jul-Sep	2005/06 Jul-Sep	2004/05 Jul-Sep
External Sales	7,140	4,807	2,221	2,464	0	0	9,361	7,271
Intersegment sales	0	0	114	81	-114	-81	0	0
Total segment sales	7,140	4,807	2,335	2,545	-114	-81	9,361	7,271
Cost of goods sold	-266	-356	-283	-319	113	83	-436	-592
Depreciation	-82	-48	-40	-33	-58	-49	-180	-130
Operating costs	-4,006	-3,648	-1,363	-1,047	-1,491	-1,042	-6,860	-5,737
Segment result	2,785	756	648	1,145	-1,549	-1,089	1,884	812
Other operating income/expenses, net							67	132
Result from ordinary operations							1,951	944

Consolidated Balance Sheet

€ 000	3-months- end Sep 30, 2005	Financial year-end June 30, 2005
ASSETS		
Short-term assets		
Cash and cash equivalents	23,031	22,372
Accounts receivable, trade, net	9,027	8,737
Inventories	1,131	797
Other short-term assets	655	654
Total short-term assets	33,844	32,560
Long-term assets		
Long-term financial assets	41	41
Shares in affiliated companies	0	0
Property, plant and equipment	1,247	1,181
Intangible assets	3,480	2,734
Deferred tax claims	3,200	3,200
Other long-term assets	781	781
Total long-term assets	8,748	7,936
TOTAL ASSETS	42,592	40,496
LIABILITIES		
Short-term liabilities		
Liabilities towards credit institutions	0	0
Accounts payable from deliveries and services	1,307	1,693
Advance payments received	472	365
Other liabilities	2,223	2,702
Provisions for taxes	1,120	845
Accruals	2,797	2,013
Deferred items	3,769	3,771
Total short-term liabilities	11,688	11,390
Long-term liabilities		
Liabilities towards credit institutions	112	105
Pension reserves	1,045	1,045
Total long-term liabilities	1,157	1,151
Equity capital		
Share capital	14,726	14,726
Reserves	4,906	4,906
Adjustment items for foreign currency conversion	208	184
Retained earnings	9,906	8,139
Total equity capital	29,747	27,955
TOTAL LIABILITIES	42,592	40,496

Consolidated Cash Flow Statement

€ 000	2005/2006 Q1 Jul-Sep	2004/2005 Q1 Jul-Sep	2005/2006 3 months Jul-Sep	2004/2005 3 months Jul-Sep
Cash flow from operating activities				
Net income before taxes	2,025	750	2,025	750
• Depreciations on property, plant and equipment and intangible assets	171	130	171	130
• Depreciations on financial assets	1	1	1	1
• Changes to other items that have no effect on payment	23	-277*	23	-277*
• Interest income/expenses	-74	193	-74	193
• Changes in accounts receivables, inventories, other assets and deferred income	-623	934	-623	934
• Changes in liabilities, short term accruals and deferred expenses	27	-216	27	-216
• Tax payments	14	-65*	14	-65*
Cash flow from operating activities	1,564	1,450	1,564	1,450
Cash flow from investment activities				
• Expenses for investments in property, plant and equipment and intangible assets	-984	-413	-984	-413
• Interest receipts	76	99	76	99
Cash flow from investment activities	-909	-314	-909	-314
Cash flow from financing activities				
• Changes in liabilities to banks	7	22	7	22
• Interest payments	-2	-29	-2	-29
Cash flow from financing activities	4	-7	4	7
Increase in cash and cash equivalents	660	1,129	660	1,129
Cash and cash equivalents at the beginning of the period	22,372	16,430	22,372	16,430
Cash and cash equivalents at the end of the period	23,031	17,559	23,031	17,559

* Last year's value adapted for reasons of comparability

Consolidated Changes in Equity

	issued individual share certificates Number	Subscribed capital in €	Capital reserve in €	Adjustment items for currency conversion in €	Retained earnings in €	Total equity capital in €
Balance as of 30th June 2002	6,214,343	6,214,343	27,594,390	144,478	-28,084,559	5,868,652
Purchase of own shares	12,900	12,900	245,100			258,000
Annual net profit					112,392	112,392
Adjustment items for foreign currency conversion				63,916		63,916
Balance as of 30th June 2003	6,227,243	6,227,243	27,839,490	208,394	-27,972,166	6,302,962
Capital increase on the 5th September 2003	6,227,243	6,227,243	2,490,897			8,718,140
Cost of issuing shares for capital increase			-384,159			-384,159
Tax effect on cost of issuing shares for capital increase			149,700			149,700
Capital increase by exercising options	1,542,428	1,542,428	894,272			2,436,700
Equity ratio from warranty bond			382,331			382,331
Annual net profit					3,116,691	3,116,691
Adjustment items for foreign currency conversion				2,753		2,753
Balance as of 30th June 2004	13,996,914	13,996,914	31,372,532	211,147	-24,855,475	20,725,118
Capital increase by exercising options	729,150	729,150	533,905			1,263,055
Withdrawal from capital reserve			-27,000,575		27,000,575	0
Net profit					5,993,806	5,993,806
Adjustment items for foreign currency conversion				-27,428		-27,428
Balance as of 30th June 2005	14,726,064	14,726,064	4,905,862	183,719	8,138,906	27,954,551
Net profit					1,767,481	1,767,481
Adjustment items for foreign currency conversion				24,517		24,517
Balance as of 30th June 2005	14,726,064	14,726,064	4,905,862	208,236	9,906,387	29,746,548