



ATOSS Q3.14



Image: ATOSS CUSTOMER BENETTON

ATOSS

QUARTERLY REPORT Q3/2014

LETTER TO SHAREHOLDERS



Andreas F. J. Obereder and Christof Leiber
Board of Management ATOSS Software AG

Dear Shareholders,
Ladies and Gentlemen,

Once again in the third quarter of 2014, ATOSS Software AG continued to record further growth and is now headed firmly for a ninth record year in succession. This sustained development year on year clearly illustrates the increasing importance of workforce management. With our state-of-the-art software products we can do far more than simply fulfill the desire of corporate users for supporting tools and solutions: through its products and services ATOSS delivers a measureable contribution towards strengthening the competitiveness and economic efficiency of its customers, while at the same time increasing employee satisfaction.

We are proud to be able not only to offer our customers concrete economic benefits, but also to empower them through our stability, our reliability and our longterm ability to perform and innovate. Once again in 2014, the strategy we have pursued over many years of focusing on specific sectors, coupled with our firstclass financial position and our committed and highly qualified staff, has convinced numerous prominent companies to choose ATOSS as their partner. The many new customers we have acquired include national as well as international enterprises of all sizes and specialisms. Examples range from RWE, UniCredit, C&A and Hofer via Jack Wolfskin, Euromaster and Toys "R" Us through to Kentucky Fried Chicken, Planzer and Pandora, as well as Klinikum Augsburg. In the Retail and Medical sectors in particular, we have been successful in expanding and consolidating our position as best-in-class provider. In Manufacturing and Logistics, too, we are acquiring new customers through the power of our solutions.

As a consequence, in the first nine months our order intake climbed by 39 percent relative to the year before. In fact, at EUR 7.1 million, the volume of orders booked after 9 months was already almost equal to the full-year total for 2013 of EUR 7.2 million. This strong demand for our software licenses provides an outstanding foundation for the continuing expansion of ATOSS Software AG and the development in business in the last quarter of 2014 and beyond.

This highly gratifying development is further underscored by the remaining key figures to emerge from the quarterly report for Q3 2014. With overall sales up 9 percent at EUR 28.7 million and an increase of 10 percent in EBIT, ATOSS Software AG remains on course for economically profitable growth. Once again the company has demonstrated the worth of its extremely successful business model.



Image: ATOSS CUSTOMER BERLIN-CHEMIE

In order to safeguard our excellent position and realize the potential for further growth, we shall continue to implement and refine our business strategy with sustained effect. A consistent focus on specific sectors, extensive research and development aimed at safeguarding our ability to innovate, and continuing internalization and exploitation of new growth markets remain the cornerstones of this strategy.

A ninth record year in succession is now within reach, and we look forward with strong confidence to the positive conclusion of this financial year and to the future that lies ahead. ATOSS Software AG can look forward to excellent prospects, and will continue to pursue its further growth course, also in a potentially difficult economic environment.

Yours sincerely,



Andreas F.J. Obereder
Chief Executive Officer



Christof Leiber
Member of the Board of Management

FACTS OVERVIEW

ECONOMIC BACKGROUND

German Institute for Economic Research (DIW Berlin) economic barometer indicates very moderate growth of 0.1 percent in the third quarter.

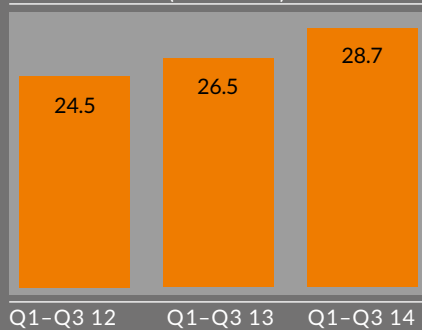
Information and communications technology and new media trade association Bitkom reports continuing positive development in figures recorded by ICT companies.

