



ATOSS®

Quarterly Report Q3.2006



MEYER WERFT: ATOSS Customer since 1992

Dear shareholders, Ladies and gentlemen,



Andreas F.J. Obereder
Chief Executive Officer



Christof Leiber
Board Member

The extremely successful development of business we have witnessed so far in 2006 continued into the third quarter. Revenues, when adjusted for the AENEIS software product sold as of January 1, rose 13% in the first nine months of the business year. This growth was driven primarily by the strong increase in the software license business, which grew 24% compared with the prior-year period.

Record results as of September 30

Given this pleasing revenue development, ATOSS boosted its earnings at an even faster year-on-year rate. This reflects the positive effect of the successful focusing of the business model on the core business of working time management and personnel resource planning, in combination with markedly higher revenues. All these factors together have led to the best results achieved in the company's history.

High cash flow and good liquidity

Operating cash flow, a key indicator of the financing power of the company, also experienced significant growth, rising 86% compared with the first nine months of 2005, amounting to € 5.4 million as of September 30, 2006.

This had a positive effect on our liquidity position. Although a special distribution to shareholders of € 21.5 million reduced the previous year's liquidity level of € 28.8 million to € 11.7 million, when adjusted for the effects of the distribution, liquidity rose by € 4.4 million compared with the prior-year period. This means that ATOSS enjoys first-class financing ability and very comfortable reserves of liquidity that enable it to access sustainable growth opportunities. It also means that we can offer our customers first-class financial security.

Continued strong commitment to research and development

Our strong commitment to research and development over the past few years is now beginning to bear fruit: the new, platform-independent and entirely Java-programmed technology, as well as our sector solutions, in particular for the retail sector, are becoming increasingly popular and are creating a high degree of technical investment security as a result of their far-reaching adaptation potential.

Rising demand in 2006

Demand for ATOSS solutions has risen significantly during the current business year. This is borne out by major orders that we have won this year from important new customers such as Austrian Airlines, T-Punkte Vertriebsgesellschaft or the EDEKA Group.

In particular, renowned retailing companies such as Max Bahr Baumärkte or K+L Ruppert are now relying on ATOSS solutions for working time management and personnel resource planning.

The most obvious pointers to this rising demand are the 37% increase in orders for software licenses as well as the significant increase in the order backlog. A final, but important, consequence of these developments is that our earnings forecasts for the coming quarters are subject to a significantly improved degree of forecasting security.

Economic environment:

- Favorable economic indicators

ATOSS:

- Major orders characterize company's development in 2006
- Third increase in forecasts during current year
- Strong growth impulses

Contact:

ATOSS Software AG
Am Moosfeld 3
D-81829 Munich

Fon +49. 89. 4 27 71-0
Fax +49. 89. 4 27 71-100

www.atoss.com

info@atoss.com

ATOSS on record course in 2006

Since we have already achieved a record result in terms of operating earnings (EBIT) during the first nine months of the year, we have now raised our earnings forecasts for operating earnings for the whole of 2006 to € 2.7 million. This means that we are expecting to out-perform significantly the best results so far achieved in the history of the company (2003: € 2.3 million), thereby creating the basis for exploiting sustainable growth opportunities for ATOSS.

Yours sincerely



Andreas F.J. Obereder
(Chief Executive Officer)



Christof Leiber
(Management Board Member)

GROUP OVERVIEW: QUARTERLY COMPARISON AS AT SEPTEMBER 30, 2006 IN THOUSANDS OF EUROS (UNDER IFRS)

