ATOSS Software AG

r:evolution in time!

Quarterly Report 3.2002

Andreas F.J. Obereder
(Chairman)

Christiane Glöckler
(Board Member)

Dr. Burkhard Scherf
(Board Member)

Economic environment:	Negative business cycle and industry fundamentals
ATOSS:	Targets also reached in third quarter
	Increase in sales, significant improvement in result
	Outlook remains positive
	Prospects of a dividend

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Dear Shareholders,
Dear Sirs and Madams,

Despite the continued difficult market environment for the suppliers of application software in particular, ATOSS Software AG has succeeded in clearly consolidating its position in the first nine months of the current financial year. True to our business philosophy «profitability as the basis for solid growth», ATOSS Software AG has managed a sustainable return to the profit zone while positioning itself with extremely solid financing and good growth opportunities in an interesting market – the market for solutions involving every aspect of intelligent workforce deployment.

Continued Improvement in Earnings and Sales Compared to Both the Second Quarter and the Previous Year

In view of the numerous negative conditions in the general economic environment we are quite satisfied with the results for the current financial year. Sales and earnings met our expectations in the third quarter of 2002 as well. Our strategy of consistently positioning ATOSS Software AG as a provider of solutions for every aspect of intelligent workforce deployment, i.e. from providing consulting services to the supply of the required software products to customized introduction and constant refinement throughout the various business processes required by our customers, has proven to be the right one again and again.

Our figures confirm that we have actually achieved the sustainable turnaround which we announced last year. With consolidated sales of € 16.7 million (previous year: € 15.6 million) and an operating result (EBIT) of € 0.7 million (previous year: € -1.6 million) or has increasingly proved its earnings validity before income taxes of € 1.6 million (previous year: € -0.7 million) as of September 30, 2002, we were able to successfully set ourselves off from the rest of the market and set forth our continuous increase in profitability into the fifth consecutive quarter. Thus, at the quarter level, we were able to increase our EBIT margin since the third quarter of 2001 to the quarter just elapsed from -3% to the present 8%. With regard to the performance of the individual divisions it is particularly satisfying that we were able to put software sales back on a solid footing. There was also a positive trend in the maintenance, services and hardware divisions. The cash flow from current business operations increased once again to reach nearly € 3.6 million (previous year: € 1.2 million) and thus impressively confirms the liquidity-generating earnings power of ATOSS.

Overall Positive Outlook for Four Quarter and Financial Year

Orders such as the one recently placed by Postbank AG and the very positive trend in the Medical division clearly demonstrate that companies are willing to invest even in difficult periods if they are provided with a customized solution that also guarantees a short-term return on their investments. Return on investment of this kind can be realized in 6 to 12 months – and thus very quickly – by employing our solutions.

Therefore our central message in these economically difficult times consists in helping our customers to achieve lasting economic success by deploying solutions in the area of their most precious resource – namely, personnel. A fundamental prerequisite for this is to constantly enhance the flexibility of workforce deployment by using the solutions provided by ATOSS Software AG.

In light of this positive development in the course of the past year, we are very confident that the company's overall objectives for the year 2002 can be achieved. We aim to combine a significant increase in the company's overall result with slight growth in terms of sales. We expect that overall sales for the current fourth quarter sales will the level of the third quarter with an operating result that continues to be stable (EBIT).

Shareholders to Participate in the Success of the Company

In light of this return to profitability and an exceptionally solid financial situation with an amount of € 33.4 million in liquide Funds, we presently assume that we will be able to propose the payment of a dividend at the next General Meeting of Shareholders. However, the actual amount and the type of payment will only be determined together with the Supervisory Board at the end of the current financial year when the company's medium-term liquidity planning can be taken into consideration and all legal implications are fully considered.

With kind regards,

Andreas F.J. Obereder
(Chairman)

Christiane Glöckler
(Board Member)

Dr. Burkhard Scherf
(Board Member)

CONSOLIDATED OVERVIEW: COMPARISON OF FINANCIAL YEARS TO SEPT. 30, 2002 AND SEPT. 30, 2001

In accordance with US-GAAP in T€	from Jan. 1, 2002 to Sept. 30, 2002	from Jan. 1, 2001 to Sept. 30, 2001	Change in percent	Financial year 2001
Sales	16,716	15,527	+7 %	21,234
Software	3,820	4,520	-16 %	6,289
Maintenance	5,078	4,186	+21 %	5,611
Services	5,130	3,975	+29 %	5,518
Hardware	1,813	2,057	-12 %	2,771
Miscellaneous	875	834	+5 %	1,045
EBITDA	1,544	-645	>100 %	-169
EBIT	690	-1,577	>100 %	-1,412
EBT	1,606	-726	>100 %	-177
Net Income	983	-568	>100 %	-206
Cash Flow	3,597	1,187	>100 %	2,811
Liquidity (*)	33,415	30,320	+5%	31,690
EPS (in €)	0,25	-0,14	>100 %	-0,05
EPS diluted (in €)	0,25	-0,14	>100 %	-0,05
Staff (as of Sept. 30)	173	170	+2 %	175

