



ATOSS

# 2007.2

6-MONTH FINANCIAL REPORT  
QUARTERLY REPORT

20 JAHRE **ATOSS**

# LETTER TO SHAREHOLDERS

**Dear Shareholders,  
Ladies and Gentlemen,**

In the 20<sup>th</sup> year of the company's history – as ATOSS remains on course for continued growth – we have just recorded our best half-yearly results to date. It is already foreseeable that in the course of this year we shall again exceed the record set in the year before.

With the ending of the second quarter of 2007, we have now recorded seven successive quarters of growth.

## **Best 6-monthly result**

The strong development in business in the first quarter of the year was repeated in the second quarter, with the result that we have recorded the best 6-monthly result in our company's history.

As sales rose while costs remained steady, we have lifted our results to a record level with EBIT for the first half-year now standing at € 1.9 million. It should also be considered that the previous year's figure of € 1.3 million included the proceeds from the sale of the product AENEIS.

In Q2 we were for the first time successful in achieving quarterly EBIT in excess of one million euro.

## **Robust growth in sales, especially in software licensing**

On the sales side, in the first half-year and in the second quarter we recorded robust growth of twelve percent.

Sales of software licenses – the driving force behind our business model – rose with exceptional vigor, increasing in the second quarter by 30 percent relative to the same quarter last year.

## **Orders on hand increased in the first half**

Similarly in the first half we were also successful in increasing software licensing orders on hand by 17 percent.

Looking ahead to the coming quarters, it is this development in the order book in particular which further underpins the reliability of our forecasts for the immediate future.

## **Strong cash flow, strong liquidity**

In the first half-year ATOSS has again demonstrated its financial strength, having recorded a substantial cash flow of € 2.2 million.

Despite paying a dividend amounting to € 1.0 million, this led to a nine percent increase in liquidity, which rose from € 10.8 million by the end of December 2006 to today's € 11.7 million. ATOSS thus continues to enjoy excellent financial resources.

## **Continuing product development**

We shall continue to maintain a high level of investment in our products and in so doing safeguard the future of the solutions we offer. Expenditure on research and development in the first half was 17 percent higher than in the year before at € 2.2 million.

For our customers, this means continuing technical as well as functional improvements in working time management and personnel resource planning.

### Year-end forecast raised

The excellent results in the first six months coupled with the high level of orders on hand have given us cause to raise our EBIT forecast for the year-end from € 2.4 million to a new figure of € 3.0 million.

As in the past, we believe there may be room for further forecast adjustments provided that the pattern of growth continues.

Yours truly



Andreas F.J. Obereder  
(Chief Executive Officer)



Christof Leiber  
(Member of Management Board)



# FACTS OVERVIEW

## ECONOMIC BACKGROUND

Upturn firmly established  
Clearly evident inclination to invest in information technology

## ATOSS SOFTWARE AG

ATOSS achieves best 6-monthly result in the company's history  
Robust demand for ATOSS products, especially from customers  
in the retail sector  
On course for continued growth

