

Quarterly report 1.2003



ATOSS[®]
Software AG

n:evolution in time!



Andreas F. J. Obereder
Vorstandsvorsitzender



Christiane Glöckler
Vorstand



Dr. Burkhard Scherf
Vorstand

Economic environment:

Economic situation and branch environment remains negative

ATOSS:

Goals once again achieved in first quarter
Sales and operating result improved
Outlook remains positive
General meeting of shareholders adopts high outpayment,
among other resolutions

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Dear shareholders, dear ladies and gentlemen,

The interest in our software solutions and services remains on a high level. Nothing underscores the significance of our offerings for corporate clients more impressively than the fact that sales and operating result in the first quarter of 2003 have improved over the same quarter last year, in spite of the persisting negative economic environment. Most recently we were able to report the gratifying developments of the fourth quarter of 2002 and the overall satisfactory course of the elapsed business year.

According to our corporate philosophy of „profitability as foundation of solid growth“ we are striving to achieve our goals in the further course of the 2003 business year and continue to increase sales and performance. We would like to invite you to participate in the future development of ATOSS.

Result and sales in the first quarter of 2003 further improved over the same period last year

With a view to the general environment we can be very satisfied with our achievements. In the first quarter of 2003 company sales and performance are once again entirely in line with our expectations. The strategy continues to prove its worth of consistently positioning ATOSS Software AG as a solution provider in all areas of intelligent personnel deployment, from the provision of the required software packages to their tailored implementation and the constant fine tuning according client business processes. This was also confirmed by the lively interest showed at this year's CeBIT. It was evident that in the current economic environment clients are harboring high expectations on the

short term amortization of their investments and perceive these expectations as being well met by the solutions provided by ATOSS Software AG.

Posting Group sales of € 5.8 million (previous year: € 5.4 million) and an operating result (EBIT) of € 0.3 million (previous year: € 0.1 million) in the first quarter of 2003 we once again succeeded in setting our performance off from the general market trend. We have once again generated a significant operating cash flow and have very comfortable capital resources at our disposal. Our equity ratio stands at 85 % by comparison with 87 % at the end of the past business year, positive cash flow amounts to € 1.6 million (previous year: € 1.1 million), while liquidity has climbed to € 35.4 million (previous year: € 32.3 million).

Outlook on the second quarter and the current business year remain positive

In view of the current level of uncertainty it is currently extremely difficult to venture any well-founded forecasts. There are neither signs of reviving markets nor of any stimulation of investment activities.

Nevertheless we continue to hold a positive outlook for our company's performance. We still expect the upcoming reporting periods to entail better results than in the comparable periods last year. In the ongoing business year we will continue to increase sales and result. This positive outlook is underscored by a good intake of orders, especially in the software area. This is expected to lead to once again improved sales and result in the second quarter over the first quarter of 2003. This reflects the fact that our central

message is being well received by clients, also in difficult times. Our solutions help companies deploy their most precious resource – their personnel – in a more efficient manner.

Our shareholders are participating in our success

Against the background of the company's regained earnings strength and a very solid financial situation, we proposed an outpayment of € 1.50 per share to our shareholders at the general meeting of shareholders the convened on April 30, 2003. This proposal and all others were very well received. We taken utmost efforts to have the respective entry put down on the commercial register so as to be able to make the outpayment as soon as possible. As soon as the capital measures have been registered and officially announced, we will inform you of the exact date of

the outpayment as well as of the date relevant for an entitlement hereto. At this point we would like to express our gratitude in view of the confidence in expressed by the general meeting of our shareholders.

Sincerely yours,



Andreas F. J. Obereder
(Chairman of the Board)



Christiane Glöckler
(Member of the Board)



Dr. Burkhard Scherf
(Member of the Board)

GROUP OVERVIEW: Quarterly comparison as of March 31, 2003 in T€ (according to US-GAAP)