CONSOLIDATED OVERVIEW: QUARTERLY COMPARISON IN ACCORDANCE WITH US-GAAP

In accordance with US-GAAP in T€	Q3/2002	Q2/2002	Q1/2002	Q4/2001	Q3/2001	Q2/2001	Q1/2001
Sales	5,859	5,418	5,439	5,661	5,061	4,839	5,673
Software	1,319	1,050	1,451	1,769	1,085	1,178	2,257
Maintenance	1,689	1,685	1,704	1,425	1,431	1,576	1,179
Services	1,871	1,890	1,370	1,543	1,394	1,292	1,289
Hardware	676	522	615	714	882	547	628
Miscellaneous	305	272	299	210	270	245	320
EBITDA	741	395	408	468	169	-936	129
EBIT	453	111	126	165	-153	-1,248	-176
EBT	776	568	262	549	-87	-728	89
Net Income	474	344	165	362	-61	-540	33
Cash Flow	2,181	362	1,053	1,623	1,296	1,880	-1,989
Liquidity (*)	33,415	31,792	32,331	31,690	30,320	29,367	30,209
EPS (in €)	0,12	0,09	0,04	0,09	-0,02	-0,13	0,01
EPS diluted (in €)	0,12	0,08	0,04	0,09	-0,01	-0,13	0,01
Staff (at end of quarter)	173	165	165	167	170	177	185

(*): Cash assets and marketable securities

Our Balanced Business Model Has Proved Itself Once Again

In the period from January 1, to September 30, 2002 ATOSS achieved consolidated sales of € 16.7 million, thereby marking an increase of 7% compared to the same period of the previous year. In the third quarter of the year 2002 sales amounted to nearly € 5.9 million and consequently not only exceeded the level of the two previous quarters, but were also 15% above the third quarter of 2001. In view of the numerous negative conditions in the general economic environment we are quite satisfied with this development.

Our business model has once again proven its worth. While in the current financial year we recorded a decline in terms of hardware and software sales compared to the previous year – which, however, was slight in comparison to the rest of the market – the maintenance and services divisions showed further clear increases.

The share in consolidated sales which was accounted for by the company's operations abroad increased slightly to 14% (previous year: 11%).

The trend in the company's performance continued to be within the scope of our expectations. Compared to the previous year, the clear improvements which were announced in advance were reached. Thus EBIT as of September 30, 2002 amounted to € 0.7 (previous year: € - 1.6 million), earnings before income taxes amounted to € 1.6 million (previous year: € - 0.7 million) and the result for the period for the first three quarters amounted to nearly € 1.0 million (previous year: € -0.6 million).

Earnings per share increased to € 0.25 (previous year: € -0.14) as of September 30, 2002.
In this connection we already pointed out in September that we would clearly exceed the latest consensus estimates of € 0.18 per share. Now the positive fundamental development with regard to the EBIT margin can be seen. After it was still clearly negative in the first nine months of the financial year just elapsed (-10%), it now amounts to an average of 4% for the first nine months of this year. We anticipate further improvement in the EBIT margin year for the entire year of 2002, in particular since it has already reach 8% in the third quarter just elapsed.

ATOSS employed 173 staff (previous year: 170) as of September 30, 2002.

In spite of the continued strict cost control, there were specific increases in the costs for research and development; these amounted to € 2.6 million, following € 2.2 million in the previous year.