## CONTACT

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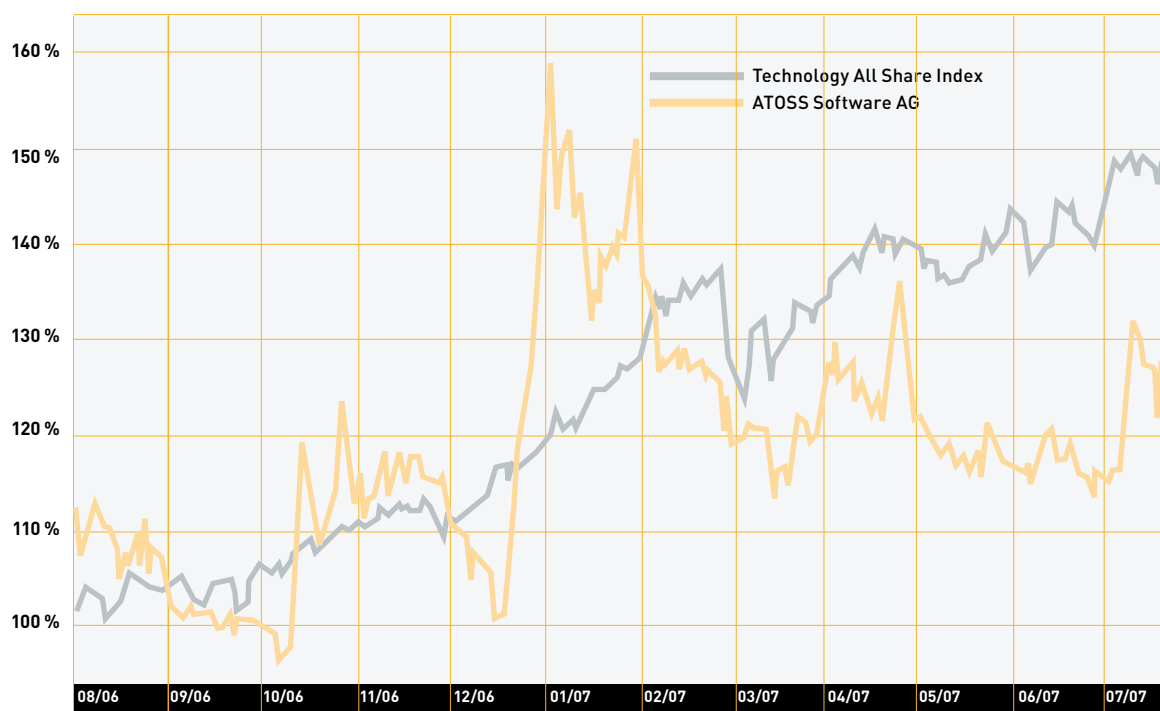
CONSOLIDATED OVERVIEW AS PER IFRS: 3-MONTH COMPARISON IN TEUR					
	2007		2006		Change 2007 / 2006
	to June	total revenues	to June	total revenues	
<b>Software</b>	<b>6,966</b>	<b>60%</b>	<b>6,124</b>	<b>59%</b>	<b>14%</b>
Software licences	2,508	22%	2,112	20%	19%
Software maintenance	4,459	38%	4,012	39%	11%
Consulting	2,978	26%	2,708	26%	10%
Hardware	1,361	12%	1,258	12%	8%
Other	347	3%	302	3%	15%
<b>Total sales revenue</b>	<b>11,653</b>	<b>100%</b>	<b>10,392</b>	<b>100%</b>	<b>12%</b>
EBITDA	2,135	18%	1,503	14%	42%
EBITCB <sup>1</sup>	1,904	16%	1,358	13%	40%
<b>EBIT</b>	<b>1,882</b>	<b>16%</b>	<b>1,293</b>	<b>12%</b>	<b>46%</b>
EBT	2,069	18%	1,529	15%	35%
Net Income	1,244	11%	855	8%	46%
Cashflow	2,239	19%	2,757	27%	-19%
Liquidity <sup>2,3,5</sup>	11,743		9,119		29%
EPS (in €)	0.31		0.22		43%
Employees <sup>4</sup>	188		162		16%

CONSOLIDATED OVERVIEW AS PER IFRS: QUARTERLY COMPARISON IN TEUR					
	2007			2006	
	Q2	Q1	Q4	Q3	Q2
<b>Software</b>	<b>3,594</b>	<b>3,373</b>	<b>3,459</b>	<b>3,346</b>	<b>3,068</b>
Software licences	1,345	1,163	1,252	1,248	1,038
Software maintenance	2,249	2,210	2,206	2,098	2,030
Consulting	1,486	1,492	1,489	1,361	1,362
Hardware	664	697	904	648	671
Other	180	167	209	184	173
<b>Total sales revenue</b>	<b>5,924</b>	<b>5,729</b>	<b>6,061</b>	<b>5,538</b>	<b>5,275</b>
EBITDA	1,147	988	798	910	692
EBITCB <sup>1</sup>	1,024	879	690	819	604
<b>EBIT</b>	<b>1,014</b>	<b>868</b>	<b>684</b>	<b>802</b>	<b>587</b>
EBT	1,108	960	809	856	666
Net Income	664	580	488	542	358
Cashflow	-762	3,000	-1,045	2,600	107
Liquidity <sup>2,3,4</sup>	11,743	13,619	10,784	11,664	9,119
EPS (in €)	0.17	0.15	0.12	0.14	0.09
Employees <sup>4</sup>	188	180	169	171	162

<sup>1</sup>EBIT before costs of employees' convertible bonds participation scheme; <sup>2</sup>Liquid assets and marketable securities;

<sup>3</sup>Dividend of € 0,24 paid on April 27, 2007; <sup>4</sup>at the end of the quarter

# INVESTOR RELATIONS



## KEY PER SHARE DATA

	2007				2006
	Q2	Q1	Q4	Q3	Q2
High	9.7	11.21	10.34	8.15	19
Low	7.95	8	6.76	6.65	6.69
Share price at end of quarter	8.19	8.58	10.34	7	6.85
Treasury stock	65,881	65,881	76,054	97,221	114,755
Dividend paid per share	0.24	0	0	0	5.50
Cash flow per share	-0.19	0.76	-0.27	0.66	0.03
Liquidity per share	2.97	3.44	2.75	2.98	2.34
EPS	0.17	0.15	0.12	0.14	0.09
EPS (diluted)	0.16	0.14	0.12	0.13	0.09

### Strong start to the new year

The ATOSS stock price developed well towards the end of the fourth quarter last year, reaching a high of €10.20.