	2006		2005		Change 2006 / 2005
	from Jan. 1 until September 30	Proportion of total revenues	from Jan. 1 until September 30	Proportion of total revenues	
Revenues	15,930	100%	14,566	100%	9%
Software	9,470	59%	8,785	60%	8%
Software licenses	3,360	21%	2,718	19%	24%
Software maintenance	6,110	38%	6,067	42%	1%
Consulting	4,069	26%	3,627	25%	12%
Hardware	1,906	12%	1,485	10%	28%
Other	486	3%	670	5%	-27%
EBITDA	2,412	15%	224	2%	>100%
EBITCB ⁽¹⁾	2,177	14%	-28	0%	>100%
EBIT	2,095	13%	-267	-2%	>100%
EBT	2,385	15%	132	1%	>100%
Net Income	1,396	9%	-51	0%	>100%
Cashflow	5,358	34%	2,875	20%	86%
Financial resources ^{(2),(5)}	11,664		28,823		-60%
EPS (in €) ⁽³⁾	0.36		-0.01		>100%
Employees ⁽⁴⁾	171		181		-6%

GROUP OVERVIEW: QUARTERLY COMPARISON IN THOUSANDS OF EUROS (UNDER IFRS)

	2006			2005	
	Q3	Q2	Q1	Q4	Q3
Revenues	5,538	5,275	5,117	5,849	5,001
Software	3,346	3,068	3,056	3,359	2,898
Software licenses	1,248	1,038	1,074	1,283	871
Software maintenance	2,098	2,030	1,982	2,076	2,027
Consulting	1,361	1,362	1,346	1,336	1,165
Hardware	648	671	587	836	619
Other	184	173	129	318	319
EBITDA	910	692	811	944	17
EBITCB ⁽¹⁾	819	604	755	910	-13
EBIT	802	587	706	830	-93
EBIT %	14%	11%	14%	14%	-2%
EBT	856	666	862	980	45
Net Income	542	358	497	510	-19
Cashflow	2,600	107	2,650	-1,177	2,520
Cash flow per share (in €) ⁽³⁾	0.66	0.03	0.68	-0.30	0.66
Financial resources ^{(2),(5)}	11,664	9,119	30,543	27,836	28,823
Financial resources per share (in €) ⁽³⁾	2.98	2.34	7.85	7.21	7.55
EPS (in €) ⁽³⁾	0.14	0.09	0.13	0.13	-0.01
Employees ⁽⁴⁾	171	162	165	177	181

⁽¹⁾ EBIT before costs of employees' convertible bonds participation scheme; ⁽²⁾ Liquid assets and marketable securities; ⁽³⁾ EPS, cash flow per share and financial resources per share divided by the average number of shares in circulation; in Euro ⁽⁴⁾ at the end of the quarter; ⁽⁵⁾ Dividend of 0.11 per share on May 2, 2005 and 5.50 on May 3, 2006.



ARBÖ, Austria:
ATOSS Customer since 2000

Management Report

Sales growth, adjusted for AENEIS; total sales 13%, software licenses 32%

ATOSS continued to develop in an extremely gratifying manner during the first nine months of the year, continuing the positive trend experienced since the fourth quarter of 2005. ATOSS Group sales in the first nine months of the 2006 financial year amounted to € 15.9 million, compared with just € 14.6 million in the first nine months of the previous year. After adjusting for the sales contributions of the previous year from the AENEIS product that has in the meantime been sold, growth amounted to 13%.

Sales from software licenses, in particular, are developing positively again and in the current quarter they are also exceeding the first nine months of 2005. In the first half of 2006, software licenses sales were up by 24% and, when adjusted for the contribution to sales from AENEIS, by as much as 32%.

Despite the separation from AENEIS and the loss of related maintenance revenues, sales from software maintenance grew by 1% to € 6.1 million.

Overall software sales at € 9.5 million were 8% above the level of the previous year. When adjusted for AENEIS, sales increased by 13%.

In the consultancy business, ATOSS achieved growth in the first nine months of the year of 12%, with sales of € 4.1 million compared with € 3.6 million in the previous year. Adjusted for AENEIS, sales growth was equivalent to 14%.

In the first six months of the year, sales from the hardware business amounted to € 1.9 million compared with € 1.5 million in the same period of the previous year.

Best result in the history of the company

While the operating result before the effects arising from the convertible bond subscription program (EBITCB) was breakeven in the first nine months of the previous year, as of September 30, 2006 it amounted to € 2.2 million.