	2003		2002		Change 2003 over 2002
	from 01.01. to 31.03.	Percentage	from 01.01. to 31.03.	Percentage	
Sales	5,788		5,439		6%
Software	3,076	53%	3,155	58%	-3%
thereof software licenses	1,296	22%	1,451	27%	-11%
thereof software maintenance	1,780	31%	1,704	31%	4%
Consulting	1,747	30%	1,370	25%	28%
thereof IT services	1,221	21%	951	17%	28%
thereof consulting	526	9%	419	8%	26%
Hardware	746	13%	615	11%	21%
Miscellaneous	219	4%	299	5%	-27%
EBITDA	568	10%	408	8%	39%
EBIT	293	5%	126	2%	>100%
EBT	338	6%	262	5%	29%
Net Income	164	3%	165	3%	-1%
Cash Flow	1,622	28%	1,053	19%	54%
Liquidity (*)	35,408		32,331		10%
EPS (in €)	0.04		0.04		0%
EPS diluted (in €)	0.04		0.04		0%
Staff (**)	169		165		2%

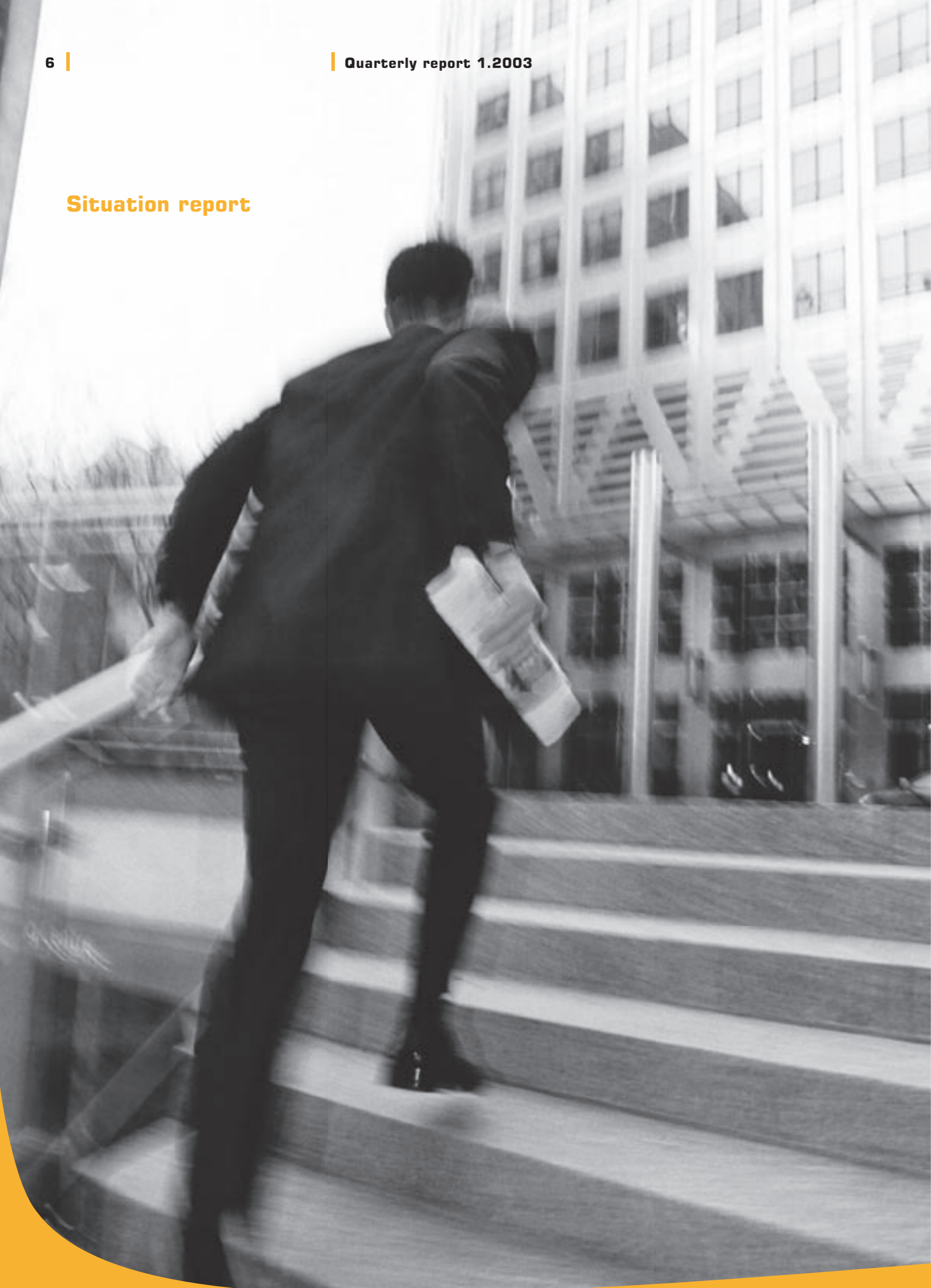
GROUP OVERVIEW: Quarterly comparison in T€ (according to US-GAAP)