Once the anticipated targets for sales and results had been achieved, and with a moderate outlook forecast for the year 2007, on January 8 this year analysts switched their rating from "buy" to "hold".

### "Running ATOSS"

With the rating remaining unchanged, as part of a comprehensive analysis of the company in February 2007 the target price of our stock was lifted to €11.00.

Nevertheless, in view of the continuing cautious outlook for the year-end, in the weeks that followed the share price was unable to hold on to the high level seen at the start of the year and declined steadily in the first quarter.

However the balance sheet press conference and our presentation on Small- and Mid-cap Day at the CeBIT computer fair on March 19, 2007, generated increasing interest.

### "Attractively priced"

Subsequently on March 23, with the same target price in mind analysts at SES Research lifted their rating to "buy" and with the prospect of the annual general meeting and the proposed dividend of €0.24, the share price recovered.

### "ATOSS on course for growth"

Despite a further "buy" recommendation on April 17 and the presentation of the full quarterly figures on April 24, the share price could not be maintained in the second quarter.



ATOSS Customer PEPSICO Deutschland

### "Outstanding Q2"

It was only after an ad hoc announcement on July 8, accompanied by a gratifying analysts' assessment, that our stock again increased markedly in value.

SES Research has already announced its intention of increasing its forecasts once the full report on Q2 is published.

### Forecasting reliability remains the focus

The company will continue to adhere to its conservative forecasting policy established over the past months. The Management Board considers it important to focus on the reliability of its forecasts. Accordingly, a further adjustment in the outlook for operating profits (EBIT) currently expected to come in €3.0 million may be possible provided that the present satisfactory trend in business continues.

# MANAGEMENT REPORT

## 1. Business and conditions: Growth in all sectors of the German economy

The economic upturn has not been restricted to certain sub-segments of German manufacturing industry: It is to be felt everywhere in a large number of sectors. This is evident from a detailed study of the ifo Business Survey and official statistical data.

Signs of this welcome economic situation have been evident at ATOSS for some time. In a demonstration of the success with which it has consistently pursued its strategic objectives, the company has meanwhile recorded its seventh quarter of sustained growth.

The focus remains firmly on continuously improving access to the markets in the German-speaking territories using all relevant channels of distribution.

The aim being in particular to consolidate organic growth in all business areas and markets.

## 2. Earnings situation: Robust growth in the first half-year – seven growth quarters recorded in succession

In the first six months of the year ATOSS recorded 12 % growth in sales, with the overall sales total increasing from €10.4 million to €11.7 million. Sales of software in particular rose by 14 % to €7.0 million (previous year: €6.1 million). The trend in software licensing was especially gratifying with an increase of 19 % lifting sales from €2.1 million to €2.5 million.

Software licenses are the main pillar supporting the company's business model, in that they are followed by recurring maintenance revenues.

Orders received for software licenses declined in the first half-year by 9 % to €2.7 million (previous year: €3.0 million).

However, software maintenance sales from January to July were increased from €4.0 million to €4.5 million, repre-

senting growth of 11 %.

The rise in consulting sales amounted to 10 %. Sales in this business area increased from €2.7 million to €3.0 million in the first half-year.

Hardware, too, showed an increase with sales rising 8 % to €1.4 million (previous year: €1.3 million).

With costs remaining at the same level as in the previous year, the company generated an operating result (EBIT) of €1.9 million in the first half-year, the best 6-monthly result in its history.

What's more, the previous year's figure of €1.3 million also included other operating income amounting to €0.4 million from the sale of the software product AENEIS. After adjustment for this effect, the result for the first half-year increased by 119 %.

After taxes, earnings amounted to €1.2 million, up by 46 % over the €0.9 million recorded in the year before.

Earnings per share as of June 30, 2007, stood at 31 cent (previous year: 22 cent).

The continuing high level of orders on hand for software licenses is equally satisfactory. The total rose in the first half-year by 17 % from €1.3 million to €1.5 million, and as such continues to underpin the reliability of forward planning for the coming quarters.

