

SIX - MONTHLY REPORT (JUL - DEC 2004)

Financial Calender

- 6-monthly report and analysts conference
22nd Feb. 2005
- Small and Midcap Day
CeBIT
14th March 2005
- 9-monthly report
May 2005
- 12-monthly results and DVFA conference
September 2005
- General meeting
24. Nov. 2005

Q2: October to December 2004

- Record quarter with 51.4% increase in revenues
- Record result (EBIT) of €3.5 million
- IBM and Utimaco sign world-wide reseller agreement: IBM adds SafeGuard Easy to its sales portfolio as add-on to its ThinkVantage technology

6-month period: July to December 2004

- Total revenues grew by 35.1% to €18.4 million
- EBIT increased by 113% to €4.5 million
- Personal Device Security division grew by 29.2%
Revenue from software license sales grew more than expected, equaling 40.5%
- Transaction Security division grew by 54.1%
- Positive operating cash-flow of €2.1 million .

Outlook

Growth target for the financial year 2004/2005 increased to at least 20%

Increased investments planned for second half year to extend leading market position

Important events after end of the second quarter 2004/2005

- Utimaco and IBM extended their world-wide cooperation:
In addition to SafeGuard Easy, IBM will include Utimaco's SafeGuard PrivateDisk in its security portfolio for ThinkPad notebooks and ThinkCentre desktops
In conjunction with these offerings, Utimaco and IBM have signed a global alliance agreement for joint marketing of encryption solutions for PCs and notebooks
- Utimaco has won a major contract from a Scandinavian bank: FöreningsSparbanken have signed an extensive upgrade contract for SafeGuard solutions for securing all their Windows XP workplaces
- Dr. Horst Görtz resigned from the supervisory board and has been appointed honorary chairman of the supervisory board - Upon proposal by Dr. Görtz, Helmuth Coqui, formerly deputy chairman, has been appointed new chairman of the supervisory board

Utimaco Safeware AG

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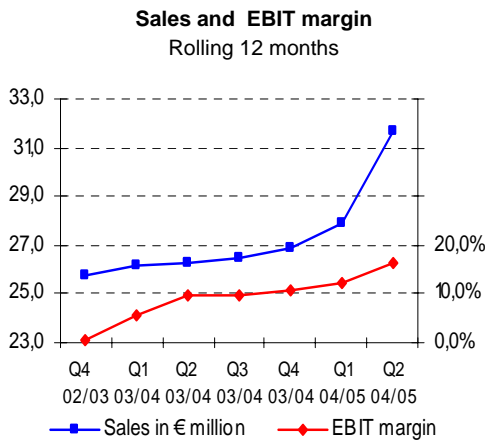
Key figures Euro '000	2004/2005	2003/2004	2004/2005	2003/2004
	Q2 Oct - Dec	Q2 Oct - Dec	6-months Jul - Dec	6-months Jul - Dec
Sales revenues	11,149	7,365	18,421	13,630
<i>growth</i>	51.4%	1.9%	35.1%	3.9%
EBITDA	3,679	1,741	4,753	2,400
<i>margin</i>	33.0%	23.6%	25.8%	17.6%
EBIT	3,535	1,592	4,478	2,103
<i>margin</i>	31.7%	21.6%	24.3%	15.4%
Net profit	2,991	978	3,521	1,285
<i>margin</i>	26.8%	13.3%	19.1%	9.4%
EPS (acc. to IFRS)				
- undiluted	€0.21	€0.08	€0.25	€0.13
- diluted	€0.20	€0.07	€0.24	€0.11
Operating cash flow	641	1,077	2,092	1,653
Employees (Dec 31)	213	202	213	202

Basis and methods for accounting principles

The unaudited quarterly report was created in Euros in accordance with the International Financial Reporting Standards (IFRS). No further depreciations need to be undertaken on the goodwill in financial year 2004/2005, in accordance with IFRS 3. Instead the goodwill is to be subject to an annual value retention check. This new regulation means that there is no longer need for a quarterly depreciation of the goodwill of € 64,000. In addition, the quarterly report contains no differences, in its statutory accounting principles and methods, to those used in the consolidated annual report for the business year 2003/2004, which ended on 30th June 2004. The consolidated quarterly report includes Utimaco Safeware AG and all subsidiaries, and uses the full consolidation method.