	2003				2002			2001
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Sales	5,788	6,529	5,859	5,418	5,439	5,661	5,061	4,839
Software	3,076	3,392	3,008	2,735	3,155	3,194	2,516	2,754
thereof software licenses	1,296	1,677	1,319	1,050	1,451	1,769	1,085	1,178
thereof software maintenance	1,780	1,715	1,689	1,685	1,704	1,425	1,431	1,576
Consulting	1,747	2,055	1,871	1,890	1,370	1,543	1,394	1,292
thereof IT services	1,221	1,415	1,202	1,148	951	1,125	1,015	1,137
thereof consulting	526	640	670	742	419	418	379	155
Hardware	746	766	676	522	615	714	882	547
Miscellaneous	219	317	305	272	299	210	270	245
EBITDA	568	1,222	741	395	408	476	161	-936
EBIT	293	601	453	111	126	165	-153	-1,248
EBT	338	512	776	568	262	549	-87	-728
Net Income	164	273	474	344	165	362	-61	-540
Cash Flow	1,622	537	2,181	362	1,053	1,623	1,296	1,880
Liquidity (*)	35,408	33,735	33,415	31,792	32,331	31,690	30,321	29,367
EPS (in €)	0.04	0.07	0.12	0.09	0.04	0.09	-0.02	-0.13
EPS diluted (in €)	0.04	0.07	0.12	0.08	0.04	0.09	-0.01	-0.13
Staff (**)	169	171	173	165	165	167	170	177

(*) Liquid assets and marketable securities

(**) At end of quarter

Situation report



Positive sales development and higher operating results, further enhancement of cash flow and liquidity

Recording increased sales of overall 6 % to € 5.8 million, the individual divisions have continued their positive development. In the software licenses area, however, it must be considered that there were no large volume orders impacting sales, while the same period last year entailed a major individual order placed by SWISS International Airlines AG.

Especially towards the end of the first quarter and at the beginning of the current quarter ATOSS recorded a good level of incoming orders in the software licenses area and is therefore looking to the future with optimism.

In the software segment sales dipped slightly by 3 % to € 3.1 million. Sales of software licenses were down by 11 % to around € 1.3 million, whereas software maintenance revenue moved ahead by 4 % to just under € 1.8 million.

The consulting division continued its positive development. In this area sales were up by 28 %, with IT services gaining by 28 % to more than € 1.2 million, and consulting adding 26 % to € 0.5 million. The hardware area reported an unexpected marked gain by 21 % to more than € 0.7 million.

Already in the past years it was notable that the first quarter of the year is usually not particularly strong in sales, while in the further course of the year the two last quarters in particular entail a considerable increase. Viewed in this context, our sales to date are entirely in line with our expectations, both by comparison with the previous year, as well as by comparison with the respective, previous quarters.

With regard to the individual result figures it must be kept in mind that first quarter costs are always at an above average level due to our participation in the CeBit trade fair. In addition, the formation of deferred taxes according to

US-GAAP and the liquidation of our share position, reflecting a decidedly conservative stance at 3 % of total liquidity, represent a non-recurring burden.

In the first quarter EBITDA (earnings before taxes, interest and depreciation) was boosted by 39 % to T € 568 over the same period last year. EBIT (earnings before interest and tax) rose disproportionately from T € 126 to T € 293, while EBT (earnings before tax) improved by 29 % to T € 338. Net income (period output) remained unchanged at T € 164 after T € 165 last year, as did earnings per share at € 0.04 (previous year: € 0,04). In line with our expectations EBIT sales margin at 5 % had ameliorated considerably over the same period last year (2 %).

Totalling € 35.4 million, liquidity has reached a new peak level, and reflects, in particular, the positive development of operating cash flow that has been boosted by 54 % to more than € 1.6 million.