## 3. Net assets and financial position

The excellent results and in particular the decline in receivables from €3.7 million to €2.7 million in the first half helped to ensure strong cash flow from operations amounting to €2.2 million. This figure did not however reach the previous year's level of €2.8 million, especially given that last year the company was able to take large orders from major cus-



tomers to income. Deferred revenues in the first half-year remained almost unchanged at € 1.6 million (December 31, 2006: € 1.5 million).

Despite the dividend payment amounting to € 1.0 million, liquidity in the first six months of the year was increased from € 10.8 million to € 11.7 million.

The company thus continues to enjoy excellent funding and is in a position to fulfil its liabilities.

Equity too, despite the dividend funded out of net income, was increased from € 8.7 million on December 31, 2006 to € 9.1 million as of June 30, 2007. After allowing for a slight increase in the balance sheet total which rose to € 15.8 million (December 31, 2006: € 15.7 million), the equity ratio was 57 %, compared with 55 % at the end of 2006.

#### 4. Product development

ATOSS continues to develop new products in substantial measure. Expenditure on product development accordingly rose by 17 % from € 1.9 million to € 2.2 million, with the relative proportion of total sales rising from 18 % to 19 %.

#### 5. Employees

ATOSS meanwhile employs 61 software developers (previous year: 49) engaged in the development of additional or improved working time management and personnel resource planning software.

The total number of employees rose from 169 to 188 in the first half of 2007 (previous year: 162). Of these, 36 (previous year: 40) are engaged in sales and marketing and 57 (previous year: 42) as consultants.

#### 6. Risks and chances associated with future development

The company perceives no relevant changes in the risk structure as outlined in the consolidated financial statements to December 31, 2006. There are furthermore risks remaining from data protection and data security, market risks relation

to competitive situations, risks from technical changes or the loss of key personnel.

For the improvement and scalability of market chances, it remains necessary to continue the personnel recruitment and to ensure the required know how-transfer.

#### 7. Events after the balance sheet closing date

On July 6, 2007 the German Bundesrat approved the reform on corporate taxes 2008 after the German Bundestag had decided on the draft on May 25, 2007. Due to the reduction of the corporate income tax from 25% to 15% in 2008, a revaluation of deferred tax assets will be required in the third quarter 2007.

The Company estimates, that the revaluation of active deferred tax assets will slightly increase the tax expenses in 2007.

The active deferred taxes include mainly effects from the provision for pensions. The maximum effect from the revaluation of active deferred taxes will be at approximately 70 thousands €.

From 2008 – underlying the actual profit-distribution in the Group – the tax ratio will reduce from app. 42% to app. 35%.

The company anticipates that given the equal distribution of deferred taxes on both sides of the balance sheet, there will be no substantial tax effects in the year 2007.

#### 8. Outlook

In parallel with the announcement of key figures for the first half on July 9, 2007, the company raised its forecast for the current year. With moderate growth in sales, the Management Board now expects earnings before interest and taxes to be at least € 3.0 million, compared with its previous forecast of € 2.4 million for the current year.

The conservative forecasting policy customarily adopted by the company leaves room for further improvements provided that the satisfactory trend in business continues.

# CONSOLIDATED BALANCE SHEET

<b>CONSOLIDATED BALANCE SHEET TO JUNE 30, 2007</b>		
<b>Assets EUR</b>	<b>Jun. 30, 2007</b>	<b>Dec. 31, 2006</b>
<b>Current assets</b>		
Cash	11,783,872	10,779,750
Marketable securities	4,573	4,573
Trade accounts receivables	2,683,275	3,675,459
Inventories	12,075	12,267
Other current assets	436,344	372,036
<b>Total current assets</b>	<b>14,875,139</b>	<b>14,844,085</b>
<b>Non-current assets</b>		
Tangible fixed assets (net)	485,623	372,413
Intangible assets (net)	110,009	126,244
Deferred taxes	378,149	395,271
<b>Total non-current assets</b>	<b>973,781</b>	<b>893,928</b>
<b>Total assets</b>	<b>15,848,920</b>	<b>15,738,014</b>

