

Transition to International Financial Reporting Standards (IFRS)

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GENERAL INFORMATION

In 2001 the EU Commission resolved that all listed companies within the European Union must apply International Financial Reporting Standards (IFRS) in their consolidated accounts by 1st of January 2005. Under the European Economic Area (EEA) agreement, this change will also apply to Norwegian companies listed at Oslo Stock Exchange.

Visma will convert from Norwegian Accounting Standards (NGAAP) to International Financial Reporting Standards (IFRS) with reporting effect from Q1 2005. Visma has prepared the opening balance sheet at the date of the transition to IFRS, which is 1 January 2004. The 2005 interims reports will be prepared in accordance with IFRS and include comparative information for 2004.

The intention of this transition report is to give the reader a guide to how the transition from NGAAP to IFRS will impact Visma's consolidated financial statements. The report including IFRS reconciliations and disclosures have not been audited.

Section 1 of the report provides a description of differences in accounting policies between NGAAP and IFRS relevant to Visma.

Section 2 provides the reconciliation tables as required by IFRS 1, including note disclosures describing each material difference, financial statements in compliance with IFRS, recalculation of key figures etc.

Section 3 includes Visma's accounting principles expected to be applied in the financial statements in 2005.

This document is prepared on the basis of Visma's current understanding of IFRS applicable from 01.01.2005. However there is still inherent uncertainty to how these standards should be interpreted and implemented. Any further changes discovered after release date of this document will be informed in a proper manner.

SECTION 1

IMPACT ON VISMA'S ACCOUNTING PRINCIPLES FROM TRANSITION TO IFRS

This section of the report must be read in conjunction with Visma's IFRS compliant accounting principles presented in section 3 of the report.

BASIS FOR TRANSITION TO IFRS (IFRS 1)

The international Accounting Standards Board (IASB) published its first International Financial Reporting Standard (IFRS 1), First-time Adoption of International Financial reporting Standards in June 2003 and has made some amendments of the standard after this date. The last amendment was 31 March 2004. IFRS 1 requires companies to:

- Identify the first IFRS financial statements
- Prepare an opening IFRS balance sheet at the date of transition to IFRS, which is 1 January 2004 for Visma
- Select and use the same accounting policies in its opening IFRS balance sheet and throughout all periods presented in its first IFRS financial statements (apply retrospectively). All accounting policies shall apply with each IFRS effective at the reporting date
- Consider whether to apply any of the voluntary exemptions from retrospective application
- Apply the mandatory exceptions from retrospective application
- Make reconciliations and disclosures to explain the transition to IFRS.

IFRS 1 has been adopted in preparing Visma's opening balance sheet at the date of transition to IFRS, January 1, 2004. The opening balance sheet is the starting point for all subsequent reporting under IFRS.

The quantitative adjustments as a result of applying IFRS for the first time are presented in section 2 of this document.

The key principle of IFRS 1 is full retrospective application of all IFRS in force at the reporting date, normally December 31, 2005. However Visma is required to publish interim reports and the first IFRS report will be the first quarter interim report 2005.

IFRS 1 contains both mandatory and voluntary exemptions from full retrospective application.

Visma has applied the following voluntary exemptions in IFRS 1:

- No retrospective application of IFRS 3, Business Combinations
- Both IAS 32 and IAS 39 will be adopted from January 1, 2005 with no effect for comparative figures (comparative figures regarding financial instruments are presented based on NGAAP principles).
- IFRS 2 Share-based Payment has not been applied on equity instruments that were granted before 7 November 2002. Visma has not granted any plans after 7 November 2002. IFRS 2 has not been applied to modifications of the terms and conditions done before 1 January 2005.
- Property, Plant and Equipment will not be measured at its fair value at the date of transition.
- Visma does not have any benefit plans and therefore no cumulative unrecognised actuarial gains or losses on defined benefit plans.
- Cumulative translation differences related to foreign subsidiaries have been set to zero at the date of transition to IFRS.

BASIS OF PREPARATION

Under IFRS, Visma's financial statements will be prepared on a historical cost basis, with the following exemptions related to IAS 32 og IAS 39:

- All financial assets and liabilities held for trading and all financial assets that are classified as available for sale, are carried at fair value.

IAS 32 and IAS 39 will be implemented in the opening balance sheet as of 01.01.2005.

Other exemptions will be presented where applicable.

PRESENTATION

Under IFRS, the financial statements will include the following components:

- Income statement
- Balance sheet
- Statement of changes in equity
- Cash flow statement
- Notes to the financial statements, including accounting principles

Unlike NGAAP, a reconciliation of changes in equity has to be shown as a separate statement and not as a note to the financial statements.

Under IFRS, comparative information is required for the preceding period only. During 2005, Visma will only present one year of comparatives as required. In the annual report for 2005, the 2003 income statement according to NGAAP will be included according to the guidelines from Oslo Stock Exchange.

BUSINESS COMBINATIONS

Under NGAAP, Visma allocated mainly all of the excess value of the business combinations as goodwill, including values related to contracts and customer relationships. Under IFRS values related to contracts and customer relationships will be identified and recorded as identifiable intangible assets. The fair value of contracts and customer relationships will be calculated

considering the estimated future recurring revenues from the customers in the acquired operations at the date of the acquisition. The value related contracts and customer relationships will be calculated on a 100% basis, including the share of any minority interest.

The fair value of tax amortizations are considered in the recorded value of contracts and customer relationships. Any deferred tax liabilities related to the recorded contracts and customer relationships are calculated at nominal values and the difference between the fair value of the tax amortizations and the corresponding deferred tax liabilities are recorded as a part of goodwill.

As a part of the acquisition price is related to the acquired operation's ability to acquire new customers and develop new products and services, Visma in general still expects to allocate a considerable amount to goodwill in future acquisitions.

Under NGAAP, Visma translated goodwill from foreign operations to the reporting currency using the exchange rate ruling at the date of transaction. Under IFRS goodwill from a business combination are translated using the exchange rate ruling at the balance sheet date.

As under NGAAP Visma will calculate goodwill related to acquisition of minority interest as the difference between the acquisition cost and the minority interest's part of the recorded net assets of the entity in which Visma is acquiring a minority interest.

Visma considered to apply IFRS 3 retrospectively from 1st quarter 2001, but decided not to mainly due to the fact that the recorded goodwill as at 1 January 2004 would not have been materially changed from the recorded goodwill recorded as at 31 December 2003 under N GAAP (which is the recorded amount as at 1 January 2004 under IFRS).