The earnings include a special effect of € 0.4 million resulting from the realization of the disposal of AENEIS with effect from January 1, 2006.

Earnings before interest and taxes (EBIT) in the first nine months of the year of € 2.1 million (previous year: -€ 0.3 million) represent the best nine-month result in the history of the company.

Earnings before taxes (EBT) reached € 2.4 million in the first nine months of the year (previous year: € 0.1 million). Net income amounted to € 1.4 million (previous year: -€ 0.1 million) and earnings per share were € 0.36 per share (previous year: -€ 0.01 per share).

Along with the gratifying development of revenues, cost structure improvements also made a significant contribution to the improved level of earnings.

High level of commitment to product development driving technologies and sector solutions

ATOSS continues its high level of commitment to product development. In the first nine months of the year, expenditure on research & development totaled € 2.8 million, whereas in the previous year ATOSS had spent € 3.1 million, which included € 0.3 million of development expenses for the AENEIS software product that has since been sold.

We continue to book these research & development costs through the income statement as expenses, rather than capitalizing them.

We presented the new ATOSS Staff Efficiency Suite 3.4, which is the result of the efforts of programmers to create new functionalities for our customers and interested parties, at the „Zukunft Personal 2006“ human resources exhibition in Munich. Since it is programmed in Java, the modular and highly up-to-date standard software guarantees platform independence, investment security, and the best adaptation possibilities to individual company processes.

Strong cash flow, cash position at € 11.7 million

In the first nine months of 2006 we generated operating cash flow of € 5.4 million, compared with € 2.9 million in the same period the previous year. The strong increase compared with the previous year is due to the significant revitalization of business activity related to a reduction in receivables and the creation of short-term provisions, tax provisions and deferred revenue items for projects that have not yet been concluded.

As a result of the seasonal effects involved in the calculation of maintenance fees, operating cash flow is comparatively high in the first and third quarters, while the second and fourth quarters tend to show lower or negative cash flows. In the third quarter of this year, we generated a positive cash flow of € 2.6 million (previous year: € 2.5 million).

Particularly through the use of provisions, as well as tax payments in the fourth quarter of the year, the very high level of cash flow so far achieved will be relativized during the course of the year.

Despite a cash outflow of € 21.5 million to pay the dividend, high operating cash flows have boosted liquidity back to € 11.7 million while the year is still under way. Liquidity for each share in circulation on average is therefore equivalent to € 2.98. As of December 31, 2005, this figure was still € 7.21 per share, before taking into account the distribution of € 5.50 per share.

As of September 30, 2006, total assets amounted to € 15.6 million (30.09.2006: € 33.5 million). At € 8.1 million, equity was equivalent to 52% of total assets (previous year: 80%)

The decline is attributable to the distribution of a dividend of € 5.50 per share.

Employees

As of September 30, 2006, ATOSS employed 171 members of staff. This is equivalent to a year-on-year reduction in personnel of 6%.

At its Munich location, ATOSS Software AG is currently training six employees as company officers (previous year: seven trainees). Following their final examinations in the first quarter, three trainees were granted employment contracts.

Favorable economic environment

In October 2006, the Government raised its forecast for gross domestic product growth to 2.3% and is also assuming growth of at least 1.4% for 2007 despite the increase in value added tax.

Continuation of favorable investment climate

In line with the economic survey conducted by the sector association, the German Association for Information Technology, Telecommunications and New Media (BITKOM), the association's members are currently anticipating growth in both sales and profits.

ATOSS believes that this means that the company will continue to benefit from a readiness to invest in working time management and personnel resource planning systems that provide its customers with greater flexibility, stronger customer and employee satisfaction, and productivity increases.

However, the key factor for ATOSS is that it continues to successfully address its customers' requirements, thereby allowing them to secure commercial success. This in turn ensures a sustainable foundation for ATOSS's own future business.