Increase in Sales from Software Licenses in Spite of Trend – Maintenance Sales at High Level

OVERVIEW: QUARTERLY COMPARISON OF SOFTWARE AND MAINTENANCE

(in accordance with US-GAAP) in T€	Q3/2002	Q2/2002	Q1/2002	Q4/2001	Q3/2001	Q2/2001	Q1/2001
Sales	5,859	5,418	5,439	5,661	5,061	4,839	5,673
Software	1,319	1,050	1,451	1,769	1,085	1,178	2,257
Maintenance	1,689	1,685	1,704	1,425	1,431	1,576	1,179

In the Software division it was possible to clearly increase sales compared to both the previous quarter (+26%) and compared to the same period of the previous year (+22%). This is a very satisfying development in view of the extremely negative industry fundamentals. Altogether software sales of € 3.8 million (-15% compared to 2001) were obtained in the current financial year. A look at the quarterly trend makes it clear that – with exception of the typically stronger fourth quarter – software sales have developed on a stable level of € 1 million to € 1.5 million per quarter since the second quarter of 2001. The share of software revenues in overall sales amounted to just under 23% (previous year: 29%) as of September 30, 2002.

Sales in the Maintenance division continued at a high level compared to the second quarter of 2002. An increase of 18% was achieved compared to the third quarter of last year, while this increase amounted to even as much as 21% when viewed in terms of the first nine months. The share of Maintenance sales in consolidated sales increased accordingly to more than 30% (previous year: 27%). This underscored the continued positive development in the Maintenance division, thus providing a mainstay for earnings power at ATOSS with contracts concluded over a term of several years.

Postbank has proven to be an important new customer in the quarter just elapsed. On September 17th we reported in this connection that a larger order was placed with us in order to introduce the ATOSS product Time Solution from the **S**taff **E**fficiency Suite for efficient planning and management of the present 3,500 flextime staff at the various Postbank business locations. Thus Postbank has taken up the idea which is addressed by our innovative topic **S**taff **E**fficiency **M**anagement. In the case of the Postbank order, central server solutions are used in the form of a large-scale installation and are thus suitable as clients, i.e. each Postbank location can be operated separately. Consequently the costs of ongoing maintenance for the system and data administration are optimized.

Service Revenues Confirm High Customer Interest in Our Solutions

OVERVIEW: QUARTERLY COMPARISON OF SERVICE DIVISIONS

(in accordance with US-GAAP) in T€	Q3/2002	Q2/2002	Q1/2002	Q4/2001	Q3/2001	Q2/2001	Q1/2001
Sales	5,859	5,418	5,439	5,661	5,061	4,839	5,673
Services	1,871	1,890	1,370	1,543	1,394	1,292	1,289

As of September 30, 2002 the revenues from the Service division amounted to more than € 5.1 million, which corresponds to an increase of 29% compared to the previous year. In a direct comparison of the three quarters sales rose even more clearly by 34%. The fact that the sales of the second quarter of 2002 were not completely achieved in this case is explained by the vacation period in the summer months. The share of this division in overall sales increased to nearly 31% (previous year: 25.5%) as a result of this positive development.

Hence the Services segment, which includes Consulting and IT Services, was once again able to prove that ATOSS is capable of generating business independently of the software sales of recent quarters. Customers increasingly rely on our competence when it comes to the solutions which we offer, while in former times there was more of a focus placed on software product sales. The search is for solutions that make business processes altogether more efficient and provide for lasting utility. Our customers' needs, i.e. from consulting services to the supply of the required software products to customized introduction and constant refinement, are addressed throughout the various business processes. Our range of services in the area of Consulting begins with the analysis and optimization, for example, of work time models and/or other methods for making the deployment of personnel much more flexible and thus generates regular service sales, in particular among regular customers, when it comes to integrating customer requirements into the existing systems employed by the customer. At the same time, this approach is also designed to generate increased demand for software solutions for every aspect of intelligent workforce deployment. Our success has proven that this is the right approach as, in contrast to the overall market trend – BITKOM anticipates a decline in IT-related services of 0.3% for the year 2002 – we were able to enhance our service sales even further.

Hardware Sales Increased in Comparison with Previous Quarters, But We Continue to Observe Companies' Reluctance to Invest

OVERVIEW: QUARTERLY COMPARISON FOR HARDWARE

(in accordance with US-GAAP) in T€	Q3/2002	Q2/2002	Q1/2002	Q4/2001	Q3/2001	Q2/2001	Q1/2001
Sales	5,859	5,418	5,439	5,661	5,061	4,839	5,673
Hardware	676	522	615	714	882	547	628

With a total of € 0.7 million ATOSS succeeded in achieving higher hardware sales than in the first two quarters of the current financial year despite the widespread reluctance on the part of companies to invest. However, in a direct comparison of the three quarters sales declined by 23% and as of September 30th by 13% altogether, compared with the same period of the previous year. The share accounted for by the Hardware division in consolidated sales declined accordingly to 11% (previous year: 13%).