REPORTING CURRENCY AND TRANSLATION OF FOREIGN CURRENCY FINANCIAL STATEMENTS

Under IFRS, an entity may present its financial statements in a currency other than its functional currency. Functional currency is the currency that best reflects the economic substance of the underlying events and circumstances relevant to an entity. Factors to be considered in determining an appropriate functional currency include the denomination of sales and purchase and financing activities.

Visma's reporting currency will still be NOK.

As at the reporting date, the assets and liabilities of foreign entities are translated into the reporting currency of Visma at the rate of exchange ruling at the balance sheet date. The foreign entities' income statements are translated at the weighted average exchange rates for the reporting period. Under NGAAP, the foreign entities' income statements were translated at the average exchange rate for the year. The exchange rate differences are taken directly to a separate component of equity (translations differences). On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign entity will be recognised in the income statement.

Goodwill arising from the acquisition of a foreign subsidiary and any fair value adjustments to the carrying amounts of assets and liabilities arising from the acquisition are treated as assets and liabilities of the foreign entities and translated at the closing rate.

GOODWILL

As at the acquisition date Visma recognise goodwill acquired in a business combination as an asset and initially measure that goodwill at its cost, being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. A cash-generating unit to which goodwill has been allocated will be tested for impairment annually, and whenever there is an indication that the unit may be

impaired, by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the unit.

Prior to 1 January 2004 goodwill was amortised over its estimated useful lives, such amortisation ceased on 31 December 2003 since amortising of goodwill is not permitted under IFRS. Under NGAAP Visma translated goodwill from foreign cash-generating units at the exchange rate ruling at the acquisition date. At the transition date goodwill are translated back to the functional currency for the cash-generating unit and will for the following periods be translated at the exchange rate ruling at the balance sheet date.

If Visma's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost, the difference is recognised immediately in the income statement.

OTHER INTANGIBLE ASSETS

Expenditure on acquired contracts and customer relationships was under NGAAP capitalized as goodwill. Under IFRS contracts and customer relationships are identified as a separate intangible asset and amortized using the straight-line method over their useful lives. Useful life is normally estimated to 4-7 years. Intangible assets are not revalued.

RESEARCH AND DEVELOPMENT

Visma has under NGAAP recognised all expenditures related to research and development as expense according to the Norwegian Accounting Act. Under IFRS research cost has to be recognised immediately and development shall be recognised as an intangible asset when the criteria for capitalization are fulfilled.

Visma will not recognise any intangible asset arising from development at the date of transition. Development after the transition date will be recognised as an intangible asset when the criteria for capitalization are met.

FINANCIAL INVESTMENTS

Visma will, as stated above, adopt both IAS 32 and IAS 39 from 1 January 2005 with no retrospective effect for comparative figures (2004).

The main adjustment that would have been necessary to make the included IFRS information in section 2 in compliance with IAS 32 and IAS 39 is related to Visma's interests in listed and unlisted entities which are not classified as subsidiaries or associates. Investments in listed and unlisted entities would have been measured at fair value. Visma will classify these as available-for-sale investments. Gains and losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

For investments that are actively traded in organized financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date. For investments where there is no quoted market price, fair value is determined by reference to the current market value noted or is calculated based on the expected cash flows of the underlying net asset base of the investment.

RECEIVABLES

Receivables are recognised and carried at original invoice amount. Impairment is calculated based on historically incurred losses or events and the trade receivables will be subject for impairment when objective evidence of an incurred loss exists.

Visma's accrual for bad debt of 31.12.2003 is based on a specific evaluation of all due receivables. Any general provisions for future events are assessed as immaterial. There will therefore be no significant deviation from NGAAP at the transition date.

INTEREST-BEARING LOANS AND BORROWINGS

Interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Transaction costs (debt issuance costs) are presented net, together with the loan, and expensed as part of the amortised cost calculation. Under NGAAP the debt issuance cost were expensed to the income statement on a linear basis over the borrowing period and presented gross. This change in accounting policy will have immaterial impact on Visma's financial statements under IFRS.

DIVIDENDS, TREASURY SHARES AND EXCHANGE DIFFERENCES

Dividends are under IFRS not recognised until the entity has an obligation to pay the dividend, which generally is not until these are approved by the general assembly. Under N GAAP dividends were provided for at the balance sheet date in the year prior to the approval of the general assembly.

The treatment of treasury shares is considered to be consistent between IFRS and NGAAP with gains or losses recorded to equity.

Exchange differences arising from translating foreign operations recognised as a part of the equity, will at the transition date be set to zero and the gain or loss on a subsequent disposal of any foreign operation will exclude translation differences that arose before the date of transition to IFRS and will only include later translation differences.

OTHER DIFFERENCES

IFRS requires more detailed disclosures in the consolidated financial statements than NGAAP.

SECTION 2

This section of the report must be read in conjunction with impact on Visma's accounting principles from transition to IFRS presented in section 1 of the report.

Reconciliation of balance sheet at the transition date 01.01.2004

BALANCE SHEET			
All figures in NOK 1000			
	Note	2004 NGAAP	2004 IFRS
Operating revenue			
ASSETS			
Fixed assets			
Intangible assets			
Patents and other intangible assets		43.615	43.615
Deferred tax assets		44.616	44.616
Contracts & Customer relationships		0	0
Goodwill		723.136	723.136
Total intangible assets		811.367	811.367
Tangible fixed assets			
Property, land and buildings		16.267	16.267
Machinery and equipment		52.261	52.261
Total tangible fixed assets		68.528	0
Financial fixed assets			
Shares		39.923	39.923
Other long-term receivables		14.018	14.018
Total financial fixed assets		53.941	0
Total fixed assets		933.836	0
Current Assets			
Inventory		3.026	3.026
Receivables			
Accounts receivable		263.968	263.968
Other short-term receivables		36.274	36.274
Total receivables		300.242	300.242
Shares		11.994	11.994
Cash and cash equivalents		356.826	356.826
Total current assets		672.088	0
Total assets		1.605.923	0
LIABILITIES AND EQUITY			
Shareholders' equity			
Share capital		155.769	155.769
Other shareholders' equity		867.923	867.923
Allocated to dividends	1	0	70.299
Minority interests		21.881	21.881
Total shareholders' equity		1.045.573	70.299
Provisions			
Pension liabilities		1.226	1.226
Deferred tax liability		0	0
Total provisions		1.226	1.226
Other long term liabilities		26.507	26.507
Current liabilities			
Bank overdraft		2.961	2.961
Accounts payable		68.838	68.838
Public duties payable		126.494	126.494
Tax payable		11.809	11.809
Allocated to dividends	1	70.299	(70.299)
Other non interest-bearing liabilities		252.216	252.216
Total current liabilities		532.617	(70.299)
Total liabilities		560.350	(70.299)
Total equity and liabilities		1.605.923	0