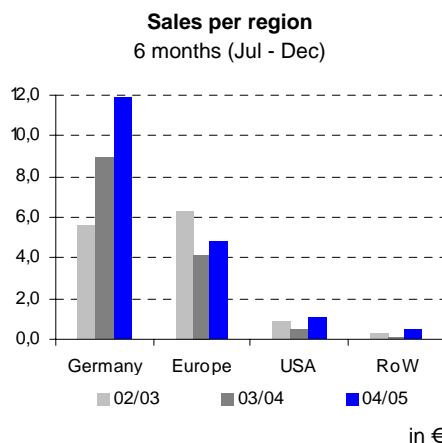
Changes in Revenues and Results

In the 2nd quarter of the current business year, 2004/2005, we were able to increase our on-going improvements in our revenue and result.



In the first six months of the current business year, 2004/2005, revenues of € 18.4 million (previous year: € 13.6 million) were achieved. This corresponds to a growth in revenues of 35.1% compared to the same period in the previous year.

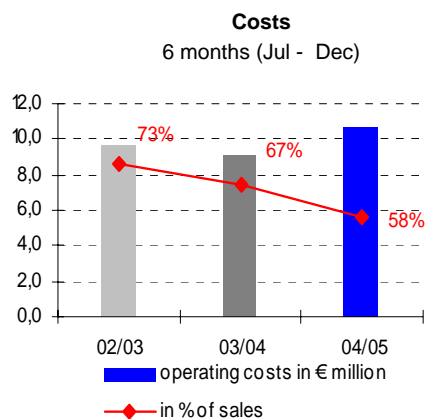
The region Germany achieved revenues worth € 11.9 million after six months, an increase of 33.5% over the previous year. An especially pleasing development was shown by our business outside Germany, whose



revenues were 38.3% higher than in the previous year, a growth rate disproportional to the growth of total sales revenues. Our efforts to build up business in the USA achieved first successes. Revenue from this region were worth € 1.1 million, more than double the amount achieved in the same period in the previous year.

The gross profit on sales equaled € 14.9 million (previous year: € 11.2 million) with a gross margin of 81.0% (previous year: 82.5%).

The operational costs (sales and marketing costs, research and development costs, and general administration expenses) rose by 17.0% to € 10.7 million (previous year: € 9.1 million). The main focus of operational costs lay in extending our sales and marketing activities, for which the expenses increased by 27.9% compared to the same period in the previous year. On



the other hand, total operating costs were reduced to 58.0% of revenue (previous year: 67.0%).

After six months an operating profit (EBIT) of € 4.5 million (previous year: € 2.1 million) was achieved, and an EBIT margin of 24.3% (previous year: 15.4%).

The EBITDA result after six months was € 4.8 million (previous year: € 2.4 million), which corresponds to a margin of 25.8% (previous year: 17.6%).

The result after tax improved in the reporting period from € 1.3 million in the previous year to € 3.5 million.

The undiluted result per share in accordance with IFRS equaled € 0.25 (previous year: € 0.13), based on a weighted, undiluted number of shares of 14,075,943 (previous year: 10,258,386). The diluted result per share in accordance with IFRS equaled € 0.24 (previous year: € 0.11), based on a weighted, diluted number of shares of 14,745,449 (previous year: 11,840,308).

The financial result of € -0.1 million is charged due to a non cash-effective one-time interest payment of € 0.3 million arising in the first quarter from the retirement of a derivative financial tool (Investcorp loan option).

In the first six months a positive operating cashflow of € 2.1 million (previous year: € 1.7 million) was achieved.

Assets and investments

Even at the end of the second quarter of the actual financial year, Utimaco has considerable financial resources available. For example, liquid assets on 31st December 2004 equaled € 19.2 million (compared to € 16.4 million on 30th June 2004). Short-term assets (cash and cash equivalents, receivables, inventories and other short-term assets) exceeded current liabilities by 216% (on 30th June 2004: 187%).

The increase in the equity capital in the reporting period from € 20.7 million to € 25.5 million was due to the achieved period surplus of € 3.5 million and also to the exercising of options from the warranty bond issued in 2003. On the 31st December 2004 the equity ratio equaled 70.2% (on 30th June 2004: 68.0%).

Investments

Investments of € 0.5 million were made for the exchange and upgrading of IT equipment and for equipping workplaces in the first six months. An additional € 0.1 million were invested in implementing a new ERP system. In total investments equaled € 0.6 million (previous year: € 0.2 million) in the reporting period.

Staff

On the 31st December 2004, Utimaco Safeware employed 213 staff (previous year: 202 staff). Of these staff, 65% were active in the domestic market (Germany), previous year: 66%, and 35% were active outside Germany (previous year: 34%).