Satisfying Performance Trend in Fifth Quarter

OVERVIEW: QUARTERLY COMPARISON OF EARNINGS FIGURES

(in accordance with US-GAAP) in T€	Q3/2002	Q2/2002	Q1/2002	Q4/2001	Q3/2001	Q2/2001	Q1/2001
EBITDA	741	395	408	468	169	-936	129
EBIT	453	111	126	165	-153	-1,248	-176
EBT	776	568	262	549	-87	-728	89
Net Income	474	344	165	362	-61	-540	33
Cash Flow	2,181	362	1,053	1,623	1,296	1,880	-1,989

A satisfying sales trend particularly in the Consulting and IT Services divisions as well as positive effects from the cost-cutting measures which were introduced at an early stage resulted in a clear increase in the company's overall performance in the quarter under review. The operating result (EBIT) rose significantly in the third quarter of 2002 to a total of € 0.5 million (Q3 in the previous year: € -0.2 million), while earnings before taxes improved substantially to reach € 0.8 million (previous year: € -0.1 million).

A satisfying sales and earnings trend can also be seen with regard to our subsidiaries. ATOSS CSD Software GmbH shows a continued positive operating result with sales revenues above those of the previous year. ATOSS Software GmbH, Vienna was also able to increase its sales and improve its earnings situation.

Assets and Financial Situation: Cash Flow Increases to Nearly € 3.6 Million, Balance Sheet Remains Positive

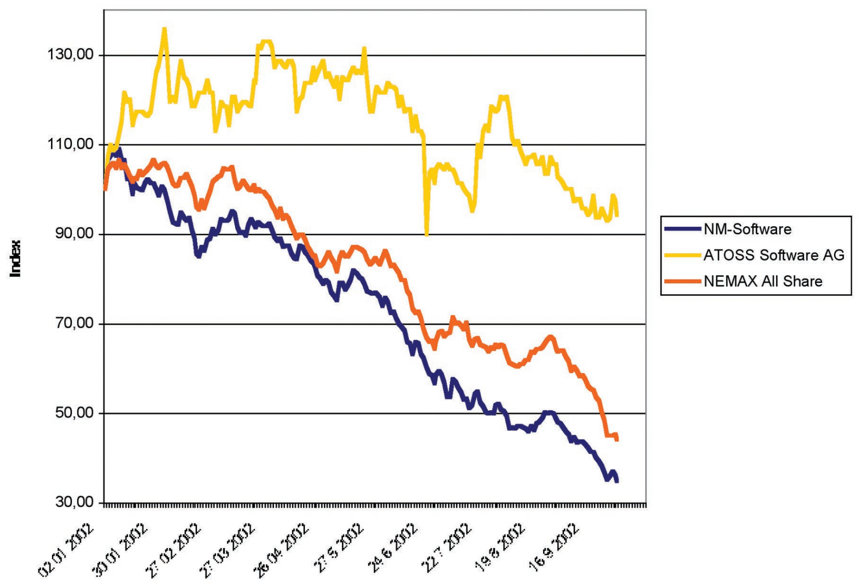
The consolidated balance sheet also showed very good results as of September 30, 2002. The equity capital ratio amounted to 86%, while cash assets and marketable securities (liquide funds) amounted to € 33.4 million. Cash flow from current operations increased further to € 3.6 million (previous year: € 1.2 million) and thus clearly confirms the liquidity-generating earnings power of ATOSS. Cash flow from investment activity amounted to € -1.4 million (previous year: € -16.7 million), while cash-flow from financing activity amounted to € -1.5 million (previous year: € -2.4 million).

We also kept the price level of our products stable in the third quarter.

ATOSS Share Outperforms Market

As of September 30th the ATOSS share listed 4.23% less than it did at the beginning of the year with € 6.80. In the same period, the relevant indices NEMAX Software was down by 54%, NEMAX All Share by 65% and C-DAX Software lost 66%. Thus, in comparative terms, our share proved to be a very stable and safe investment. The high in the third quarter was determined at € 8.45, and the lowest price was € 6.54.

Index Performace ATOSS, Nemax all-share, Nemax Software



Volume of Company-held Shares Increased

On the basis of the resolution passed by last year's General Meeting of Shareholders, we continued to buy back our own shares via the stock market in the third quarter as well. These shares are intended to be used to secure employee shareholding schemes. As of September 30, 2002 the number of company-held shares amounted to 224,839, or the equivalent of 5.6% of the available capital stock.