Reconciliation of income statement, balance, cash flow and equity Q1 2004

STATEMENT OF INCOME		1Q		1Q
All figures in NOK 1000		2004		2004
	Note	NGAAP		IFRS
Operating revenue				
Sales revenue		432.102		432.102
Other operating revenue		0		0
Total operating revenue		432.102	0	432.102
Operating expenses				
Cost of goods sold		33.729		33.729
Personnel costs		256.139		256.139
Bad debts		3.125		3.125
Other operating expenses		81.713		81.713
Total operating expenses		374.706	0	374.706
EBITDA		57.397	0	57.397
Depreciation tangible assets		7.246		7.246
EBITA		50.150	0	50.150
Amortisation Patents and other intangible assets		2.626		2.626
Amortisation Contracts & Customer relationships	2	0	3.777	3.777
Amortisation Goodwill	3	17.249	(17.249)	0
Operating profit EBIT		30.276	13.471	43.747
Financial income and expenses				
Financial income		40.498		40.498
Financial expenses		(1.180)		(1.180)
Net financial items		39.318	0	39.318
Profit before tax		69.594	13.471	83.065
Tax				
Taxes payable		2.629		2.629
Change in deferred tax	4	20.228	1.205	21.433
Tax expense		22.857	1.205	24.062
Net profit for the year		46.737	12.266	59.003
Minority interests		7		7
Profit after minority intrests		46.731	12.266	58.997
EPS		1,50		1,89
EPS diluted		1,49		1,88
EBITDA		13,3 %		13,3 %
BALANCE SHEET				
ASSETS				
Fixed assets				
Intangible assets				
Patents and other intangible assets		40.915		40.915
Deferred tax assets		21.943		21.943
Contracts & Customer relationships	2	0	73.037	73.037
Goodwill	3	854.432	(45.979)	808.453
Total intangible assets		917.290	27.058	944.348
Tangible fixed assets				
Property, land and buildings		16.068		16.068
Machinery and equipment		60.073		60.073
Total tangible fixed assets		76.141	0	76.141
Financial fixed assets				
Shares		21.908		21.908
Other long-term receivables		12.622		12.622
Total financial fixed assets		34.529	0	34.529
Total fixed assets		1.027.960	27.058	1.055.018
Current Assets				
Inventory		1.642		1.642
Receivables				
Accounts receivable		220.885		220.885
Other short-term receivables		47.771		47.771
Total receivables		268.656		268.656
Shares		11.994		11.994
Cash and cash equivalents		415.825		415.825
Total current assets		698.117	0	698.117
Total assets		1.726.077	27.058	1.753.135
LIABILITIES AND EQUITY				
Shareholders' equity				
Share capital		156.169		156.169
Other shareholders' equity		916.856	4.079	920.934
Allocated to dividends		0		0
Minority interests		12.289		12.289
Total shareholders' equity		1.085.313	4.079	1.089.392
Provisions				
Pension liabilities		1.355		1.355
Deferred tax liability	4	(0)	22.979	22.979
Total provisions		1.355	22.979	24.333
Other long term liabilities		9.318		9.318
Current liabilities				
Bank overdraft		772		772
Accounts payable		71.692		71.692
Public duties payable		127.140		127.140
Tax payable		8.957		8.957
Allocated to dividends		3.958		3.958
Other non interest-bearing liabilities		417.572		417.572
Total current liabilities		630.091	0	630.091
Total liabilities		640.764	22.979	663.743
Total equity and liabilities		1.726.077	27.058	1.753.135

CASH FLOW STATEMENT			
(NOK 1,000)	Note	1Q	1Q
		2004	2004
		NGAAP	IFRS
Ordinary profit before tax		69.594	83.065
Depreciation tangible assets		7.246	7.246
Amortisation Patents and other intangible assets		2.626	2.626
Amortisation Contracts & Customer relationships	2	0	3.777
Amortisation Goodwill	3	17.249	0
Write down/(up) of short-term share investments		0	0
(Profit)/loss on sale of short-term share investments		0	0
Tax paid		(2.852)	(2.852)
Cash flow from operations		93.863	93.863
Change in inventory, debtors and creditors		47.320	47.320
Change in other accruals		157.679	157.679
Net cash flow from operational activities		298.862	298.862
Investment in tangible fixed assets		(11.976)	(11.976)
Sale of (investment in) businesses		(158.156)	(158.156)
Sale of (investment in) shares		18.015	18.015
Net cash flow from investments		(152.116)	(152.116)
Change in long term liabilities		(17.189)	(17.189)
Change in bank overdraft		(2.189)	(2.189)
Net cash flow from share issues		0	0
Payment of dividend		(66.340)	(66.340)
Purchase of own shares		(1.716)	(1.716)
Net cash flow from financing activities		(87.435)	(87.435)
Net cash flow		59.311	59.311
Cash and cash equivalents, beginning of period		356.826	356.826
Translation differences		(312)	(312)
Cash and cash equivalents, end of period		415.825	415.825

Movement in equity				
(NOK 1 000)	Note	1Q	1Q	
		2004	2004	
		NGAAP	IFRS	
Equity at 1st January		1.045.573	70.299	1.115.872
Share issue		0	0	0
Reversal of dividend provision own shares		185	0	185
Realization own shares		(931)	0	(931)
Translation differences	2,3	4.134	(8.187)	(4.053)
Allocated to dividend	1	0	(70.299)	(70.299)
Net changes minority		(9.599)	0	(9.599)
Net profit/loss for the period		46.737	12.266	59.003
Own shares		(786)	0	(786)
Equity at end of period		1.085.313	4.079	1.089.392