Shareholdings and Option Holdings by Directors and Supervisory Board

On the reporting date, 31st December 2004, the shareholdings and option holdings of directors and members of the Supervisory Board, in accordance with § 22 WpHG (German securities trade act), were as follows:

Shareholdings and option stocks per Dec 31, 2004	Shareholdings acc. § 22 WpHG	Option stocks from warranty bond
Directors		
Martin Wülfert	139.967	15.385
Christian Bohne	139.965	62.750
Supervisory Board		
Dr. Horst Görtz (incl. Horst Görtz Foundation)	1.536.974	-
Helmuth Coqui	2.000	-
Hazem Ben-Gacem	-	-
Geralt Goder	5.000	-
Prof. Dr. Manfred Schlottke	-	-
Bernd Schroeder	30.000	-

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.

Change in Supervisory Board

Effective as of February 21, 2005, Dr. Horst Görtz, founder and chairman of the supervisory board, has resigned from the supervisory board. At the same time the supervisory board unanimously appointed Dr. Görtz honorary chairman of the supervisory board for life, in recognition of his long-standing and special contributions to Utimaco. Upon proposal by Dr. Görtz, Helmuth Coqui, formerly deputy chairman, has been appointed new chairman of the supervisory board. Prof. Dr. Manfred Schlottke, member of the supervisory board since 2000, has been appointed new deputy chairman.

Outlook

After very pleasing revenue development in the first six months and a good start to the second half of the financial year 2004/2005 we have increased our growth target for the financial year to at least 20%.

As we have also seen positive changes in results we intend to further increase investments in extending our leading market position. At the same time, we expect an improvement in the result for the year as a whole, compared to the previous year.

Segment reporting

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

- Personal Device Security (product business)
- Transaction Security (project business)

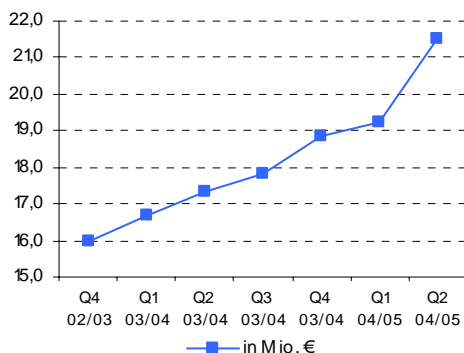
Income between the segments is presented separately. The basis for offsetting deliveries and services between the segments is the valid market prices applied to customers.

Personal Device Security: considerable increases in revenues and result

The Personal Device Security division develops, markets and sells professional software security products for protecting data against unauthorised access and modification on end devices such as desktops, laptops, PDAs and Smartphones, and also for protecting sensitive data on network servers. It sells its products both directly and indirectly.

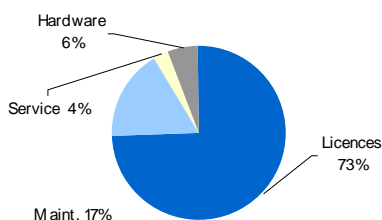
In the second quarter of the current financial year 2004/2005 Personal Device Security has once again achieved continual increases in its revenues from the SafeGuard product family (licenses and maintenance revenues) .

Personal Device Security
Revenues from SafeGuard product family
Rolling 12 months



The proportion of revenues achieved by the SafeGuard product family equaled 90.1% in the first six months, of which the license sales (40.5%) grew disproportionately to the total revenues for the Personal Device Security division.

Personal Device Security
Sales by product group
6-months (Jul - Dec)



In total, this division achieved revenues worth € 13.5 million in the first six months of the current financial year 2004/2005, an increase of 29.2 % over the same period last year (€ 10.4 million). The division contributed € 4.5 million (previous year: € 3.0 million) to the operating result (segment contribution).

Personal Device Security Euro '000	2004/2005 6-months Jul - Dec	2003/2004 6-months Jul - Dec
Sales	13,502	10448
<i>growth</i>	29.2%	-5.4%
Segment contribution *	4,500	3,048
<i>margin</i>	33.3%	29.2%

* before allocation of central costs

Extended cooperation with IBM

Since the start of the second quarter 2004/2005 IBM has been offering SafeGuard Easy world-wide as a certified security option for IBM's ThinkVantage technologies, after signing a reseller agreement. This permits IBM to offer its customers a unique solution that integrates complete hard disk encryption, data recovery and machine binding on one system.