Sales in the software area stabilized on a high level

Overview: Quarterly comparison software licenses and software maintenance in T€ (according to US-GAAP)

	2003				2002			2001
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Sales	5,788	6,529	5,859	5,418	5,439	5,661	5,061	4,839
Software	3,076	3,392	3,008	2,735	3,155	3,194	2,516	2,754
thereof software licenses	1,296	1,677	1,319	1,050	1,451	1,769	1,085	1,178
thereof software maintenance	1,780	1,715	1,689	1,685	1,704	1,425	1,431	1,576

The slight sales decline of 3 % to around € 3.1 million in the software division is the result of a 4 % increase in revenues in software maintenance and an 11 % decline in software licenses sales. All in all, the share of total sales accounted for by the software area – against the backdrop of further marked growth in the other company areas – dropped from 58 % last year to 53 %. Software maintenance share of total sales remained on par with last year at 31 %, while the share that software licenses contributed to total sales declined from 27 % to 22 %.

By comparison with the previous year it must be noted that we did not book any sales enhancing major orders in software licenses in the first quarter of 2003, while the same period in 2002 entailed a large volume order placed by SWISS International Airlines AG. In a considerably depreciated economic environment, ATOSS has succeeded in garnering a multitude of smaller orders from existing clients as well as new clients. Therefore we expect the Software Division's performance in the second quarter of the ongoing business year to improve over the quarter just elapsed.

In the software maintenance area steady growth has continued in the first quarter of 2003. With sales coming in at just under € 1.8 million, we achieved the highest quarterly sales volume since the founding of our company. This constant positive development is rooted in contracts fulfilled over a number of years, thereby delivering sustained contributions to performance.

Consulting revenue takes a major leap over last year

Overview: Quarterly comparison of IT services and consulting in T€ (according to US-GAAP)

	2003				2002			2001
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Sales	5,788	6,529	5,859	5,418	5,439	5,661	5,061	4,839
Consulting	1,747	2,055	1,871	1,890	1,370	1,543	1,394	1,292
thereof IT services	1,221	1,415	1,202	1,148	951	1,125	1,015	1,137
thereof consulting	526	640	670	742	419	418	379	155

The consulting area has continued its positive development. By comparison with the first quarter of 2002, sales have leapt by 28 %, while the consulting share of total sales increased from 25 % to 30 %. Sales growth is driven by stronger revenue from IT services (28 % increase) as well as by consulting activities (gain of 26 %).

The continuation of strong growth in consulting documents that ATOSS – now as before – is capable of fielding its comprehensive solution competence to gain orders, also independent of the software sales in the previous quarters. The existing, very broad range of services and capabilities generates consulting sales with existing clients, while the activities addressing new clients frequently result in leads and openings for

consulting assignments. In the IT services area the emphasis is frequently on the fine tuning of existing systems, whereas consulting activities highlight the optimization potentials of intelligent personnel deployment, and especially in dealings with new customers. Meeting the demands and requirements of our clients here also gives us the opportunity to increase the demand for our software solutions.

In spite of low investment propensity hardware sales increased markedly

Overview: Quarterly comparison of hardware in T€ (according to US-GAAP)

	2003				2002			2001
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Sales	5,788	6,529	5,859	5,418	5,439	5,661	5,061	4,839
Hardware	746	766	676	522	615	714	882	547

In spite of the well known corporate reserve in committing investments, sales of € 0.7 million mark an increase of 21 % over the past

year. This moves the share of the hardware division of Group sales up from 11 % to 13 %. Yet, we

anticipate this upswing to level out during the remainder of the business year.

Development of performance

Overview: Quarterly comparison of performance figures in T€ (according to US-GAAP)

	2003				2002				2001
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q2
EBITDA	568	1.222	741	395	408	476	161	-936	
EBIT	293	601	453	111	126	165	-153	-1,248	
EBT	338	512	776	568	262	549	-87	-728	
Net Income	164	273	474	344	165	362	-61	-540	
Cash Flow	1,622	537	2,181	362	1,053	1,623	1,296	1,880	
Liquidity (*)	35,408	33,735	33,415	31,792	32,331	31,690	30,321	29,367	
EPS (in €)	0.04	0.07	0.12	0.09	0.04	0.09	-0.02	-0.13	
EPS diluted (in €)	0.04	0.07	0.12	0.08	0.04	0.09	-0.01	-0.13	

(*) Liquid assets and marketable securities

The positive sales development especially in the IT services and consulting areas, the stabilization of sales in the software area and rigorous cost management have resulted in ATOSS returning steady positive performance since the fourth quarter of 2001. In the first quarter of 2003 EBIT came in at T € 293 marking a significant increase over the same period last year (T € 126). EBT moved up from T € 262 to T € 338.