Reconciliation of income statement, balance, cash flow and equity Q2 2004

STATEMENT OF INCOME		2Q	2Q	1H	1H
All figures in NOK 1000		2004	2004	2004	2004
Operating revenue	Note	NGAAP	IFRS	NGAAP	IFRS
Sales revenue		408.135	408.135	840.237	840.237
Other operating revenue		0	0	0	0
Total operating revenue		408.135	0 408.135	840.237	0 840.237
Operating expenses					
Cost of goods sold		37.135	37.135	70.863	70.863
Personnel costs		244.254	244.254	500.393	500.393
Bad debts		2.989	2.989	6.114	6.114
Other operating expenses		73.541	73.541	155.255	155.255
Total operating expenses		357.919	0 357.919	732.624	0 732.624
EBITDA		50.216	0 50.216	107.612	0 107.612
Depreciation tangible assets		7.246	7.246	14.492	14.492
EBITA		42.970	0 42.970	93.120	0 93.120
Amortisation Patents and other intangible assets		2.626	2.626	5.252	5.252
Amortisation Contracts & Customer relationships	2	0	4.879	0	8.656
Amortisation Goodwill	3	18.890	(18.890)	36.138	(36.138)
Operating profit EBIT		21.454	14.011 35.465	51.730	27.482 79.212
Financial income and expenses					
Financial income		3.807	3.807	44.306	44.306
Financial expenses		(6.969)	(6.969)	(8.149)	(8.149)
Net financial items		(3.162)	0 (3.162)	36.157	0 36.157
Profit before tax		18.292	14.011 32.303	87.886	27.482 115.368
Tax					
Taxes payable		1.256	1.256	3.885	3.885
Change in deferred tax	4	7.496	884 8.380	27.724	2.089 29.812
Tax expense		8.752	884 9.636	31.609	2.089 33.698
Net profit for the year		9.540	13.127 22.667	56.277	25.393 81.670
Minority interests		742	742	749	749
Profit after minority interests		8.798	13.127 21.925	55.528	25.393 80.921
EPS		0,28	0,70	1,78	2,59
EPS diluted		0,28	0,70	1,77	2,57
EBITDA		12,3 %	12,3 %	12,8 %	12,8 %
BALANCE SHEET					
ASSETS					
Fixed assets					
Intangible assets					
Patents and other intangible assets				38.457	38.457
Deferred tax assets				38.301	38.301
Contracts & Customer relationships	2			0	93.515
Goodwill	3			884.183	(53.323) 830.860
Total intangible assets				960.940	40.192 1.001.132
Tangible fixed assets					
Property, land and buildings				18.321	18.321
Machinery and equipment				63.173	63.173
Total tangible fixed assets				81.494	0 81.494
Financial fixed assets					
Shares				23.711	23.711
Other long-term receivables				11.647	11.647
Total financial fixed assets				35.357	0 35.357
Total fixed assets				1.077.791	40.192 1.117.984
Current Assets					
Inventory				2.427	2.427
Receivables					
Accounts receivable				245.409	245.409
Other short-term receivables				50.426	50.426
Total receivables				295.835	295.835
Shares				11.994	11.994
Cash and cash equivalents				451.254	451.254
Total current assets				761.511	0 761.511
Total assets				1.839.302	40.192 1.879.494
LIABILITIES AND EQUITY					
Shareholders' equity					
Share capital				156.219	156.219
Other shareholders' equity				929.268	9.223 938.491
Allocated to dividends				0	0
Minority interests				11.791	11.791
Total shareholders' equity				1.097.278	9.223 1.106.501
Provisions					
Pension liabilities				1.483	1.483
Deferred tax liability	4			22.330	30.969 53.299
Total provisions				23.813	30.969 54.782
Other long term liabilities				182.627	182.627
Current liabilities					
Bank overdraft				2.606	2.606
Accounts payable				63.102	63.102
Public duties payable				101.500	101.500
Tax payable				8.063	8.063
Allocated to dividends				3.958	3.958
Other non interest-bearing liabilities				356.353	356.353
Total current liabilities				535.584	0 535.584
Total liabilities				742.024	30.969 772.993
Total equity and liabilities				1.839.302	40.192 1.879.494

CASH FLOW STATEMENT			
(NOK 1,000)	Note	1H	
		2004	2004
		NGAAP	IFRS
Ordinary profit before tax		87.886	115.368
Depreciation tangible assets		14.492	14.492
Amortisation Patents and other intangible assets		5.252	5.252
Amortisation Contracts & Customer relationships	2	0	8.656
Amortisation Goodwill	3	36.138	0
Write down/(up) of short-term share investments		0	0
(Profit)/loss on sale of short-term share investments		0	0
Tax paid		(3.746)	(3.746)
Cash flow from operations		140.023	140.023
Change in inventory, debtors and creditors		13.422	13.422
Change in other accruals		71.655	71.655
Net cash flow from operational activities		225.100	225.100
Investment in tangible fixed assets		(23.303)	(23.303)
Sale of (investment in) businesses		(208.333)	(208.333)
Sale of (investment in) shares		16.212	16.212
Net cash flow from investments		(215.424)	(215.424)
Change in long term liabilities		156.120	156.120
Change in bank overdraft		(355)	(355)
Net cash flow from share issues		0	0
Payment of dividend		(70.114)	(70.114)
Purchase of own shares		(1.177)	(1.177)
Net cash flow from financing activities		84.474	84.474
Net cash flow		94.150	94.150
Cash and cash equivalents, beginning of period		356.826	356.826
Translation differences		278	278
Cash and cash equivalents, end of period		451.254	451.254

Movement in equity			
(NOK 1 000)	Note	1H	
		2004	2004
		NGAAP	IFRS
Equity at 1st January		1.045.573	1.115.872
Share issue		0	0
Reversal of dividend provision own shares		185	185
Realization own shares		(1.177)	(1.177)
Translation differences	2,3	7.259	(16.170)
Allocated to dividend	1	0	(70.299)
Net changes minority		(10.838)	0
Net profit/loss for the period		56.277	81.670
Own shares		0	0
Equity at end of period		1.097.278	1.106.501