In this respect, we made progressive steps during the first nine months of the year: besides Austrian Airlines it is particularly new customers from the retail sector that are depending on ATOSS solutions to boost their productivity. For instance, in 2006, Max Bahr Baumärkte, the EDEKA retail group as well as the T-Punkte sales company were persuaded of the performance qualities of ATOSS products.

Third increase in earnings forecast

Due to the favorable course of business, in particular during the third quarter of the current year, ATOSS has once again upgraded its forecast: the company is assuming that it will achieve an operating profit (EBIT) of at least € 2.7 million. As a consequence, on a full-year view, ATOSS will match the best result in the company's history.

Investor Relations

Share price rally ahead of the dividend payout

The announcement of the dividend payout in January 2006 led to a very positive share price development.

A key factor for the share price was the tax treatment of the special dividend of €5.50 per share.

Correction following the dividend payout

Whereas ATOSS shares reached very high prices in the run-up to the dividend payout, following the distribution, demand dropped significantly, leaving them to fall by an amount that exceeded the dividend.

The share price has meanwhile stabilized at a level where it traded in the fourth quarter of 2005.

Good performance when adjusted for the dividend

When adjusted for the tax-free component of the dividend of €5.26, in the last twelve months the share has performed significantly better than the comparable Deutsche Börse Technology All-Share Index. This reflects the markedly improved business development evidenced in key financial figures such as EBIT, EBIT margin, return on equity, and cash flow.

Potential for 2006

Since the company is expecting the best result in its history for the 2006 financial year, in the view of analysts from SES Research the current share price level still offers significant potential for a favorable development until the year end, assuming that the overall mood on stock exchanges becomes somewhat brighter. On October 11, 2006, this led the analysts at SES to upgrade ATOSS shares from „Hold“ to „Buy“.



KEY PER SHARE DATA

			2006		2005
	Q3	Q2	Q1	Q4	Q3
High	8.15	19.00	14.00	9.21	8.78
Low	6.65	6.69	8.57	7.90	7.85
Price at end of quarter	7.00	6.85	13.85	8.95	8.55
Number of treasury shares ⁽¹⁾	97,221	114,755	122,666	150,058	203,566
Dividend per share ⁽²⁾	0.00	5.50	0.00	0.00	0.00
Cash flow per share ⁽²⁾	0.66	0.03	0.68	-0.30	0.66
Financial resources per share ⁽²⁾	2.98	2.34	7.85	7.21	7.55
EPS ⁽²⁾	0.14	0.09	0.13	0.13	-0.01
EPS (diluted) ⁽²⁾	0.13	0.09	0.12	0.12	0.00

⁽¹⁾ shares at the end of the quarter; ⁽²⁾ on average member of shares in circulation



EDEKA Minden:
ATOSS Customer since 2004



CONSOLIDATED BALANCE SHEET AT SEPTEMBER 30, 2006

ASSETS		
	30.09.2006	31.12.2005
	in €	in €
Current assets		
Cash	11,659,540	27,831,181
Marketable securities	4,812	4,804
Trade accounts receivable (net)	2,646,988	3,788,143
Inventories	19,803	12,660
Other current assets and deferred items	349,287	343,994
Total current assets	14,680,430	31,980,782
Non-current assets		
Fixed assets (net)	382,505	369,694
Intangible assets (net)	156,399	255,036
Deferred taxes	396,817	487,272
Total non-current assets	935,721	1,112,002
Total assets	15,616,151	33,092,784

CONSOLIDATED BALANCE SHEET AT SEPTEMBER 30, 2006

LIABILITIES		
	30.09.2006	31.12.2005
	in €	in €
Short-term liabilities		
Trade accounts payable	295,825	720,294
Short-term provisions	1,834,492	1,390,546
Revenue adjustment items	3,026,709	694,549
Provisions for taxation	617,122	431,736
Other current liabilities	435,632	651,986
Total current liabilities	6,209,780	3,889,111
Non-current liabilities		
Convertible bonds	103,669	155,250
Pension provisions	1,234,994	1,229,912
Deferred taxes	0	6
Total non-current liabilities	1,338,663	1,385,168
Shareholders' equity		
Share capital	4,025,667	4,025,667
Capital reserve	390,016	450,013
Treasury stock	-1,291,031	-1,670,304
Profit	4,943,022	25,013,111
Changes in equity not impacting earnings	34	18
Total shareholders' equity	8,067,708	27,818,505
Total liabilities	15,616,151	33,092,784