On the cost side it is notable that the first quarter of the business year contains the costs of our participation in the CeBIT trade fair. In addition the performance of the first quarter is burdened by two non-recurring items. The one is due to the losses incurred by the complete sale of our position of share funds position. In the fourth

quarter we had already altered the investment horizon for our very modest investment in shares, and based on this decision had already made a valuation adjustment in our 2002 annual statements. Following on the formation of additional reserves this position was liquidated in the first quarter of 2003.

The non-recurring burden arose only and profit and loss statement according to US-GAAP, while the balance sheet had always been valued at reporting date.

Due to deferred taxes, to be formed without impact on cash according to US-GAAP, the earnings per share remained on the same level as last year at € 0.04 per share.

By way of reducing loss carryovers formed and activated in the previous years, as well as the realization of losses from security sales the active deferred taxes were reduced. This resulted in tax expenditure of TEUR 174, this figure consisting mainly of deferred taxes and payable taxes.

Assets and financial situation: Considerable cash flow improvement, liquidity stands at € 35.4 million, 85 % equity ratio.

Liquid assets and marketable securities were up € 33.7 million as of December 31, 2002, to € 35.4 million as of March 31, 2003. The equity ratio amounts to 85 % (previous year 86 %). Cash flow from business activity rose to € 1.6 million (previous year: € 1.1 million), while cash flow from investment activity amounted to € -2.1 million (previous year: € -1.4 million). Cash flow from financing

activity improved from € - 0.3 million to € 0.1 million as of March 31, 2003.

In the first quarter of 2003 we also kept the prices of our products on an even level.

ATOSS shares outperforming the market

In the first quarter the ATOSS share moved ahead from EUR 7.50 at the beginning of the year to EUR 9.90 as of March 31, 2003. In March a peak price of EUR 10.98 was reached. The marked increase

of the ATOSS share of 32 % as of March 31, 2003 was contrasted by losses of all major indexes. The Prime Software Performance Index dropped by 4 %, while the Tec DAX and Nemax 50 lost 8 % respectively.

The positive development of the ATOSS share price has resulted in our company attracting at least tentative ratings from the capital market. By comparison, last year investors were mainly oriented to the high cash reserves last stated at 9 € per share.

On the foundation of the positive business development, the resolutions adopted at the general meeting of shareholders on April 30, 2003 represent a key step towards enhancing the attractiveness of the ATOSS share. The capital measures following the resolutions adopted will create the foundation for the high outpayment of € 1.50 per share as well as the opportunity to buy back own shares. Moreover, by forming free reserves we are creating the possibility to credibly underpin the announced long-term dividend outpayment policy with a minimum dividend. According to our plans we are aiming to disburse 30 to 50 % of distributable profit as dividend and pay a minimum dividend currently pegged at € 0.15 per share in less successful years.



Apart from the possibility of participating in corporate success by way of our share price development, we are also offering shareholders a reliable yield. Especially from the standpoint of a technology company, we regard this aspect as especially important. The decisions of other companies moving in a similar direction show us that we are even playing a certain pioneering role in Germany with the upcoming outpayment and the definition of our dividend policy.

In the first quarter of 2003 we transferred 200 shares as part of our employee incentive plan (convertible bonds program) to an employee exercising his conversion right. Therefore our holdings of own shares remains unchanged over December 31, 2003 at 233,560 shares with an average purchase price of € 8.09.

Media and analysts continue to show strong interest

In the period under review various stock market letters, magazines and newspapers reported positively on our company and stock and issued buy recommendations. In

studies conducted by analysts at Bayerische Landesbank and GBC German Business Concepts the ATOSS stock was rated as a buy. We are pleased to note this continued strong interest, as it documents the fact that we have taken the right measures. And we will continue to do whatever we can to sustain the interest particularly shown by major daily newspapers.

Existing high level of transparency further enhanced

Reliability and accountability is not only important with regard to the dividend outpayment policy. Reliability creates trust as the decisive foundation of long term investor engagement. And this in turn hinges on high transparency in presenting the company and its economic development.