Reconciliation of income statement, balance, cash flow and equity Q3 2004

STATEMENT OF INCOME		3Q		3QYTD	
All figures in NOK 1000		2004		2004	
Operating revenue	Note	NGAAP	IFRS	NGAAP	IFRS
Sales revenue		362.093	362.093	1.202.330	1.202.330
Other operating revenue		0	0	0	0
Total operating revenue		362.093	0 362.093	1.202.330	0 1.202.330
Operating expenses					
Cost of goods sold		38.783	38.783	109.646	109.646
Personnel costs		188.683	188.683	689.076	689.076
Bad debts		4.197	4.197	10.311	10.311
Other operating expenses		74.409	74.409	229.663	229.663
Total operating expenses		306.072	0 306.072	1.038.696	0 1.038.696
EBITDA		56.021	0 56.021	163.634	0 163.634
Depreciation tangible assets		7.246	7.246	21.738	21.738
EBITA		48.775	0 48.775	141.895	0 141.895
Amortisation Patents and other intangible assets		2.626	2.626	7.878	7.878
Amortisation Contracts & Customer relationships	2	0	4.932	0	13.589
Amortisation Goodwill	3	18.872	(18.872)	55.010	(55.010)
Operating profit EBIT		27.277	13.939 41.217	79.007	41.421 120.428
Financial income and expenses					
Financial income		1.668	1.668	45.973	45.973
Financial expenses		(3.911)	(3.911)	(12.060)	(12.060)
Net financial items		(2.244)	0 (2.244)	33.913	0 33.913
Profit before tax		25.034	13.939 38.973	112.920	41.421 154.341
Tax					
Taxes payable		1.210	1.210	5.095	5.095
Change in deferred tax	4	9.342	873	10.215	37.065
Tax expense		10.551	873 11.425	42.160	2.962 45.123
Net profit for the year		14.482	13.066 27.548	70.760	38.459 109.219
Minority interests		493	493	1.242	1.242
Profit after minority intrests		13.990	13.066 27.056	69.518	38.459 107.977
EPS		0,45	0,87	2,23	3,46
EPS diluted		0,44	0,86	2,21	3,43
EBITDA		15,5 %	15,5 %	13,6 %	13,6 %
BALANCE SHEET					
ASSETS					
Fixed assets					
Intangible assets					
Patents and other intangible assets				35.471	35.471
Deferred tax assets				28.851	28.851
Contracts & Customer relationships	2			0	88.210
Goodwill	3			870.688	(25.472)
Total intangible assets				935.010	62.738 997.748
Tangible fixed assets					
Property, land and buildings				17.833	17.833
Machinery and equipment				54.600	54.600
Total tangible fixed assets				72.434	0 72.434
Financial fixed assets					
Shares				23.235	23.235
Other long-term receivables				12.004	12.004
Total financial fixed assets				35.239	0 35.239
Total fixed assets				1.042.683	62.738 1.105.421
Current Assets					
Inventory					
				7.676	7.676
Receivables					
Accounts receivable				214.078	214.078
Other short-term receivables				43.478	43.478
Total receivables				257.555	257.555
Shares					
				11.994	11.994
Cash and cash equivalents					
				417.747	417.747
Total current assets				694.972	0 694.972
Total assets				1.737.655	62.738 1.800.393
LIABILITIES AND EQUITY					
Shareholders' equity					
Share capital				155.059	155.059
Other shareholders' equity				924.341	31.012
Allocated to dividends				0	0
Minority interests				12.192	12.192
Total shareholders' equity				1.091.591	31.012 1.122.604
Provisions					
Pension liabilities				1.569	1.569
Deferred tax liability	4			22.150	31.726
Total provisions				23.719	31.726 55.445
Other long term liabilities					
				182.537	182.537
Current liabilities					
Bank overdraft				4.469	4.469
Accounts payable				68.118	68.118
Public duties payable				86.482	86.482
Tax payable				8.187	8.187
Allocated to dividends				3.958	3.958
Other non interest-bearing liabilities				268.593	268.593
Total current liabilities				439.808	0 439.808
Total liabilities				646.064	31.726 677.790
Total equity and liabilities				1.737.655	62.738 1.800.393

CASH FLOW STATEMENT			
(NOK 1,000)	Note	3QYTD	3QYTD
		2004	2004
		NGAAP	IFRS
Ordinary profit before tax		112.920	154.341
Depreciation tangible assets		21.738	21.738
Amortisation Patents and other intangible assets		7.878	7.878
Amortisation Contracts & Customer relationships	2	0	13.589
Amortisation Goodwill	3	55.010	0
Write down/(up) of short-term share investments		0	0
(Profit)/loss on sale of short-term share investments		0	0
Tax paid		(3.622)	(3.622)
Cash flow from operations		193.925	193.925
Change in inventory, debtors and creditors		44.519	44.519
Change in other accruals		(27.063)	(27.063)
Net cash flow from operational activities		211.381	211.381
Investment in tangible fixed assets		(23.914)	(23.914)
Sale of (investment in) businesses		(213.962)	(213.962)
Sale of (investment in) shares		16.688	16.688
Net cash flow from investments		(221.188)	(221.188)
Change in long term liabilities		156.030	156.030
Change in bank overdraft		1.508	1.508
Net cash flow from share issues		0	0
Payment of dividend		(70.114)	(70.114)
Purchase of own shares		(16.444)	(16.444)
Net cash flow from financing activities		70.980	70.980
Net cash flow		61.173	61.173
Cash and cash equivalents, beginning of period		356.826	356.826
Translation differences		(253)	(253)
Cash and cash equivalents, end of period		417.747	417.747

Movement in equity			
(NOK 1 000)	Note	3QYTD	3QYTD
		2004	2004
		NGAAP	IFRS
Equity at 1st January		1.045.573	1.115.872
Share issue		0	0
Reversal of dividend provision own shares		185	185
Realization own shares		(1.177)	(1.177)
Translation differences	2,3	2.449	(4.998)
Allocated to dividend	1	0	(70.299)
Net changes minority		(10.931)	(10.931)
Net profit/loss for the period		70.760	109.219
Own shares		(15.267)	(15.267)
Equity at end of period		1.091.592	1.122.604