<b>CONSOLIDATED BALANCE SHEET TO JUNE 30, 2007</b>		
<b>Equity and liabilities EUR</b>	<b>Jun. 30, 2007</b>	<b>Dec. 31, 2006</b>
<b>Short-term liabilities</b>		
Trade accounts payable	253,246	526,526
Short-term provisions	1,672,489	2,381,674
Deferred revenues	1,620,698	1,501,730
Tax provisions	913,525	504,061
Other short-term liabilities	646,783	552,705
<b>Total short-term liabilities</b>	<b>5,106,741</b>	<b>5,466,696</b>
<b>Long-term liabilities</b>		
Convertible Bonds	69,085	81,421
Pension provisions	1,213,217	1,219,232
Deferred taxes	403,129	253,547
<b>Total long-term liabilities</b>	<b>1,685,431</b>	<b>1,554,200</b>
<b>Equity</b>		
Subscribed capital	4,025,667	4,025,667
Capital reserve	304,061	362,241
Treasury stock	-997,979	-1,102,252
Unappropriated retained earnings	5,724,998	5,431,461
<b>Total equity</b>	<b>9,056,748</b>	<b>8,717,118</b>
<b>Total equity and liabilities</b>	<b>15,848,920</b>	<b>15,738,014</b>

# CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT TO JUNE 30, 2007				
EUR	Quarterly Report		6-Month report	
	Apr. 01, 2007 Jun. 30, 2007	Apr. 01, 2006 Jun. 30, 2006	Jan. 01, 2007 Jun. 30, 2007	Jan. 01, 2006 Jun. 30, 2006
<b>Sales Revenues</b>	<b>5,924,052</b>	<b>5,275,085</b>	<b>11,652,831</b>	<b>10,392,117</b>
Cost of sales	-1,931,421	-1,694,932	-3,721,557	-3,382,155
<b>Gross profit on sales</b>	<b>3,992,632</b>	<b>3,580,153</b>	<b>7,931,273</b>	<b>7,009,962</b>
Marketing costs	-1,317,393	-1,420,384	-2,771,518	-3,107,173
Administration costs	-588,176	-633,737	-1,126,014	-1,209,113
Research and development costs	-1,095,280	-948,334	-2,178,183	-1,868,004
Other operation income	21,730	9,133	26,237	467,141
<b>Operating profit (EBIT)</b>	<b>1,013,513</b>	<b>586,832</b>	<b>1,881,795</b>	<b>1,292,812</b>
Interest and similar income	109,142	96,022	215,401	268,815
Interest and similar expenses	-14,198	-16,456	-28,389	-32,928
<b>Earnings before taxes</b>	<b>1,108,457</b>	<b>666,398</b>	<b>2,068,807</b>	<b>1,528,699</b>
Taxes	-444,157	-308,542	-824,922	-673,931
<b>Net income for the period</b>	<b>664,300</b>	<b>357,856</b>	<b>1,243,885</b>	<b>854,768</b>
Earnings per share (undiluted)	0,17	0,09	0,31	0,22
Earnings per share (diluted)	0,16	0,09	0,31	0,21
Average number of shares in circulation (undiluted)	3,959,786	3,907,597	3,957,457	3,898,945
Average number of shares in circulation (diluted)	4,034,791	4,037,221	4,035,043	4,036,899



# CONSOLIDATED CASHFLOW STATEMENT

<b>CONSOLIDATED CASHFLOW STATEMENT FOR THE PERIOD FROM JAN. 1 TO JUNE 30, 2007</b>		
<b>EUR</b>	<b>Jan. 01, 2007</b>	<b>Jan. 01, 2006</b>
	<b>Jun. 30, 2007</b>	<b>Jun. 30, 2006</b>
<b>Net income for the period</b>	<b>1,243,885</b>	<b>854,768</b>
Depreciation of fixed assets	253,538	209,952
Loss incurred on the disposal of fixed assets	-9,496	15,595
Change in deferred taxes	166,704	35,819
Personnel costs arising from convertible bonds program	21,780	65,539
Provisions for pension commitments	-6,015	3,389
<b>Changes in net current assets</b>		
Trade accounts receivables	992,184	699,066
Other current assets, prepayments and deferrals	-64,115	-90,320
Trade accounts payable	-273,280	-403,229
Short-term provisions	-709,186	-1,388
Deferred revenues	118,969	875,789
Tax provisions	409,463	507,953
Other short-term liabilities	94,079	-15,665
<b>Cashflow generated through business operations</b>	<b>2,238,510</b>	<b>2,757,268</b>
<b>Cashflow from investment activities</b>		
Fixed assets acquired	-341,016	-133,568
<b>Cashflow generated through investment activities</b>	<b>-341,016</b>	<b>-133,568</b>
<b>Cashflow from financing activities</b>		
Income from sale of treasury stock	14,977	125,557
Disbursement resulting from the redemption of convertible bonds	-3,000	0
Dividends	-950,348	-21,466,506
Unrealized exchange losses on financial resources	0	-183
<b>Cashflow generated through financing activities</b>	<b>-938,371</b>	<b>-21,341,132</b>