ATOSS stands for high transparency. Since the year 2000 we have voluntarily submitted our semi-annual reports to our auditors for examination, well before the introduction of the Corporate Governance Codex, we are now going one step further with the presentation of

this quarterly report. As of the beginning of the current business year the reports issued as of March 31, June 30 and September 30 will also be presented to our auditors for examination. All figures will be reviewed. This will facilitate our work on the respective annual reports and increase transparency for our investors.

Outlook remains solidly positive

Without signs of stronger markets or at least a moderate revival of investment activity it is extremely difficult to venture forecasts for the branch environment. In spite of this we remain committed to our declared objective of further enhancing our performance in the next reporting periods by comparison with the same periods last year. Therefore, the ongoing business year will once again deliver further sales gains and a considerable improvement in our result. We expect sales and performance in the ongoing second quarter to show a considerable rise over the same quarter last year. Our positive outlook is underscored by the good order intake, especially in the software licenses area.

Annex



Assets	March 31, 2003	March 31, 2002
	(€)	(€)
Current Assets		
Cash and Cash Equivalents	7,206,743	7,584,610
Short-term Investments / Marketable Securities	28,201,572	26,149,942
Trade accounts receivable	4,666,407	4,452,587
Accounts receivable due from related parties		
Inventories	23,444	21,853
Deferred tax assets		
Prepaid expenses and other current assets	901,085	933,652
Others		
Total current assets	40,999,252	39,142,644
Non current assets		
Property, plant and equipment	735,462	798,544
Intangible assets	947,036	1,080,024
Investments		
Notes receivables / loans		
Goodwill	22,214	22,214
Deferred Taxes	135,151	477,422
Other assets		
Others		
Total non current assets	1,839,862	2,378,204
Total Assets	42,839,114	41,520,848

Liabilities and shareholder's equity	March 31, 2003	March 31, 2002
	(€)	(€)
Current liabilities		
Current portion of capital lease obligation		
Short term debt and current portion of long-term debt	1,278	1,917
Trade accounts payable	486,321	542,969
Advance payments received		
Accrued expenses	1,724,304	2,518,475
Deferred revenues	2,493,309	721,466
Income tax payable	177,921	270,823
Deferred taxes	-	-
Other current liabilities	773,220	602,033
Others		
Total current liabilities	5,656,353	4,657,684
Non-current liabilities		
Long-term debt, less current portion	311,315	313,767
Capital lease obligation, less current portion		
Deferred revenues		
Deferred taxes		
Pension accrual	296,467	276,067
Others		
Total non-current liabilities	607,782	589,834
Shareholder's equity		
Share Capital	4,025,667	4,025,667
Additional paid-in capital	31,730,185	31,722,582
Treasury Stock	-1,889,330	-1,891,330
Unappropriated Surplus	-	1,483,564
Retained Earnings / Accumulated Deficit	2,757,773	1,109,912
Accumulated other comprehensive income / loss	-49,316	-177,064
Others		
Total Shareholder's equity	36,574,979	36,273,330
Total liabilities and Shareholder's equity	42,839,114	41,520,848

Income Statement		
	I/2003	I/2002
	01.01.2003	01.01.2002
	31.03.2003	31.03.2002
	(€)	(€)
Revenues	5,788,189	5,439,063
Cost of revenues	-2,118,620	-1,927,115
Gross profit	3,669,569	3,511,948
Selling and Marketing expenses	-1,493,977	-1,498,987
General and administrative expenses	-881,516	-1,045,330
Research and development	-995,073	-863,195
Other operation income and expenses	-5,895	21,380
Depreciation on Goodwill	0	0
Others	0	0
Operation income / loss	293,108	125,816
Interest income and expenditure	-302,573	139,675
Other income / expense	347,575	-3,498
Others	0	0
Result before income taxes	338,110	261,993
Income tax	-173,812	-96,510
Extraordinary Income	0	0
Net income / loss	164,298	165,483
Net income per share (basic)	0.04	0.04
Net income per share (diluted)	0.04	0.04
Weighted average shares outstanding (basic)	3,792,007	3,970,960
Weighted average shares outstanding (diluted)	4,088,020	4,143,768