Reconciliation of income statement, balance, cash flow and equity Q4 2004

STATEMENT OF INCOME					
All figures in NOK 1000	4Q 2004		4Q 2004		FY 2004
	Note	NGAAP	IFRS	NGAAP	IFRS
Operating revenue					
Sales revenue		463.248	463.248	1.665.578	1.665.578
Other operating revenue		0	0	0	0
Total operating revenue		463.248	0 463.248	1.665.578	0 1.665.578
Operating expenses					
Cost of goods sold		56.767	56.767	166.413	166.413
Personnel costs		258.022	258.022	947.098	947.098
Bad debts		(3.220)	(3.220)	7.091	7.091
Other operating expenses		91.000	91.000	320.663	320.663
Total operating expenses		402.569	0 402.569	1.441.265	0 1.441.265
EBITDA		60.679	0 60.679	224.312	0 224.312
Depreciation tangible assets		7.246	7.246	28.985	28.985
EBITA		53.432	0 53.432	195.328	0 195.328
Amortisation Patents and other intangible assets		2.626	2.626	10.504	10.504
Amortisation Contracts & Customer relationships	2	0	5.305	0	18.893
Amortisation Goodwill	3	16.484	(16.484)	0	71.494
Operating profit EBIT		34.322	11.180 45.502	113.329	52.601 165.930
Financial income and expenses					
Financial income		1.076	1.076	47.049	47.049
Financial expenses		(5.769)	(5.769)	(17.829)	(17.829)
Net financial items		(4.693)	0 (4.693)	29.220	0 29.220
Profit before tax		29.629	11.180 40.809	142.549	52.601 195.150
Tax					
Taxes payable		10.221	10.221	15.316	15.316
Change in deferred tax	4	(63.743)	(4.032) (67.776)	(26.678)	(1.070) (27.748)
Tax expense		(53.522)	(4.032) (57.554)	(11.362)	(1.070) (12.432)
Net profit for the year		83.152	15.212 98.363	153.911	53.671 207.582
Minority interests		1.671	1.671	2.913	2.913
Profit after minority intrests		81.481	15.212 96.693	150.999	53.671 204.670
EPS		2,61	3,09	4,83	6,55
EPS diluted		2,59	3,07	4,80	6,51
EBITDA		13,1 %	13,1 %	13,5 %	13,5 %
BALANCE SHEET					
ASSETS					
Fixed assets					
Intangible assets					
Patents and other intangible assets				33.441	33.441
Deferred tax assets				116.358	116.358
Contracts & Customer relationships	2	0	88.910	0	88.910
Goodwill	3			850.099	(8.421) 841.678
Total intangible assets				999.898	80.489 1.080.387
Tangible fixed assets					
Property, land and buildings				17.772	17.772
Machinery and equipment				55.070	55.070
Total tangible fixed assets				72.842	0 72.842
Financial fixed assets					
Shares				23.193	23.193
Other long-term receivables				11.162	11.162
Total financial fixed assets				34.355	0 34.355
Total fixed assets				1.107.094	80.489 1.187.584
Current Assets					
Inventory				6.118	6.118
Receivables					
Accounts receivable				277.301	277.301
Other short-term receivables				40.233	40.233
Total receivables				317.535	317.535
Shares				11.994	11.994
Cash and cash equivalents				396.744	396.744
Total current assets				732.390	0 732.390
Total assets				1.839.484	80.489 1.919.974
LIABILITIES AND EQUITY					
Shareholders' equity					
Share capital				154.619	154.619
Other shareholders' equity				914.375	46.332 960.707
Allocated to dividends				0	85.920 85.920
Minority interests				13.505	13.505
Total shareholders' equity				1.082.500	132.252 1.214.752
Provisions					
Pension liabilities				1.508	1.508
Deferred tax liability	4			3.491	34.158 37.648
Total provisions				4.999	34.158 39.157
Other long term liabilities				182.974	182.974
Current liabilities					
Bank overdraft				6.880	6.880
Accounts payable				71.753	71.753
Public duties payable				126.952	126.952
Tax payable				14.376	14.376
Allocated to dividends				85.920	(85.920) 0
Other non interest-bearing liabilities				263.131	263.131
Total current liabilities				569.012	(85.920) 483.091
Total liabilities				756.984	(51.763) 705.222
Total equity and liabilities				1.839.484	80.489 1.919.974

CASH FLOW STATEMENT			
(NOK 1,000)	Note	FY	FY
		2004	2004
		NGAAP	IFRS
Ordinary profit before tax		142.549	195.150
Depreciation tangible assets		28.985	28.985
Amortisation Patents and other intangible assets		10.504	10.504
Amortisation Contracts & Customer relationships	2	0	18.893
Amortisation Goodwill	3	71.494	0
Write down/(up) of short-term share investments		0	0
(Profit)/loss on sale of short-term share investments		0	0
Tax paid		(11.809)	(11.809)
Cash flow from operations		241.724	241.724
Change in inventory, debtors and creditors		(13.511)	(13.511)
Change in other accruals		10.345	10.345
Net cash flow from operational activities		238.558	238.558
Investment in tangible fixed assets		(31.742)	(31.742)
Sale of (investment in) businesses		(250.577)	(250.577)
Sale of (investment in) shares		16.730	16.730
Net cash flow from investments		(265.590)	(265.590)
Change in long term liabilities		156.467	156.467
Change in bank overdraft		3.919	3.919
Net cash flow from share issues		0	0
Payment of dividend		(70.114)	(70.114)
Purchase of own shares		(22.307)	(22.307)
Net cash flow from financing activities		67.965	67.965
Net cash flow		40.932	40.932
Cash and cash equivalents, beginning of period		356.826	356.826
Translation differences		(1.015)	(1.015)
Cash and cash equivalents, end of period		396.744	396.744

Movement in equity				
(NOK 1 000)	Note	FY	FY	
		2004	2004	
		NGAAP	IFRS	
Equity at 1st January		1.045.573	70.299	1.115.872
Share issue		0	0	0
Reversal of dividend provision own shares		185	0	185
Realization own shares		(87)	0	(87)
Translation differences	2,3	1.256	(7.340)	(6.084)
Allocated to dividend	1	(85.920)	15.622	(70.299)
Net changes minority		(11.288)	0	(11.288)
Net profit/loss for the period		153.911	53.671	207.582
Own shares		(21.129)	0	(21.129)
Equity at end of period		1.082.500	132.252	1.214.752

Notes to the reconciliations

Note 1 Dividend

Under IFRS, dividend cannot be classified as a liability until the entity has an obligation to pay the dividend, which generally is not until they are approved by the general assembly. Visma has under NGAAP at 31 December 2003 allocated TNOK 70 299 as dividend (short-term liability). Under IFRS, dividend for 2003 is a part of the equity until it is approved by the general assembly and at that point reclassified as a liability until it has been paid to shareholders.

Note 2 Contracts and customer relationships

Under NGAAP, Visma did not allocate excess value from business combination to contracts and customer relationships. Under IFRS excess value of business combinations will be allocated to identifiable intangible assets such as purchased rights and contracts and customer relationships, and the residual excess value will be allocated to goodwill. For the income statement this will have an affect on the amortization of contracts and customer relationships. Visma amortizes contracts and customer relationships on a straight-line basis over its useful life which is estimated to 4-7 years.