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2006

	Quarterly report		9-month report	
	01.07.2006 30.09.2006 in €	01.07.2005 30.09.2005 in €	01.01.2006 30.09.2006 in €	01.01.2005 30.09.2005 in €
Revenues	5,538,262	5,000,676	15,930,378	14,566,467
Cost of sales	-1,788,920	-1,741,533	-5,171,075	-5,204,931
Gross profit	3,749,341	3,259,143	10,759,303	9,361,536
Marketing costs	-1,369,960	-1,470,044	-4,477,133	-4,063,725
Administration costs	-651,080	-775,624	-1,860,193	-2,414,038
Research & development costs	-920,912	-1,042,606	-2,788,917	-3,155,214
Other operating income	-5,070	-63,714	462,071	4,008
Operating income	802,319	-92,846	2,095,131	-267,431
Interest and similar income	53,547	137,409	289,434	399,388
Pre-tax income	855,866	44,563	2,384,565	131,956
Income taxes	-314,217	-63,681	-988,148	-182,677
Net income	541,648	-19,118	1,396,416	-50,721
Earnings per share (undiluted)	0.14	-0.01	0.36	-0.01
Earnings per share (diluted)	0.13	0.00	0.35	-0.01
Average undiluted number of shares in circulation	3,924,859	3,821,719	3,907,678	3,815,982
Average diluted number of shares in circulation	4,039,408	4,049,938	4,037,745	4,054,710

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2006

	9-month report	
	01.01.2006 30.09.2006 in €	01.01.2005 30.09.2005 in €
Cash flow from operating activities		
Net income	1,396,416	-50,721
Depreciation on fixed assets	317,213	511,921
Loss on disposal of fixed assets	16,601	1,882
Change in deferred tax assets	90,449	66,452
Personnel costs arising from convertible bond program	82,358	239,494
Pension provision	5,083	105,580
Change in net current assets		
Trade accounts receivable	1,141,155	712,017
Other assets and deferred items	-9,167	-303,667
Trade accounts payable	-424,469	-86,872
Short-term provisions	443,946	-22,261
Revenue adjustment items	2,332,160	1,803,238
Provisions for taxation	182,117	20,776
Other current liabilities	-216,354	-122,946
Net cash generated from operating activities	5,357,508	2,874,892
Cash flow from investment activity		
Fixed assets acquired	-247,987	-322,024
Net cash generated from investment activities	-247,987	-322,024
Cash flow from financing activity		
Revenues from the sale of treasury stock	185,336	113,908
Cost of convertible bond redemptions	0	-12,184
Dividend distribution	-21,466,506	-420,127
Unrealized losses on financial resources	16	204
Cash generated from financing activities	-21,281,154	-318,199

CHANGES IN CONSOLIDATED EQUITY CAPITAL FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30

	Share capital in €	Capital reserve in €	Treasury stock in €	Profit in €	Changes in equity not impacting on earnings in €	Total in €	
As at January 1, 2005	4,025,667	20,166,012	-2,306,204	5,133,789	0	27,019,264	As at January 1, 2005
Net income	0	0	0	-50,721	0	-50,721	Net income
Sale of treasury stock	0	-153,968	303,623	0	0	149,655	Sale of treasury stock
Additions from convertible bonds	0	239,494	0	0	0	239,494	Additions from convertible bonds
Dividend distribution	0	0	0	-420,127	0	-420,127	Dividend distribution
Unrealized losses on capital resources	0	0	0	0	204	204	Unrealized losses on capital resources
As at September 30, 2006	4,025,667	20,251,538	-2,002,581	4,662,941	204	26,937,769	As at September 30, 2006
As at January 1, 2006	4,025,667	450,013	-1,670,304	25,013,111	18	27,818,505	As at January 1, 2006
Net income	0	0	0	1,396,416	0	1,396,416	Net income
Sale of treasury stock	0	-142,355	379,273	0	0	236,918	Sale of treasury stock
Additions from convertible bonds	0	82,358	0	0	0	82,358	Additions from convertible bonds
Dividend distribution	0	0	0	-21,466,506	0	-21,466,506	Dividend distribution
Unrealized losses on capital resources	0	0	0	0	16	16	Unrealized losses on capital resources
As at September 30, 2006	4,025,667	390,016	-1,291,031	4,943,022	34	8,067,708	As at September 30, 2006