Further Buy Recommendations, New Designated Sponsor as of October 1, 2002

ATOSS also drew the attention of many analysts and journalists in the third quarter. Thus, among others, Bayerische Landesbank, GBC, AC Research, Focus Money, Wirtschaftswoche, Euro am Sonntag, Börse Online and various stock market services recommended buying ATOSS shares. As a result of the negative stock market environment these positive notes have, however, only served to smooth out development in the price of the share.

There has also been a change as far as the company's designated sponsors are concerned. As of October 1, 2002 ATOSS will have the support of HSBC Trinkaus & Burkhardt KGaA, Düsseldorf on the stock exchange in addition to Gebhard & Schuster Wertpapierhandelsbank, Munich.

We Are Open to the Planned New Share Market Segmentation

On September 26th the first information regarding a new segmentation of the share market was revealed by Deutsche Börse AG (German Stock Exchange). In the last few months before this surprising report we analyzed a likewise planned basic rating for all of the Neuer Markt companies which was presented by an independent research institute and obviously by the German Stock Exchange. This rating is based on more objective and quality-related criteria. According to statements made by the participating analysts, ATOSS is presently one of the leading companies among all of those evaluated. This rating is to be published at the beginning of the coming year and updated on a quarterly basis. As ATOSS, for some time now, has been an advocate for more transparency as well as timely and factual reporting, we welcome every reform that helps the Neuer Markt and the stock exchange altogether in winning back lost confidence. At present, we meet the requirements for the planned new segment referred to as the «Prime Standard». Thus, based on the presently available information, we will apply for admission to this new segment and for the «Technology» branch. Following consultations with the German Stock Exchange, we can assume that such a request will meet with a positive response. Nevertheless, we will wait for a more concrete presentation of the plans advanced by Deutsche Börse AG – in particular the introduction of new indices – and openly examine alternative trading centers as well.

Corporate Governance: ATOSS Develops Its Own Codex. Changes to the Executive Committee in 2003

ATOSS has provided information on its own extensive measures in the area of corporate governance ever since the publication of its report on the second quarter of 2001. Now, on the basis of the recommendations of the «Government Commission for a German Corporate Governance Codex», the company has prepared its own principles of corporate governance which, in part, are more advanced and which can be found on the company's homepage in the currently valid version. In this case the recommendations on behavior as stipulated by the Commission are, for practicable reasons, not complied in only a very few and, from our point of view, rather insignificant points. The reasons for this have likewise been published.

We would like to take this opportunity to inform our shareholders in advance of a change at the top. Thus Christiane Glöckler, head of Marketing and Sales, will leave ATOSS upon expiration of her contract on June 30, 2003. Ms. Glöckler informed us about her desire to leave ATOSS of her own volition at a very early period and thus provided the company with ample opportunity to decide on a successor. For this reason any negative effects on the successful development of our business will be precluded.

Further Significant Developments in Risk Management System

The company's comprehensive risk management system underwent substantial modification. As planned, integration of the risk management system into company operations has been improved. Now, on the basis of surveys which have already been performed with regard to potential risks, the regular and systematic identification, analysis, evaluation, control, documentation and communication of such risks as well as the monitoring of these activities themselves have been united into a single system. Moreover, company-specific risks are assigned according to threshold values. In addition, the respective potential loss is determined on the basis of this information. In the detail the individual departments will regularly examine the probability and estimated possible loss and thus derive the damage expectancy value. Depending on the specified damage category, it will be determined how the possible risks are to be reported and how monitoring via a risk management committee will take place. With the completion of a comprehensive internal manual on the company's risk management system ATOSS had provided all of its risk managers with a detailed and practicable tool.

Outlook

No ray of hope is discernible as far as the general economic environment in Germany is concerned. Business expectations have become even more overcast in recent months. Expected growth rates have been revised, while the world economy is in a critical state at present.

The PC market will continue to shrink in the year 2002 as it did in the previous year and the telecommunications branch skids from one trough into the next while the semiconductor industry continues to hold out prospects of sales at the level of the previous year despite huge price fluctuations. Bitkom, the industry association, lower sales than in the previous year for both the software market and IT services along with a disproportionate decline in earnings.

In light of all this, it unclear for both our own industry fundamentals and for companies as a whole as to when there will be an economic boost through and for investments. Thus there are overdue replacement investments in the IT infrastructure, the average PC in the various companies, for example, is meanwhile approximately 4 years old. But only with a certain confidence in the future in economic terms will there be a change in the attitude such that new investments take priority over the control of costs.