Utimaco has now extended its world-wide cooperation with IBM. In addition to the harddisk encryption SafeGuard Easy, IBM will include Utimaco's SafeGuard PrivateDisk in its security portfolio. SafeGuard Private Disk is a tool that generates a virtual disk drive that serves as an electronic safe for secure storage of sensitive data. IBM will offer both security solutions of Utimaco as security options for ThinkPad notebooks and ThinkCentre desktops. In conjunction with these offerings, Utimaco and IBM have signed a global alliance agreement for joint marketing of encryption solutions for PCs and notebooks.

Research and development activities in the Personal Device Security division

In the current financial year, in addition to the on-going modification and improvement of its existing products, the Personal Device Security division is concentrating its research and development activities on extending its product portfolio in the direction of mobile security.

For example, Personal Device Security will add solutions for the growing market for smartphones, based on the Symbian operating system platform, to its existing product portfolio. To deepen technological cooperation with Symbian Utimaco joined the Symbian Platinum Program in December 2004.

Since the end of 2004 Utimaco has formed a technology partnership with Oracle. The aim of this partnership is to help customers optimum utilization of the Oracle database system as a basis for administering security settings for SafeGuard solutions.

Another important area of research and development activities involves actively participating in setting up the "trusted computing" architecture in co-operation with leading international IT companies such as Microsoft, Intel, IBM, HP and AMD. The basis for "Trusted Computing" is a new security chip (the "Trusted Platform Module") that acts as a hardware platform for supplementary security software functions. Utimaco already uses this new architecture with its SafeGuard Easy, SafeGuard LAN Crypt and SafeGuard PrivateDisk products.

New product features and product releases in quarter 2

SafeGuard Easy

In the second quarter we developed a procedure for simple and secure migration of SafeGuard Easy's hard disk encryption, for use when customers change operating system. With it, SafeGuard Easy offers customers a unique way to migrate encrypted infrastructures across all MS platforms, so that they can change to a new operating system platform in a very secure way, in the shortest time, while minimizing costs.

SafeGuard LANCrypt 3.11

This new version of the file and folder encryption solution for working groups was specially extended for use in large organizations. For example, version 3.11 implements hierarchical administration of security settings and supports different directory Services, such as Microsoft Active Directory or Novell eDirectory.

SafeGuard PDA 3.0

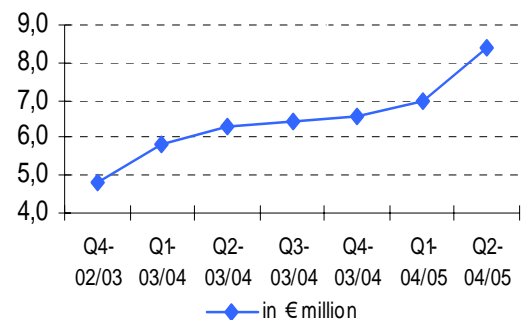
Version 3.0 with new PIM encryption is now also unaffected by a hard reset. If a thief performs a hard reset on the device they still cannot use it, because the last valid security settings and passwords are automatically reactivated after the hard reset.

Transaction Security: also strong revenues and high profitability in the second quarter

The Transaction Security division 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 protected in a secure hardware environment.

In the first six months the Transaction Security division achieved revenues of € 5.3 million including internal revenues of € 0.3 million (previous year: € 3.4 million, including internal revenues of € 0.2 million). The increase of 54.1% compared to the same period in the previous year resulted partially from the strong growth in demand for telecommunications management systems, which are now being also sold to e-mail providers, and for hardware security modules.

Transaction Security Sales
Rolling 12 months



The Transaction Security division contributed € 2.2 million (previous year: € 1.1 million) to the operating result (segment contribution).

Transaction Security Euro '000	2004/2005 6-months Jul - Dec	2003/2004 6-months Jul - Dec
Sales *	5,261	3,414
<i>growth</i>	54.1%	54.2%
Segment contribution **	2,166	1,112
<i>Marge</i>	41.2%	32.6%

* incl. Internal revenues of. € 343,000 (PY: € 231,000)

** before allocation of central costs

Research and development activities in the Transaction Security division

The Transaction Security division develops base technology that is used in projects and is also sold through OEM partnerships. This base technology undergoes on-going development and is intended for specialist applications.