Cash Flow Statement		
	Quarterly Report	Quarterly Report
	(current year to date)	(comparative period
		previous year)
	01.01.2003	01.01.2002
	31.03.2003	31.03.2002
	€	€
Cash flows from operating activities		
Net profit/loss	164,298	165,483
Adjustments for		
Minority Interest	0	0
Depreciation and amortisation	275,114	282,293
Increase/decrease in provisions and accruals	-866,673	-92,459
Losses/gains on the disposal of fixed assets	3,094	30,972
Other	342,271	95,359
Change in net working capital	1,703,537	571,317
Net cash provided by operating activities	1,621,641	1,052,966
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash acquired	0	0
Purchase of property, plant and equipment	-82,138	-132,154
Proceeds from sale of equipment	0	21,222
Other	-2,051,630	-1,280,396
Net cash used in investing activities	-2,133,768	-1,391,328
Cash flows from financing activities		
Proceeds from issuance of share capital	137,351	-297,102
Proceeds from short or long-term borrowings	-2,452	-3,560
Cash repayments of amounts borrowed	-639	-639
Payment of capital lease liabilities	0	0
Other	0	0
Net cash provided by financing activities	134,260	-301,302
Net increase in cash and cash equivalents		
Cash and cash equivalents		
at beginning of period	7,584,610	8,772,743
Cash and cash equivalents		
at end of period	7,206,743	8,133,080

1. General information

The present quarter-end accounts have been prepared according to the provisions of the United States Generally Accepted Accounting Principles (US GAAP) for Interim Financial Reporting, as well as in compliance with the DRS accounting rules (Deutsche Rechnungslegungs-Standard, DRS) no. 6 for interim reporting. Therefore the current document does not contain all information required for annual financial statements. However, the same accounting, valuation and consolidation methods have been applied as in the annual financial statement.

The managing board is convinced that all statements and figures reflect the economic situation of the company according to the present actual status and conditions.

2. Currency

All figures have been stated in Euro.

3. Corporate scope of consolidation

In addition to the accounts of ATOSS Software AG, Munich, the consolidated financial statement include those of

ATOSS CSD Software GmbH, Cham
ATOSS Software Ges.mbH, Vienna
ATOSS Software AG, Zurich
ATOSS Software S.A.R.L., Paris

By way of full consolidation, the subsidiary companies are included in the consolidated financial statement.

4. Equity development

The development in equity is shown in the statement of changes in equity capital amounts.

5. Company shares

During the first quarter of 2003, the company transferred 200 of it's own shares to an employee exercising his conversion rights under the convertible bonds programm. The company, therefore, holds 233,560 of it's own stock as of March 31, 2003 compared to 233,760 held as of December 31, 2002.

Company held shares are stated as independent equity item.

6. Personnel costs

Personnel expenditures	March 31, 2003	March 31, 2002
	(T€)	(T€)
Wages and salaries	2,529	2,731
Social security contributions and expenditure on pension provisioning and support	466	392
Total	2,995	3,123

7. Segment information

The company differentiates between product-related activities (sale of software and hardware, as well as maintenance agreements) and services. These activities cover Germany as well as other European countries.

Sales, earnings	March 31, 2003	March 31, 2002
	(T€)	(T€)
Products, Maintenance		
Sales	3,744	3,786
EBIT	-47	52
Write-offs	229	232
Services		
Sales	2,044	1,653
EBIT	340	74
Write-offs	46	50
Domestic sales	4,906	4,297
Foreign sales	882	1,142
Total sales	5,788	5,439

The geographical allocation of sales refers to the location of the customer. The company does not divide its assets according to segments.

Sales break down according to the following sales types:

Sales types	March 31, 2003	March 31, 2002
	(T€)	(T€)
Software licenses	1,296	1,451
Maintenance	1,780	1,704
Software (total)	3,076	3,155
IT-Services	1,221	951
Consulting	526	419
Services (total)	1,747	1,370
Hardware	746	615
Miscellaneous	219	299
Total sales	5,788	5,439

8. Employees

As of March 31, 2003 the company employed 169 members of staff, by comparison with 165 employees the year before. 42 employees (45) are active in product development, 50 (45) in the areas of IT services and consulting and 44 (48) in sales and marketing.

9. Supervisory board

As of March 31, 2003 the supervisory board consisted of three members:

Peter Kirn, Chairman
Bernhard Dorn, Deputy
Rolf Baron Vielhauer von Hohenhau

10. Managing board

As of March 31, 2003 the ATOSS Software AG management board consists of three members:

Andreas F.J. Obereder: Chairman of the Board
Dr. Burkhard Scherf: Member of the Board
Christiane Glöckler: Member of the Board

The assignment of Ms. Glöckler terminates as per contract on June 30, 2003.