In view of this positive development in the course of the year thus far, we are very confident that the company's overall objectives for the year 2002 can be achieved. We aim to combine a significant increase in the company's overall result with moderate growth in terms of sales. We expect that overall sales for the current fourth quarter sales will match the level of the third quarter with an operating result that continues to be stable (EBIT). And, finally, in light of this return to profitability and an exceptionally solid financial situation with liquide funds of € 33.4 million, we presently assume that we will be able to propose the payment of a dividend at the next General Meeting of Shareholders. However, the actual amount and the type of payment will only be determined together with our Supervisory Board at the end of the current financial year when the company's medium-term liquidity planning can be taken into consideration and all legal implications are fully considered.

Consolidated Balance Statement

CONSOLIDATED BALANCE STATEMENT (in €)	30.09.2002	31.12.2001
ASSETS		
Current Assets		
Cash and Cash Equivalents	9,434,169	8,772,743
Short term Investments / Marketable Securities	23,980,938	22,917,744
Trade accounts recievable	4,035,985	3,763,426
Accounts recievable due from related parties	0	0
Inventories	29,230	35,373
Deferred tax assets	0	0
Prepaid expenses and other current assets	1,309,998	1,276,302
Others	0	0
Total current assets	**38,790,320**	**36,765,588**
Non current assets		
Property, plant and equipement	878,813	1,162,492
lIntangible assets	1,217,563	1,571,423
Investments	0	0
Notes recievebles / loans	0	0
Goodwill	22,214	22,214
Deferred taxes	638,946	1,108,844
Other assets	0	0
Others	0	0
Total non current assets	**2,757,536**	**3,864,973**
Total assets	**41,547,857**	**40,630,561**
LIABILITIES AND SHAREHOLDER'S EQUITY (EUR)		
Current liabilities		
Current portion of capital lease obligation	0	0
Short term debt and current portion of long-term debt	1,917	3,196
Trade accounts payable	488,812	833,286
Advance payments received	0	0
Accrued expenses	2,351,111	1,973,378
Deffered revenues	1,787,250	331,112
Income tax payable	32,544	54,203
Deffered taxes	0	0
Other current liabilities	576,923	584,386
Others	0	0
Total current liabilities	**5,238,557**	**3,779,561**
Non-current liabilities		
Long-term debt, less current portion	307,067	173,777
Capital lease obligation, less current portion	0	0
Deffered revenues	0	0
Deffered taxes	0	0
Pension accrual	272,039	242,804
Others	0	0
Total non-current liabilities	**579,106**	**416,581**
Shareholder's equity		
Share Capital	4,025,667	4,025,667
Additional paid-in capital	33,197,746	33,172,808
Treasury Stock	-1,832,650	-421,086
Retained Earnings / Accumulated Deficit	836,792	-146,522
Accumulated other comprehensive income / loss	-497,361	-196,448
Others	0	0
Total Shareholder's equity	**35,730,194**	**36,434,419**
Total liabilities and Shareholder's equity	**41,547,857**	**40,630,561**

Consolidated Income Statement

INCOME STATEMENT (in €)	Quarterly report		9-Month report	
	Q3/2002	Q3/2001		
	01.07.2002 30.09.2002	01.07.2001 30.09.2001	01.01.2002 30.09.2002	01.01.2001 30.09.2001
Revenues	5,859,264	5,060,927	16,715,906	15,572,288
Cost of revenues	-2,075,770	-1,978,128	-5,952,321	-5,865,511
Gross profit	**3,783,494**	**3,082,798**	**10,763,585**	**9,706,777**
Selling and Marketing expenses	-1,612,818	-1,364,739	-4,724,897	-5,530,456
General and administrative expenses	-842,573	-1,086,692	-2,708,448	-3,505,867
Research and development	-839,825	-791,738	-2,645,715	-2,243,042
Other operation income and expenses	-34,968	10,089	5,874	836
Depreciation on Goodwill	0	-2,777	0	-5,554
Others	0	0	0	0
Operation income / loss	**453,311**	**-153,058**	**690,399**	**-1,577,305**
Interest income and expenditure	240,698	103,772	835,815	691,458
Other income / expense	82,280	-37,443	80,126	159,850
Others	0	0	0	0
Result before income taxes	**776,290**	**-86,730**	**1,606,340**	**-725,996**
Income tax	-302,250	17,527	-623,025	149,964
Extraordinary Income	0	7,821	0	7,821
Net income / loss	**474,039**	**-61,382**	**983,315**	**-568,211**
Net income per share (basic)	0,12	-0,02	0,25	-0,14
Net income per share (diluted)	0,12	-0,01	0,24	-0,14
Weighed average shares outstanding (basic)	3,826,668	3,973,017	3,898,608	3,991,038
Weighed average shares outstanding (diluted)	4,120,182	4,127,455	4,137,034	4,137,647