Notes to the Group Accounts as of September 30, 2006



S-Bahn Berlin:
ATOSS Customer since 1997



1. General

These quarterly financial statements have been prepared in accordance with the guidelines of the International Financial Reporting Standards (IFRS) and in harmony with IAS 1.14. In particular, they correspond to the „Interim Financial Reporting“ guidelines of IAS 34.

In accordance with IAS 34.20, these financial statements include a consolidated balance sheet, a consolidated income statement, a consolidated statement of cash flows, a consolidated statement of changes in equity as well as notes to the accounts.

They also comply with the German Accounting Standard (DRS) No. 6 on interim reporting.

The same accounting and valuation methods have been applied as in the annual financial statements.

The Management Board is satisfied that the presentation of the assets base, the financial and operating positions, as well as the cash flow statements contained in this quarterly report, provides a fair picture of the commercial position of the company.

2. Reporting period

The accounts were drawn up on September 30, 2006 in respect of the period commencing on January 1, 2006 and ending on September 30, 2006.

3. Currency

All figures are shown in euros. Amounts are rounded to the nearest euro.

4. Scope of consolidation

Besides the parent company, ATOSS Software AG, Munich, the consolidated financial statements include the financial statements of all subsidiaries:

ATOSS CSD Software GmbH, Cham
ATOSS Software Ges.mbh, Vienna
ATOSS Software AG, St. Gallen
ATOSS Software S.R.L., Timisoara

The companies are consolidated on a full consolidation basis.

5. Changes in shareholders' equity

The movements in consolidated shareholders' equity are shown in the statement of changes in shareholders' equity.

6. Treasury shares

As of September 30, 2006, the company held 97,221 of its own shares. Treasury stock is reported as a separate equity item at the cost of acquisition.

7. Revenues

In the financial year reported, the company's revenues were composed as follows:

REVENUES	01.01.2006	01.01.2005
	30.09.2006	30.09.2005
	in €	in €
Software licenses	3,359,824	2,717,613
Software maintenance	6,110,271	6,067,319
Total software	9,470,095	8,784,932
Consulting	4,068,570	3,626,717
Hardware	1,905,721	1,485,295
Other	485,992	669,523
Total revenues	15,930,378	14,566,467

Revenues are distributed geographically as follows:

	01.01.2006	01.01.2005
	30.09.2006	30.09.2005
	in €	in €
Germany	14,629,366	12,904,989
Austria	948,261	987,796
Switzerland	250,674	506,277
Total German-speaking countries	15,828,301	14,399,062
Other countries	102,077	167,405
Total	15,930,378	14,566,467



„Deutsche See“:
ATOSS Customer since 2003

8. Segmental reporting

The company only has one activity segment as defined in IAS 14. It consists of the provision, marketing, and implementation of software solutions for efficient employee resource deployment. Also in geographical terms, German-speaking countries represented a single segment within the meaning of IAS 14.

The individual software solutions consist of:

ATOSS Staff Efficiency Suite (ASES) and ATOSS Startup Edition (ASE):

ASES and ASE are time management and personnel resource planning software solutions for customers in all sectors and for all company dimensions. User services and training are normally provided with these software solutions. Furthermore, consultancy services are also provided, both within the operational environment as well as with respect to corporate or collective agreements aiming to develop optimum solutions for the efficient deployment of personnel resources and to make meaningful use of the existing scope. The company also markets hardware components for time measurement as well as recording-media as resale goods. The ASES/ASE software solution is used on all the major market-accessible system platforms and databases and, as a result of its extensive customization functions, fulfills the very high demands of customers irrespective of the size of the company and the sector of activity.