11. Shares held by corporate officers

As of the respective cut-off date March 31, 2003, the following corporate officers held the following ATOSS shares:

Shares held by corporate officers	31.03.2003	31.12.2002	30.09.2002	30.06.2002	31.03.2002
Andreas F.J. Obereder	1,967,905	1,967,905	1,967,905	1,967,905	1,967,905
Dr. Burkhard Scherf	78,108	78,108	78,108	78,108	78,308
Christiane Glöckler	0	0	0	0	0
Peter Kirn	11,260	11,260	11,260	11,260	11,260
Bernhard Dorn	1,000	1,000	1,000	1,000	1,000
Rolf Baron Vielhauer von Hohenhau	0	0	0	0	0

As of the cut-off date of March 31, 2003 the following corporate officers held options on ATOSS shares by way of convertible bond subscriptions:

Convertible bonds	31.03.2003	31.12.2002	30.09.2002	30.06.2002	31.03.2002
Andreas F.J. Obereder	15,864	15,864	15,864	15,864	864
Dr. Burkhard Scherf	15,864	15,864	15,864	15,864	864
Christiane Glöckler	16,667	65,000	65,000	65,000	50,000
Peter Kirn	12,000	12,000	12,000	0	0
Bernhard Dorn	12,000	12,000	12,000	0	0
Rolf Baron Vielhauer von Hohenhau	12,000	12,000	12,000	0	0

The following table provides information on outstanding convertible bonds held by corporate officers and employees:

Exercise price			
	Outstanding options in €	Contractual validity in years in €	Possible exercising rights in €
Corporate officers			
30.00	1,728	1.9	1,152
8.56	16,667	3.2	0
8.21	30,000	4.0	0
8.09	36,000	4.3	0
Employees			
30.00	2,039	1.9	1,359
28.70	1,000	2.2	333
9.11	82,750	2.7	27,583
11.06	2,000	2.8	667
5.51	6,500	3.5	0
8.21	59,500	4.0	0
8.17	7,000	4.0	0
	245,184		31,094

12. Statements on securities subject to reporting requirements

In the first three months of the 2003 business year corporate officers did not conduct any securities transactions subject to reporting requirements.

13. Convertible bonds

In the first three months of the 2003 business year no new convertible bonds were issued. Some 68,383 convertible bonds were returned and 200 conversion rights have been executed. The exercised conversion rights have been settled utilizing own shares previously acquired the company. As of March 31, 2002 a total of 245,184 convertible bonds were outstanding.

14. Earnings per share

Earnings per share are calculated by dividing the quarterly earnings by the weighted, average number of outstanding shares. From January 1, 2003 to March 31, 2003 an average of 3,898,608 shares were outstanding. Earnings per share for the period stands at € 0.04 and is at the level of the previous year.

In order to calculate the diluted earnings per share the average number of outstanding shares is added to the potential number that might be issued on the basis of the convertible bonds. From January 1, 2003 to March 31, 2003 an average of 296,013 convertible bonds were outstanding. The diluted earnings per share stands at € 0.04 and is at the previous year's level.

	Individual share certificates		Subscribed capital	Purchase of company stock	Capital reserve	Revenue reserve	Net income for the year	Changes in equity not impacting performance	Total Equity
	€	€							
Development of Group Equity Capital									
Status as of 01.01.2002	4,025,667	4,025,667	4,025,667	-421,086	33,172,808	0	-146,523	-186,447	36,434,419
Quarter-end results						165,483			165,483
Purchase of company stock				-320,505					-320,505
Additions to capital reserve					1,499				1,499
Changes in equity not impacting performance								21,904	21,904
Status of 31.03.2002	4,025,667	4,025,667	4,025,667	-741,591	33,174,307	0	18,960	-174,543	36,302,800
Status as of 01.01.2003	4,025,667	4,025,667	4,025,667	-1,891,330	31,722,582	0	2,593,475	-177,064	36,273,330
Quarter-end results						164,298			164,298
Purchase of company stock				2,000					2,000
Additions to capital reserve					7,603				7,603
Changes in equity not impacting performance								127,748	127,748
Status as of 31.03.2003	4,025,667	4,025,667	4,025,667	-1,889,330	31,730,185	0	2,757,773	-49,316	36,574,979



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