# CHANGES IN CONSOLIDATED EQUITY



## CHANGES IN CONSOLIDATED EQUITY AS OF JUNE 30, 2007

EUR	Subscribed capital	Capital reserve	Treasury stock	Unappropriated income	Changes in equity not recognized in the income statement	Total
<b>As of Jan. 01, 2006</b>	<b>4,025,667</b>	<b>450,013</b>	<b>-1,670,304</b>	<b>25,013,111</b>	<b>18</b>	<b>27,818,505</b>
Net income	0	0	0	854,768	0	854,768
Sales of treasury stock	0	-100,995	261,018	0	0	160,023
Additions deriving from convertible bonds	0	65,539	0	0	0	65,539
Dividends	0	0	0	-21,466,506	0	-21,466,506
Unrealized exchange losses	0	0	0	0	-183	-183
<b>As of Jun. 30, 2006</b>	<b>4,025,667</b>	<b>414,557</b>	<b>-1,409,286</b>	<b>4,401,373</b>	<b>-165</b>	<b>7,432,146</b>
<b>As of Jan. 01, 2007</b>	<b>4,025,667</b>	<b>362,241</b>	<b>-1,102,252</b>	<b>5,431,461</b>	<b>0</b>	<b>8,717,117</b>
Net income	0	0	0	1,243,885	0	1,243,885
Sales of treasury stock	0	-79,960	104,273	0	0	24,313
Additions deriving from convertible bonds	0	21,780	0	0	0	21,780
Dividends	0	0	0	-950,348	0	-950,348
<b>As of Jun. 30, 2007</b>	<b>4,025,667</b>	<b>304,061</b>	<b>-997,979</b>	<b>5,724,998</b>	<b>0</b>	<b>9,056,748</b>

# NOTES

Notes to the consolidated financial statements  
to June 30, 2007



### **1. General**

The present interim report has been prepared in accordance with International Financial Reporting Standards (IFRS) in compliance with IAS 1.14. In particular these statements comply with the provisions contained in IAS 34 "Interim Financial Reporting".

In accordance with IAS 34.20, the present interim report includes a consolidated balance sheet, consolidated income statement, consolidated cash flow statement, consolidated statement of changes in equity and explanatory notes to the consolidated statements. The same financial accounting, valuation and computation methods have been applied as in the case of the annual financial statements.

The requirements contained in German Accounting Standard (DRS) No. 6 regarding interim reporting have likewise been fulfilled.

The Management Board is satisfied that the impression of the economic situation of the company, its net assets, financial position, earnings situation and cash flow conveyed by the present quarterly financial statements accords with the true facts. This interim report has not undergone an auditors' inspection or statutory audit.

### **2..Reporting period**

The present interim report was prepared to June 30, 2007, for the reporting period from January 1 to that date.

### **3. Currency**

All figures are stated in euro. Figures are rounded up to whole euro units.

### **4. Group of consolidated companies**

In addition to the parent company ATOSS Software AG, Munich, the interim report also includes all subsidiary companies:

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

These companies are fully consolidated.

### 5. Changes in equity

The development in the consolidated equity situation is evident from the statement of changes in equity.

### 6. Treasury stock

On June 30, 2007, the company held 65,881 shares in treasury. Treasury stock is reported as a separate equity item at cost of acquisition.

### 7. Sales revenues

The company's sales revenues were composed as follows:

EUR	Jan. 01, 2007	Jan. 01, 2006
	Jun. 30, 2007	Jun. 30, 2006
Software licences	2,507,700	2,111,567
Software maintenance	4,458,634	4,012,482
<b>Total Software</b>	<b>6,966,334</b>	<b>6,124,049</b>
Consulting	2,977,717	2,707,891
Hardware	1,361,449	1,258,013
Other	347,330	302,164
<b>Total sales revenues</b>	<b>11,652,831</b>	<b>10,392,117</b>

The geographic breakdown of sales revenues was as follows:

EUR	Jan. 01, 2007	Jan. 01, 2006
	Jun. 30, 2007	Jun. 30, 2006
Germany	10,738,898	9,532,292
Austria	676,706	627,417
Switzerland	197,255	152,536
<b>German-speaking territories in total</b>	<b>11,612,859</b>	<b>10,312,245</b>
Other countries	39,972	79,872
<b>Total sales revenues</b>	<b>11,652,831</b>	<b>10,392,117</b>

### 8. Segment reporting

The Company has only one uniform business segment within the meaning of IAS 14 which comprises the creation, sale and implementation of software solutions directed towards the efficient deployment of personnel. Similarly in geographic terms the German-speaking territories comprise a uniform segment within the meaning of IAS 14.