Visma has under IFRS allocated a part of the goodwill recognised under NGAAP as contracts and customer relationships. Additionally Visma, under NGAAP, translated goodwill from foreign operations to the reporting currency using the exchange rate ruling at the date of transaction. Under IFRS intangible assets from a business combination, including both contracts and customer relationships and goodwill, are translated using the exchange rate ruling at the balance sheet date. This will affect the book value as well as the amortisation of intangible assets as the exchange rates fluctuate.

Note 3 Goodwill

As mentioned in section 1, goodwill is not amortized under IFRS and this effect is reversed in the IFRS income statement.

Under NGAAP, Visma allocated mainly all of the excess value of the business combinations as goodwill. For operations acquired during 2004, Visma has under IFRS reallocated the identified values related to "contracts and customer relationships" from goodwill.

Under NGAAP, Visma translated goodwill from foreign operations to the reporting currency using the exchange rate ruling at the date of transaction. Under IFRS goodwill from a business combination are translated using the exchange rate ruling at the balance sheet date.

The difference between the fair values of tax amortizations included in the recorded amount of contracts and customer relationships identified in business combinations and the corresponding value of the deferred tax liabilities recorded at nominal value is recorded as goodwill.

Note 4 Tax

Under NGAAP, Visma allocated mainly all of the excess value of the business combination as goodwill. Under IFRS excess value of business combinations will be allocated to identifiable intangible assets as IP and contracts and customer relationships, and the residual excess value will be allocated to goodwill. According to both NGAAP and IFRS, deferred tax liabilities arising from the initial recognition of goodwill are not recognised. In accordance with IFRS 3 Business Combinations, any deferred tax assets or deferred tax liabilities arising from identifiable asset are recognised at the acquisition date.

Some of the goodwill recorded as at 1 January 2004 is tax deductible. Under both IFRS and NGAAP Visma is recording deferred tax liabilities related to temporary differences concerning this part of goodwill. As goodwill is not amortized under IFRS in 2004 the temporary differences and the corresponding deferred tax liabilities are changed under IFRS compared to NGAAP.

In the cases in which Visma acquires operations with deductible temporary differences and/or carry forward unused tax losses where the associated nominal deferred tax asset has not been paid for in full, the difference between the nominal value of the deferred tax asset and the allocated purchase price is recognised as a reduction in the tax expense at the acquisition date if it is considered that the deferred tax can be entered in the Groups balance sheet. The tax expense in Q4 2004 under N GAAP is reduced by TNOK 4 800 due to changes in the purchase price allocations under IFRS."

SECTION 3

IFRS ACCOUNTING PRINCIPLES APPLICABLE FOR 2005

This section is presented to provide information on the accounting policies that are likely to be applied in the financial interim and year-end reporting for 2005. This section is based on Visma's current understanding of the accounting principles under IFRS.

STATEMENT OF COMPLIANCE

The consolidated financial statement of Visma ASA and all its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS).

CONSOLIDATION

The consolidated financial statements comprise the financial statement of Visma ASA and its subsidiaries as at 31 December each year. The financial statements of subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The group accounts show the total profit / loss and financial position of Visma ASA and its controlling interests as a whole. The consolidated accounts include companies where Visma ASA has a direct or indirect ownership of more than 50% of the voting shares, or otherwise has direct control. Subsidiaries are consolidated 100% line by line in the group accounts.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Where there is a loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting year during which Visma ASA has control.

Intercompany receivables and liabilities and all transactions between Group companies, as well as internal profit, have been eliminated.

Acquisitions of subsidiaries are accounted for using the purchase method of accounting. The cost of an acquisition is measured as the fair value of the assets acquired, shares issued or liabilities undertaken at the date of acquisition

plus costs directly attributable to the acquisition. The excess cost of acquisition over the fair value of the net assets of the subsidiary acquired measured at the date of change of control, is recorded as goodwill (see "Intangible Assets" for the accounting policy on goodwill). In the cases in which Visma acquires operations with deductible temporary differences and/or carry forward unused tax losses where the associated nominal deferred tax asset has not been paid for in full, the difference between the nominal value of the deferred tax asset and the allocated purchase price is recognised as a reduction in the tax charge at the acquisition date if it is considered that the deferred tax can be entered in the Groups balance sheet.

The assets and liabilities of foreign subsidiaries are translated into the presentation currency (NOK) of Visma ASA at the rate of exchange ruling at the balance sheet date, and their income statements are translated at the weighted average exchange rates for the year. All resulting exchange differences arising from the translation are recognised as a separate component of equity (translation differences). On the disposal of a foreign entity, the cumulative amount of the exchange differences deferred in equity relating to the disposed entity is recognised in profit or loss when the gain or loss on disposal is recognised.

Gain or loss from sales of shares in subsidiaries are calculated as the difference between the sales price and the equity in the subsidiary at the time of divestment, reduced with the book value of any excess values included in the consolidation and any related net deferred tax liabilities.

Goodwill related to acquisition of minority interest is calculated as the difference between the acquisition cost and the minority interest's part of the recorded net assets of the entity in which Visma is acquiring a minority interest.

FOREIGN CURRENCY TRANSLATION

The functional and presentation currency of Visma ASA is Norwegian Kroner (NOK). Transactions in foreign currencies are initially recorded in the functional currency ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the consolidated income statement.

The functional currencies for subsidiaries in Sweden, Finland and Denmark are Swedish Kroner (SEK), Euro and Danish Kroner (DKK). As at the reporting date, the assets and liabilities of these subsidiaries are translated into the presentation currency of Visma at the rate of exchange ruling at the balance sheet date and their income statements are translated at the weighted average exchange rates for the reporting period.

CLASSIFICATION

All assets and liabilities related to the operating cycle are classified as current/short-term. For receivables and liabilities outside the operating cycle, the current/non-current distinction is determined based on a one year maturity-rule as from the acquisition date.

REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised;

Licence fee for standard software

Revenue is recognised at the time of delivery, and when the significant risks and rewards of the ownership of the licence sold have passed to the buyer and can be reliably measured. Normally, the software will not be delivered before the customer has signed a contract, which corresponds to the date on which the software is made available to and can be used by the customer.

Rendering of services

Revenues in connection with services provided with respect to delivery of standard software, including installation, implementation, reporting and database development are recognised as the services are delivered.

Long term contracts are taken to income based on the stage-of-completion method. In compliance with the earned income principle, a relative share of the total contract amount and expenses, equal to the work that has been done at the time of closing the accounts, is included in the profit and loss statement. For projects that at the time of evaluation are expected to produce a loss, provision is made immediately for the total loss expected.