ATOSS Time Control (ATC):

ATC offers time management and personnel deployment planning for smaller and medium-sized customer groups as well as for large decentralized organizations. ATOSS also offers the corresponding user services and training as well as consultancy services for ATC. The company sells hardware and recording media. The ATC software solution runs on Microsoft Windows system platforms using the market-normal SQL databases and its particularly high degree of user-friendliness and ease of use is well known among smaller and medium-sized customers as well as large decentralized organizations.

AENEIS:

This is a software solution for business process management aimed at customers in all sectors and of all sizes. It is normally sold with implementation, training and consulting services for business process optimization. Until the third quarter of 2005, the AENEIS software solution was in principle covered from construction to marketing, via implementation consultancy, into the whole organizational structure. The final restructuring was completed with the disposal of the AENIS software solution under an agreement dated December 21, 2005, and its transfer to intellior AG that took effect from January 1, 2006.

SOFTWARE SOLUTIONS		
	01.01.2006	01.01.2005
	30.09.2006	30.09.2005
	in €	in €
Revenues		
ATOSS Staff Efficiency Suite (ASES) and ATOSS Startup Edition (ASE)	14,817,252	13,159,999
ATOSS Time Control (ATC)	1,113,126	971,550
AENEIS	0	434,918
Total	15,930,378	14,566,467
Operating income (EBIT)		
ATOSS Staff Efficiency Suite (ASES) and ATOSS Startup Edition (ASE)	1,411,283	335,025
ATOSS Time Control (ATC)	246,112	32,380
AENEIS	437,736	-634,836
Total	2,095,131	-267,431

9. Other operating revenues

In the 2006 financial year, other operating revenues comprised primarily revenues from the sale of the AENEIS software product.

10. Cost of sales

Sales costs rose primarily as a result of the transfer of employees from other areas to the sales area. Related to this, particularly administration costs fell compared with the previous year.

11. Tax expense

As of June 30, 2006, Group tax expenditure is as follows:

TAX EXPENSE		
	01.01.2006	01.01.2005
	30.09.2006	30.09.2005
	in €	in €
Pre-taxed income under IFRS	2,384,565	131,956
Projected tax charge (2006: 40.86%, 2005: 40.86%)	-974,333	-53,917
Non-deductible operating expenses	-18,642	-24,080
Permanent differences arising from convertible bonds	-33,652	-97,857
Differences in tax rates	38,479	-6,823
Group tax charge	-988,148	-182,677

As of September 30, 2006, Group tax expenditure is as follows:

PERSONNEL EXPENSES	01.01.2006	01.01.2005
	30.09.2006	30.09.2005
	in €	in €
Wages and salaries	7,074,117	7,340,870
Social security, pension and other benefits	1,288,165	1,550,059
Effects of convertible bond programs	82,358	239,494
Total	8,444,640	9,130,423

13. Employees

As of September 30, 2006, the company employs 171 staff, compared with 181 as of September 30, 2005. Of these, 51 (previous year 52) were active in product development, 48 (previous year 51) in the areas of Professional Services and Consulting and 41 (previous year 40) were active in the Sales and Marketing.

14. Management Board

As of September 30, 2006, the Management Board of ATOSS Software AG had two members:

Andreas F.J. Obereder	Chief Executive Officer
Christof Leiber	Management Board Member

On the basis of a resolution of the Supervisory Board of April 2006, the Management Board contract of Mr. Leiber was extended for a further five years from the time when it expires on March 31, 2007.