The individual software solutions comprise:

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

ASES and ASE are working time management and personnel resource planning solutions for customers of all sizes in all industries. These software solutions are generally accompanied by other services covering implementation and training. In addition consulting services are rendered with the object of making meaningful use of the available scope and developing optimum solutions for the efficient deployment of personnel under specific operating conditions and in consideration of works agreements and industry-wide pay deals. The company also sells hardware components for time recording and access control purposes. ASES/ASE software is used in conjunction with all major standard system platforms and databases. Moreover thanks to the extensive facility to define customer-specific parameters these solutions are capable of satisfying even the most sophisticated requirements of customers irrespective of size and sector.

**ATOSS Time Control (ATC):**

ATC offers a software solution to working time management and personnel resource planning for small and medium-sized customers as well as large but decentrally organized clients. Likewise in conjunction with ATC, ATOSS offers software implementation and training as well as consulting services. Merchandise including hardware and recording media is also available. ATC software is installed on the Microsoft Windows system platform in association with standard SQL databases and is particularly user-friendly and convenient for small to medium-sized customers as well as large decentralized organizations.

**AENEIS:**

AENEIS is a software solution to business process management tasks. This product was transferred by ATOSS Software AG effective January 1, 2006, to intellior AG.

EUR	Jan. 01, 2007	Jan. 01, 2006
	Jun. 30, 2007	Jun. 30, 2006
<b>Sales revenues</b>		
ATOSS Staff Efficiency Suite (ASES) and ATOSS Startup Edition (ASE)	10,849,079	9,698,399
ATOSS Time Control (ATC)	803,752	693,718
<b>Total sales revenues</b>	<b>11,652,831</b>	<b>10,392,117</b>
<b>Operating profit (EBIT)</b>		
ATOSS Staff Efficiency Suite (ASES) and ATOSS Startup Edition (ASE)	1,751,136	718,165
ATOSS Time Control (ATC)	130,659	135,369
AENEIS	0	439,278
<b>Total operating profit (EBIT)</b>	<b>1,881,795</b>	<b>1,292,812</b>

### 9. Other operational income

Other operational income in financial year 2007 essentially includes the liquidation of reserves and allowances, whereas in 2006 this item also included income in the amount of € 435,000 from the software product AENEIS.

### 10. Tax expenses

Consolidated tax expenses to June 30, 2007, were composed as follows:

EUR	Jan. 01, 2007	Jan. 01, 2006
	Jun. 30, 2007	Jun. 30, 2006
<b>Pre-Tax profit as per IFRS</b>	<b>2,068,807</b>	<b>1,528,699</b>
Anticipated tax charge (40,86%)	-845,315	-624,626
Non-deductible operating expenses	-9,827	-13,118
permanent differences arising from convertible bonds	-8,899	-26,779
Differences in trade tax rates	39,119	-9,408
<b>Total tax expenses</b>	<b>-824,922</b>	<b>-673,931</b>

### 11. Personnel costs

The consolidated personnel costs to June 30, 2007, were composed as follows:

EUR	Jan. 01, 2007	Jan. 01, 2006
	Jun. 30, 2007	Jun. 30, 2006
Wages and salaries	4,772,471	4,692,569
Social security contributions and expenditure on retirement pensions and welfare	958,554	881,908
Effects arising from convertible bonds	21,780	65,539
<b>Total personnel costs</b>	<b>5,752,805</b>	<b>5,640,016</b>

### 12. Employees

On June 30, 2007, the company employed 188 staff, in comparison with 162 on the same date in 2006. Of these, 61 (previous year: 49) were engaged in product development, 57 (previous year: 42) in consulting, services & support and 36 (previous year: 40) in sales and marketing.