SignatureServer

With the SignatureServer completed in the first quarter it is now possible to generate mass signatures outside trust centers, that comply with the digital signature law. Companies that use the Signature Server can create e.g. electronic invoices that are qualified for the deduction of sales tax by an electronic signature that complies with the digital signature law. November 2004 saw, for the first time, a presentation of the integration of the Signature Server in Seeburger AG's "Business Integration Server" (BIS). On the basis of the SignatureServer Seeburger AG can now offer the support of the entire electronic invoicing process for its more than 6,000 customers. The SignatureServer's integration in the SAP system environment will be presented at CeBIT. It is expected that the SignatureServer's function library will be granted ITSEC E2 high certification by the end of April 2005.

CryptoServer

The CryptoServer is a base component that is used, among other things, for securing e-payment systems, telecommunications systems, road pricing systems and in trust centers. The new generation of CryptoServer is designed to meet the growing demands for speed and high availability, of cryptographic services. It will be presented as a prototype at CeBIT 2005.

Telecommunications management systems

Many telecommunications providers have already implemented management systems of Utimaco. We have developed a solution with similar functionality that can be used by email providers. This solution has now been successfully implemented at its first customer sites.

Consolidated profit and loss statement Euro '000	2004/2005	2003/2004	2004/2005	2003/2004
	Q2 Oct - Dec	Q2 Oct - Dec	6 months Jul - Dec	6 months Jul - Dec
Sales revenues	11,149	7,365	18,421	13,630
Cost of sales	-1,830	-1,089	-3,495	-2,383
Gross profit	9,320	6,275	14,925	11,247
Sales and marketing costs	-3,426	-2,506	-6,244	-4,881
Research and development costs	-1,060	-1,037	-1,915	-2,010
General administrative costs	-1,404	-1,148	-2,525	-2,239
Depreciations on goodwill	0	-64	0	-128
Other operating revenues/expenses, net	107	1	238	46
Result from ordinary operations	3,536	1,522	4,480	2,035
Income from affiliated companies	0	0	0	0
Financial result	81	0	-113	-40
Result before taxes	3,617	1,522	4,368	1,995
Taxes on income	-626	-544	-847	-710
Result after tax	2,991	978	3,521	1,285
Minority interests	0	0	0	0
Net profit	2,991	978	3,521	1,285
Result per share acc. to IFRS				
- undiluted	€ 0.21	€ 0.08	€ 0.25	€ 0.13
- diluted	€ 0.20	€ 0.07	€ 0.24	€ 0.11
Weighted average number of shares				
- undiluted	14,154,972	12,597,343	14,075,943	10,258,386
- diluted	14,745,449	14,751,975	14,745,449	11,840,308

Segment result 2nd Quarter Euro '000	Personal Device Security		Transaction Security		Elimination/ General		Total	
	2004/2005	2003/2004	2004/2005	2003/2004	2004/2005	2003/2004	2004/2005	2003/2004
	Oct - Dec	Oct - Dec	Oct - Dec	Oct - Dec	Oct - Dec	Oct - Dec	Oct - Dec	Oct - Dec
External sales	8,695	6224	2,454	1,141	-	-	11,149	7,365
Intersegment sales	-	-	262	126	-262	-126	0	0
Total segment sales	8,695	6,224	2,717	1,267	-262	-126	11,149	7,365
Cost of goods sold	-565	-376	-367	-42	263	127	-668	-291
Depreciation	-50	-45	-36	-91	-57	-18	-143	-154
Operating costs	-4,336	-3,372	-1,293	-955	-1,279	-1,071	-6,909	-5,399
Segment result	3,744	2,431	1,021	179	-1,335	-1,089	3,429	1,521
Other operation income/ expenses, net							107	1
Result from ordinary operations							3,536	1,522

Segment result 6 months Euro '000	Personal Device Security		Transaction Security		Elimination/ General		Total	
	2004/2005	2003/2004	2004/2005	2003/2004	2004/2005	2003/2004	2004/2005	2003/2004
	Jul - Dec	Jul - Dec	Jul - Dec	Jul - Dec	Jul - Dec	Jul - Dec	Jul - Dec	Jul - Dec
External sales	13,502	10,448	4,919	3,182	-	-	18,421	13,630
Intersegment sales	-	-	343	231	-343	-231	0	0
Total segment sales	13,502	10,448	5,261	3,414	-343	-231	18,421	13,630
Cost of goods sold	-921	-786	-685	-303	346	232	-1,260	-875
Depreciation	-97	-84	-69	-183	-107	-34	-273	-302
Operating costs	-7,984	-6,529	-2,341	-1,815	-2,321	-2,137	-12,646	-10,482
Segment result	4,500	3,048	2,166	1,112	-2,424	-2,171	4,242	1,989
Other operation income/ expenses, net							238	46
Result from ordinary operations							4,480	2,035