CASH FLOW STATEMENT (in €)

	Current year to date	Comparative period prev. year
	from **01.01.2002** to **30.09.2002**	from **01.01.2001** to **30.09.2001**
Cash flows from operating activities		
Net profit/loss	**983,315**	**-568,211**
Adjustments for		
Minority Interest	0	0
Depreciation and amortisation	853,968	932,480
Increase/decrease in provisions and accruals	385,309	-409,324
Losses/gains on the disposal of fixed assets	100,131	-83,059
Foreign exchange gains/losses	0	0
Others	469,898	-221,171
Change in net working capital	804,089	1,536,510
Net cash provided by operating activities	**3,596,709**	**1,187,225**
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash acquired	0	0
Purchase of property, plant and equipment	-316,560	-301,835
Proceeds form sale of equipment	0	109,488
Others	-1,063,194	-16,487,725
Net cash used in investing activities	**-1,379,755**	**-16,680,072**
Cash flows from financing activities		
Proceeds from issuance of share capital	-1,687,540	-348,397
Proceeds from short or long-term borrowings	133,290	123,859
Cash repayments of amounts borrowed	-1,278	-2,143,591
Payment of capital lease liabilities	0	0
Others	0	0
Net cash provided by financing activities	**-1,555,528**	**-2,368,129**
Net effect of currency translation in cash and cash equivalents	0	0
Net increase in cash and cash equivalents		
Cash and cash equivalents at beginning of period	8,772,743	26,588,860
Cash and cash equivalents at end of period	9,434,169,28	8,727,883,99

DEVELOPMENT IN GROUP CAPITAL AND RESERVES (in €)

	Individual share certificate	Subscribed capital	Acquisition of own shares	Capital reserves	Revenue reserve	Net profit for the year	Additions to equity without affect on earnings	Total equity
Status as of January 1, 2001	**4,025,667**	**4,025,667**	**-272,850**	**33,197,087**	**0**	**59,479**	**33,654**	**37,043,038**
Quarterly result	0	0	0	0	0	-568,211	0	-568,211
Acquisition of own shares	0	0	-129,115	0	0	0	0	-129,115
Withdrawals from capital reserves	0	0	0	-19,148	0	0	0	-19,148
Change in shareholders' equity without affect on earnings	0	0	0	0	0	0	-200,133	-200,133
Status as of September 30, 2001	**4,025,667**	**4,025,667**	**-401,965**	**33,177,939**	**0**	**-508,732**	**-166,479**	**36,126,430**
Status as of January 1, 2002	**4,025,667**	**4,025,667**	**-421,086**	**33,172,808**	**0**	**-146,522**	**-196,448**	**36,434,419**
Quarterly result	0	0	0	0	0	983,315	0	983,315
Acquisition of own shares	0	0	-1,411,564	0	0	0	0	-1,411,564
Addition to capital reserves	0	0	0	24,938	0	0	0	24,938
Addition to shareholders' equity without affect on earnings	0	0	0	0	0	0	-300,914	-300,914
Status as of September 30, 2002	**4,025,667**	**4,025,667**	**-1,832,650**	**33,197,746**	**0**	**836,792**	**-497,361**	**35,730,194**

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 accordance with German Reporting Standard (DRS) No.6 concerning interim reporting. For this reason it does not contain all the information required for annual financial statements. However, the same accounting, valuation and consolidation methods have been applied as in the annual financial statement.

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

2. Currency

All figures have been stated in Euros.

3. Corporate Scope of Consolidation

In addition to the accounts of ATOSS Software AG, Munich, the consolidated financial statements 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 statements of ATOSS Software AG, Munich.

4. Equity Development

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

5. Company Shares

During the current financial period 175,839 shares in ATOSS Software AG were bought back. The purchasing costs of all the shares bought back during the present financial year were € 1,411,564. The repurchase of company shares was approved by the General Meeting on May 22, 2002. As a result, ATOSS Software AG holds, as of September 30, 2002, 224,839 of its own shares.