15. Supervisory Board

As of September 30, 2006, the Supervisory Board of ATOSS Software AG had three members:

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

16. Shares held by corporate officers

As of the September 30, 2006 reporting date, corporate officers held the following holdings of shares in ATOSS:

	30.09.2006	30.06.2006	31.03.2006	31.12.2005	30.09.2005
Andreas F.J. Obereder	1,976,184	1,976,184	1,971,184	1,971,184	1,946,184
Peter Kirn	23,760	17,760	13,760	13,760	13,760
Bernhard Dorn	19,000	13,000	13,000	13,000	7,000

Current and former corporate officers held the following options on ATOSS's shares by way of convertible bond subscriptions as of September 30, 2006:

	30.09.2006	30.06.2006	31.03.2005	31.12.2005	30.09.2005
Andreas F.J. Obereder	5,000	5,000	5,000	5,000	15,000
Christof Leiber	15,500	18,500	20,667	22,000	23,668
Dr. Burkhard Scherf	5,000	5,000	5,000	10,000	10,000
Peter Kirn	6,000	12,000	12,000	12,000	18,000
Bernhard Dorn	6,000	12,000	12,000	12,000	18,000
Rolf Baron Vielhauer von Hohenhau	12,000	12,000	12,000	12,000	18,000

17. Convertible bonds

In the first nine months of fiscal 2006, 52,837 convertible bonds were exercised. No convertible bonds were issued or redeemed. 108,340 convertible bonds were outstanding as of September 30, 2006.

The following table summarizes the information on outstanding convertible bonds held by existing and former company officers and employees:

EXERCISE PRICES	Outstanding	Contractual	Potential
	convertible	validity	exercise
	bonds	in years	rights
Current and former Board members			
6.18	13,000	4.7	5,500
4.01	24,000	4.9	6,000
3.52	2,500	4.0	2,500
1.00	10,000	0.5	10,000
	49,500		24,000
Employees			
6.18	29,000	4.7	13,500
3.97	3,000	5.1	0
3.52	19,500	4.0	19,500
1.00	7,340	0.8	7,340
	58,840		40,340
	108,340		64,340

18. Information on reportable securities transactions

In the first nine months of fiscal 2005, the following transactions were reported:

AXXION S.A., Luxembourg, has since February 2, 2006 held voting rights of less than 5% of the share capital and according to information in the company's possession these total 2.7989%.

19. Earnings per share

The earnings per share figure is calculated by dividing the earnings for the period of € 1,396.416 by the weighted average number of outstanding shares. Between January 1, 2006 and September 30, 2006 an average of 3,907,678 ordinary shares were in circulation. Earnings per share for this period therefore amount to € 0.36 compared with minus -€ 0.01 in the first nine months of 2005.

In order to calculate the diluted profit per share, the profit for the period requires adjustment for interest expenses on convertible bonds in an amount of € 2,123. In addition, the average number of outstanding shares was increased by the additional shares arising from the conversion of bonds. Between January 1, 2006 and September 30, 2006 an average of 130,067 convertible bonds were in circulation. As a result, diluted earnings per share amounted to € 0.35 compared with -€ 0.01 in the previous year.

20. Events of particular importance subsequent to the reporting date

Following the reporting date on September 30, 2006, there have been no events of particular significance.

Disclaimer

This report contains forward-looking statements that are based on the conviction of the Management Board of Atoss Software AG and reflect current assumptions and estimations. The forward-looking statements are subject to risks and uncertainties. Many facts that cannot currently be predicted may mean that the actual performance and the earnings of Atoss Software AG develop a different manner. This could include the following: the non-acceptance of newly introduced products or services, changes in the general economic and business climate, the failure to achieve efficiency and cost-reduction targets or changes in business strategy.

The Management Board is firmly convinced that the expectations of these forward-looking statements are sound and realistic. In the event that the above-mentioned or other unforeseen risks arise, Atoss Software AG cannot guarantee that the expectations will materialize as outlined.

ATOSS Software AG
Am Moosfeld 3
D-81829 Munich
Fon +49.89.42771-0
Fax +49.89.42771-100

info@atoss.com
www.atoss.com