### 13. Management Board

The company's Management Board as of June 30, 2007, continued to comprise two members:

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

#### 14. Supervisory Board

The company's Supervisory Board as of June 30, 2007, continued to comprise three members:

Peter Kirn	Chairman
Bernhard Dorn	Deputy Chairman
Rolf Baron Vielhauer von Hohenhau	Member of the Supervisory Board

#### 15. Board member shareholdings

On the reporting date of June 30, 2007, board members held the following numbers of ATOSS shares:

	Jun. 30, 2007	Mar. 31, 2007	Dec. 31, 2007	Sep. 30, 2006	Jun. 30, 2006
Andreas F.J. Obereder	1,981,184	1,981,184	1,981,184	1,976,184	1,976,184
Peter Kirn	23,760	23,760	23,760	23,760	17,760
Bernhard Dorn	19,000	19,000	19,000	19,000	13,000

Similarly on the qualifying date of June 30, 2007, board members having subscribed to convertible bonds held the following options on ATOSS shares:

	Jun. 30, 2007	Mar. 31, 2007	Dec. 31, 2007	Sep. 30, 2006	Jun. 30, 2006
Andreas F.J. Obereder	0	0	0	5,000	5,000
Christof Leiber	10,000	10,000	10,000	15,500	18,500
Peter Kirn	6,000	6,000	6,000	6,000	12,000
Bernhard Dorn	6,000	6,000	6,000	6,000	12,000
Rolf Baron Vielhauer von Hohenhau	12,000	12,000	12,000	12,000	12,000

#### 16. Convertible bonds

In the first six months of financial year 2007 some 10,173 convertible bonds were exercised and 3,000 such bonds were returned. On June 30, 2007, there were 72,500 convertible bonds outstanding.

Details of outstanding convertible bonds held by board members and employees as of June 30, 2007, are summarized in the following table:

	Exercise price in EUR	Outstanding options	Contractual validity in years	Possible rights remaining to be exercised as of Jun. 30, 2007
<b>Organmitglieder</b>				
	4.01	24,000	4.1	6,000
	6.18	10,000	4.0	10,000
		<b>34,000</b>		<b>16,000</b>
<b>Mitarbeiter</b>				
	3.52	13,000	3.2	13,000
	3.97	3,000	4.4	1,500
	6.18	22,500	4.0	22,500
		<b>38,500</b>		<b>37,000</b>
<b>Gesamt</b>		<b>72,500</b>		<b>53,000</b>

#### 17. Details of reportable securities transactions

In the first six months of financial year 2007 no reportable securities transactions were conducted.

#### 18. Business transactions with closely related persons

A business relationship exists with the wife of the Chief Executive Officer, from whom the Company rents business premises in Meerbusch. These premises comprise 1,176 square meters of office space, which are rented at a cost of € 114.402 for the period from January to June 2007 (previous year: € 114.402) including ancillary costs.

Moreover the wife of the Chief Executive Officer provides services to the company. In the first six months of the fiscal year 2007, the value of services provided amounted to € 6.396 (previous year: € 4.056).

The Company is convinced, that these are standard market terms.

#### 19. Dividends

On shareholders' resolution of April 26, 2007 following the proposal of the management board, a dividend payment of € 0.24 per share, a total amount of € 950,348 was disbursed on April 27, 2007.

#### 20. Earnings per share

The figure for earnings per share is arrived at by dividing the result for the period in the amount of € 1,243,885 by the weighted average number of shares outstanding. From January 01 to June 30, 2007, there were an average of 3,957,457 shares in circulation. Thus earnings per share for this period amounted to € 0.31, in comparison with € 0.22 in the first six months of 2006.

In order to calculate diluted earnings per share, the result for the period must be adjusted to allow for the interest cost relating to convertible bonds in the amount of € 911. In addition the average number of shares outstanding is increased with the inclusion of shares potentially issued as a result of convertible bonds. From January 01 to June 30, 2007, there were an average of 77,586 convertible bonds in circulation. Thus the diluted earnings per share for this period amounted to € 0.31, in comparison with € 0.21 in the preceding year.

# DECLARATION OF THE LEGAL REPRESENTATIVES

We hereby give an assurance to the best of our knowledge and belief that in accordance with the applicable interim reporting standards these interim consolidated financial statements convey an impression of the net assets, financial position and earnings situation of the Group which accords with the true facts; and that the development in business including the results and the situation of the Group are so described in the interim consolidated management report as to convey an impression which likewise accords with the true facts; and that the essential opportunities and risks associated with the anticipated development of the Group in the remainder of the financial year are so described.

Munich, August 23, 2007



Andreas F.J. Obereder  
(Chief Executive Officer)



Christof Leiber  
(Member of the Management Board)

# 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. These forward-looking statements are subject to risks and uncertainties. Many facts that cannot currently be predicted may mean that the actual performance and earnings of ATOSS Software AG develop in a different manner. This could for example include the non-acceptance of newly introduced products or services, changes in the general economic and business climate, a failure to achieve efficiency and cost-reduction targets or changes in business strategy.



# IMPRINT

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