Consolidated balance sheet Euro '000	6 months Jul 1, 2004 - Dec 31, 2004	Fiscal year-end June 30, 2004
ASSETS		
<i>Short-term assets</i>		
Cash and cash equivalents	19,236	16,430
Accounts receivable, trade, net	9,977	6,642
Inventories	531	629
Other short-term assets	659	894
Total Short-term Assets	30,403	24,595
<i>Long-term assets</i>		
Long-term financial assets	39	39
Shares in affiliated companies	0	0
Property, plant and equipment	1,029	767
Intangible assets	1,808	1,749
Deferred tax claims made under the tax relationship	2,300	2,300
Other long-term assets	781	1,044
Total Long-term assets	5,956	5,898
TOTAL ASSETS	36,359	30,494
LIABILITIES		
<i>Short-term liabilities</i>		
Liabilities towards credit institutions	0	3
Accounts payable from deliveries and services	918	1,444
Advance payments received	940	299
Other Liabilities	2,024	2,327
Provisions for taxes	1,050	248
Accruals	1,797	943
Deferred items	2,890	3,309
Total Short-term Liabilities	9,619	8,573
<i>Long-term liabilities</i>		
Liabilities towards credit institutions	83	65
Deferred taxes	72	72
Pension reserves	1,059	1,059
Total Long-term Liabilities	1,214	1,195
<i>Equity capital</i>		
Share capital	14,667	13,997
Reserves	31,842	31,373
Adjustment items for foreign currency conversion	352	211
Retained earnings/loss	-21,335	-24,855
Total Equity Capital	25,526	20,725
TOTAL	36,359	30,494

Consolidated cash flow statement Euro '000	2004/2005 Q2 Oct - Dec	2003/2004 Q2 Oct - Dec	2004/2005 6 months Jul - Dec	2003/2004 6 months Jul - Dec
Cash flow from operating activities				
Net income before taxes	3,617	1,522	4,368	1,995
Depreciations on property, plant and equipment and intangible assets	142	82	273	164
Depreciations on goodwill	0	64	0	128
Depreciations on financial assets	1	4	2	2
Changes in company pension reserves	0	10	0	-6
Changes to other items that have no effect on payment	-521	66	-708	89
Interest income/expenses	-82	167	110	205
Changes in accounts receivables, inventories and other assets	-3,670	-2,132	-2,736	-1,440
Changes in liabilities, short term accruals and deferred expenses	1,368	1,331	1,152	530
Changes in tax liabilities	-211	-37	-366	-14
Cash flow from operating activities	644	1,077	2,094	1,653
Cash flow from investment activities				
Expenses for investments in property, plant and equipment and intangible assets	-180	-147	-593	-195
Expenses for investments in financial assets	0	3,399	0	3,392
Interest receipts/interest payments	123	41	222	94
Cash flow from investment activities	-57	3,294	-371	3,292
Cash flow from financing activities				
Conversion of dormant equity holding into shares	0	-800	0	-800
Changes in obligations to banks	-7	0	15	-1,073
Interest payments	-43	-35	-72	-106
Receipts from capital increases	1,140	778	1,140	9,078
Back-payment of an option bond	0	-3,439	0	0
Back-payment of long-term loans	0	-550	0	-550
Cash flow from financing activities	1,090	-4,047	1,083	6,549
Increase in cash and cash equivalents	1,677	323	2,806	11,479
Cash and cash equivalents at the beginning of the period	17,559	13,455	16,430	2,282
Cash and cash equivalents at the end of the period	19,236	13,778	19,236	13,778

Consolidated changes in equity Euro	Number of issued individual share certificates	Subscribed capital	Capital reserve	Adjustment items for currency conversion	Retained earnings	Total equity capital
Balance as of 30th June 2001	5,652,594	5,652,594	26,807,941	111,236	-13,429,516	19,142,255
Capital increase on the 6th February 2002	561,749	561,749	786,449			1,348,198
Net loss for the year					-14,655,043	-14,655,043
Adjustment items for foreign currency conversion				33,242		33,242
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			382,332			382,332
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	20,725,119
Capital increase by exercising options	670,400	670,400	469,280			1,139,680
Net profit					3,520,720	3,520,720
Adjustment items for foreign currency conversion				140,764		140,764
Balance as of 31st December 2004	14,667,314	14,667,314	31,841,812	351,911	-21,334,754	25,526,284