6. Personnel Costs

6. PERSONNEL COSTS (in T€)

	30.09.2002	30.09.2001
Wages and Salaries	7,839	7,999
Social Security Contributions and Expenditure on Pension Provision and Support	1,186	1,350
Total	9,025	9,349

7. Segment Data

The company makes a distinction between product-related activities (sales of software and hardware as well as maintenance contracts) and services. These activities cover Germany as well as other other European countries.

SALES, EARNINGS (in T€)

	30.09.2002	30.09.2001
Products, Maintenance		
Sales	10,739	10,899
EBIT	-338	-1,545
Write-offs	560	652
Services		
Sales	5,976	4,673
EBIT	1,028	-32
Write-offs	113	118
Domestic Sales	14,311	13,794
Foreign Sales	2,404	1,778
Total Sales	**16,715**	**15,572**

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

Sales are broken down into the following sales types:

SALES TYPES (in T€)

	30.09.2002	30.09.2001
Software	3,820	4,520
Maintenance, Care	5,078	4,186
Services	5,130	3,975
Hardware	1,813	2,057
Others	874	834
Total Sales	**16,715**	**15,572**

8. Employees

As of the 30.09.2002 the Group employs 173 members of staff, whereas the number stood at 170 in the previous year . Of these 42 (45) are employed in product development, 50 (45) in the IT services and consulting areas and 44 (48) in sales and marketing.

9. Supervisory Board

As of the 30.09.2002 the supervisory board of ATOSS Software AG includes three members:

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

10. Managing Board

As of the 30.09.2002 the board of directors of ATOSS Software AG includes three members:

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

11. Share and convertible bond holdings of corporate officers

As of the respective cut-off date of the 30.06.2002 the corporate officers have the following holdings in ATOSS in the form of shares :

SHARES HELD BY CORPORATE OFFICERS

	30.09.2002	30.06.2002	31.03.2002	31.12.2001
Andreas F.J, Obereder	1,967,905	1,967,905	1,967,905	1,967,905
Dr, Burkhard Scherf	78,108	78,108	78,308	78,308
Christiane Glöckler	0	0	0	0
Peter Kirn	11,260	11,260	11,260	11,260
Bernhard Dorn	1,000	1,000	1,000	1,000
Rolf Baron Vielhauer von Hohenhau	0	0	0	0

As of the respective cut-off date of the 30.09.2002 the corporate officers hold options on ATOSS shares by way of convertible bond subscriptions:

CONVERTIBLE BONDS – CORPORATE OFFICERS

	30.09.2002	30.06.2002	31.03.2002	31.12.2001
Andreas F.J. Obereder	15,864	15,864	864	864
Dr, Burkhard Scherf	15,864	15,864	864	864
Christiane Glöckler	65,000	65,000	50,000	50,000
Peter Kirn	12,000	0	0	0
Bernhard Dorn	12,000	0	0	0
Rolf Baron Vielhauer von Hohenhau	12,000	0	0	0

The following table summarizes the current status of convertible bonds subscribed to by corporate officers and employees:

CONVERTIBLE BONDS – TOTAL

Exercise Price in €	Outstanding Options	Duration of the convertible bonds	Exercise rights
Corporate Officers			
30,00	1,728	2,4	576
8,56	50,000	3,7	0
8,21	45,000	4,5	0
8,09	36,000	4,8	0
Employees			
30,00	12,939	2,4	4,313
28,70	3,000	2,7	1,000
9,11	88,800	3,2	0
11,06	2,000	3,3	0
5,51	6,500	4,0	0
8,21	61,100	4,5	0
	307,067		**5,889**

12. Information on securities transactions subject to reporting requirements

In the first nine months of the year, in addition to the purchase of company shares by ATOSS Software AG, 200 shares in ATOSS Software AG were sold by Dr. Burkhard Scherf.

13. Convertible Bonds

In the first nine months of 2002 142.100 new convertible bonds were issued. 8.810 convertible bonds were returned due to the termination of employment relationships. As of September 30, 2002 there is a total of 307.067 convertible bonds outstanding.

14. Earnings per share

Earnings per share are calculated by dividing annual net earnings by the weighted average number of outstanding shares. From January 1, 2002 to September 30, 2002 an average of 3,898,698 shares have been in circulation. The earnings per share during this period has, therefore, been € 0,25, whereas in the previous year it was € -0,14.

For the purpose of calculating the diluted earnings per share the average number of outstanding shares has been increased by adding in the issue of potential shares on the basis of convertible bonds. From January 1, 2002 to June 30, 2002 an average of 238,426 convertible bonds have been in circulation. As a result the diluted earnings per share is € 0,24, wheareas it was € -0,14 in the previous year.

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