Revenue from support and other consulting services is recognised when the services are performed.

Revenue from debt-collection cases is recognised using the stage-of-completion method.

Maintenance contracts

Maintenance contracts are committed on annual basis and always within the financial year. Revenue from these contracts is recognised on a straight-line basis over the contract period.

PENSIONS

The Group has pension schemes where the company's commitment is to contribute to the individual employee's pension scheme (contribution plans).

INCOME TAX

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Taxable and deductible differences, which are, or may be, reversed in the same period, are offset. Any remaining deductible difference is used as a basis for recognising a deferred tax asset if future taxable income is likely to occur.

Deferred tax liability and assets are presented net within the same tax regime.

Deferred income tax liabilities are recognised for all taxable temporary differences, except where the deferred income tax liability arises from goodwill amortisation or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Expected utilization of tax losses are not discounted when calculating the deferred tax asset.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income tax relating to items recognised directly in equity is recognised in equity and not in the income statement

In the cases in which Visma acquires operations with deductible temporary differences and/or carry forward unused tax losses where the associated nominal deferred tax asset has not been paid for in full, the difference between the nominal value of the deferred tax asset and the allocated purchase price is recognised as a reduction in the tax charge at the acquisition date if it is considered that the deferred tax can be entered in the Groups balance sheet.

INTANGIBLE ASSETS

Research and development costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Following the initial recognition of the development expenditure the cost model is

applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure carried forward is amortised over the period of the expected future sales from the related project.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use or more frequently when an indicator of impairment arises during the reporting year indicating that the carrying value may not be recoverable.

Gains and losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Identifiable intangible assets acquired from a business combination

Values related to contracts and customer relationships are identified and recorded as identifiable intangible assets. The fair value of contracts and customer relationships are calculated considering the estimated future recurring revenues from the customers in the acquired operations at the date of the acquisition. The value related to contracts and customer relationships are calculated on a 100% basis, including the share of any minority interest. The fair value of tax amortizations are considered in the recorded value of contracts and customer relationships. Any deferred tax liabilities related to the recorded contracts and customer relationships are calculated at nominal values and the difference between the fair value of the tax amortizations and the corresponding deferred tax liabilities are recorded as a part of goodwill.

Purchased rights and contract and contractual relationships acquired are capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets. Purchased rights and contract and contractual relationships have a finite useful life and are amortized on a straight-line basis over its useful life which is estimated to 4-7 years. The depreciable amount is

determined after deducting its residual value (only where there is an active market for the asset).

Useful life and residual value are reviewed at least annually and reflect the pattern in which the benefits associated with the asset are consumed. A change in the useful life or depreciation method is accounted for prospectively as a change in accounting estimate.

An item of intangible assets is derecognised upon disposal or when no future economics benefits are expected to arise from the continued use of the asset. Gains or losses on the sale or disposal of intangible assets are recorded as other operating revenues and other operating costs respectively in the year the item is derecognised.

The carrying values of intangible assets with finite useful life are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of intangible assets is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognised in the income statement.

Goodwill

Goodwill on acquisitions is initially measured at cost being the excess of the cost of the business combination over the Group's interests in the net fair value of the identifiable assets, liabilities and contingent liabilities at the date of the acquisition.

Following initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill on acquisitions after 1 January 2004 and goodwill already carried in the balance sheet at the transition date is not amortized after this date. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities are assigned to those units or groups of units. A cash-generating unit to which goodwill has been allocated will be tested for impairment annually, and whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the unit. Where recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. The recoverable amount of a cash-generating unit is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the cash-generating unit.

If Visma's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost, the difference is recognised immediately in the income statement.

PROPERTY AND EQUIPMENT

Property and equipment acquired by Group companies are stated at historical cost, except the assets of acquired subsidiaries that were stated at the fair values at the date of acquisition. Depreciation is charged on a straight-line basis over the estimated useful life of the assets. The amount to be depreciated is the carrying amount less the asset's residual value.

Useful life and residual value are reviewed at least annually and reflect the pattern in which the benefits associated with the asset are consumed. A change in the useful life or depreciation method is accounted for prospectively as a change in accounting estimate.

Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Ordinary repair and maintenance (day-to-day servicing) of tangible assets is recorded as an operating cost, whereas improvements are capitalised and depreciated over its useful life.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains or losses on the sale or disposal of fixed assets are recorded as other operating revenues or other operating costs respectively in the year the item is derecognised.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of property and equipment is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognised in the income statement.

INVESTMENTS

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, financial investments, which are classified as available for sale, are measured at fair value. Gains and losses are recognised as a separate component of equity until the investment is sold or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

INVENTORIES

Inventories are valued at the lower of cost and net realisable value. The original cost of purchased goods is the purchase price and is based on the FIFO principle. The original cost of work in progress and own manufactured goods are the direct cost of production plus a share of the indirect cost of production. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Inventories are reduced for estimated obsolescence.

ACCOUNTS RECEIVABLES

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise bank deposits, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Restricted cash is included as cash and cash equivalents. Bank overdrafts are included within borrowings in current liabilities on the balance sheet.

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net outstanding bank overdraft.

LEASES

Finance leases, which transfer to the Group substantially all the risk and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

TREASURY SHARES

The nominal value of treasury shares held is deducted from registered share capital. Any differences between the nominal value and the acquisition price of treasury shares, together

with any gains or losses on transactions therein, are recorded directly to reserves.

EARNINGS PER SHARE

Earnings per share is calculated by dividing the majority shareholders share of the profit/loss for the period by the weighted average number of ordinary shares outstanding over the course of the period. When calculating diluted earnings per share, the average number of shares outstanding is adjusted for all share options that have a potential dilutive effect. Options that have a dilutive effect are treated as shares from the date they are issued.

INTEREST-BEARING LOANS AND BORROWINGS

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the loan.

SHARE BASED PAYMENT

IFRS 2 require that options rights granted to employees are charged against profit and loss at their fair value at the allocation date. This is only mandatory for options plans granted after 7 November 2002. Visma has no plans granted after 7 November 2002 and has recognised their plans to the intrinsic value at the time granted.

CASH FLOW

The cash flow statement has been drawn up in accordance with the indirect method and report cash flows during the period classified by operating, investing and financing activities. Cash and cash equivalents consist of cash and cash equivalents as defined under cash and cash equivalents, net outstanding bank overdraft.



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