ATOSS SOFTWARE AG

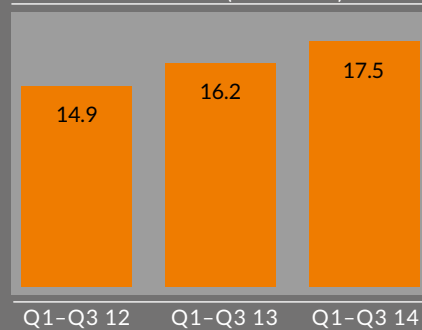
High volume of orders received for software licenses underscores sustained customer interest in workforce management and the competitive strength of ATOSS.

Development in sales and operating profits remains positive. Ninth record year appears likely.

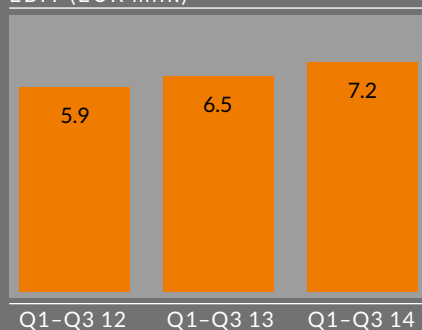
TOTAL SALES (EUR mill.)



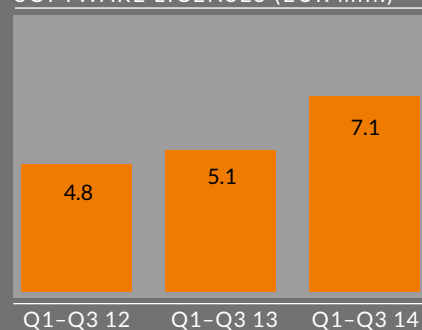
SOFTWARE SALES (EUR mill.)



EBIT (EUR mill.)



ORDER INTAKE
SOFTWARE LICENSES (EUR mill.)



CONSOLIDATED OVERVIEW AS PER IFRS: 9-MONTH COMPARISON IN KEUR

	01.01.2014 – 30.09.2014	Proportion of Total sales revenues	01.01.2013 – 30.09.2013*	Proportion of Total sales revenues	Change 2014 to 2013
Sales	28,745	100%	26,480	100%	9%
Software	17,491	61%	16,229	61%	8%
Software licenses	6,074	21%	5,573	21%	9%
Software maintenance	11,417	40%	10,656	40%	7%
Consulting	7,397	26%	6,587	25%	12%
Hardware	3,065	10%	2,588	10%	18%
Others	792	3%	1,076	4%	-26%
EBITDA	7,547	26%	6,913	26%	9%
EBIT	7,159	25%	6,486	24%	10%
EBT	7,525	26%	2,935	11%	>100%
Net earnings	5,122	18%	2,185	8%	>100%
Cash flow	8,644	30%	8,448	32%	2%
Liquidity ^(1/2)	21,118		16,177		31%
EPS (in EUR)	1.29		0.55		>100%
Employees ⁽³⁾	300		280		7%

CONSOLIDATED OVERVIEW AS PER IFRS: QUARTERLY COMPARISON IN KEUR

	Q3/14	Q2/14	Q1/14	Q4/13*	Q3/13*
Sales	9,985	9,107	9,653	9,025	8,949
Software	5,810	5,771	5,910	5,617	5,369
Software licenses	1,930	2,002	2,142	1,965	1,779
Software maintenance	3,880	3,769	3,768	3,652	3,590
Consulting	2,452	2,450	2,495	2,375	2,165
Hardware	1,384	631	1,050	768	1,126
Others	339	255	198	264	289
EBITDA	2,589	2,296	2,662	2,094	2,373
EBIT	2,462	2,170	2,527	1,946	2,230
EBIT margin in %	25%	24%	26%	22%	25%
EBT	2,411	2,270	2,844	1,385	2,493
Net earnings	1,639	1,514	1,968	835	1,724
Cash flow	5,945	-1,279	3,979	-186	5,658
Liquidity ^(1/2)	21,118	15,325	19,493	15,249	16,177
EPS (in EUR)	0.41	0.38	0.50	0.21	0.43
Employees ⁽³⁾	300	295	293	289	280

(1) Cash and cash equivalents, other current and non-current financial assets (sight deposits, gold) as of the qualifying date, adjusted to exclude borrowings (loans)

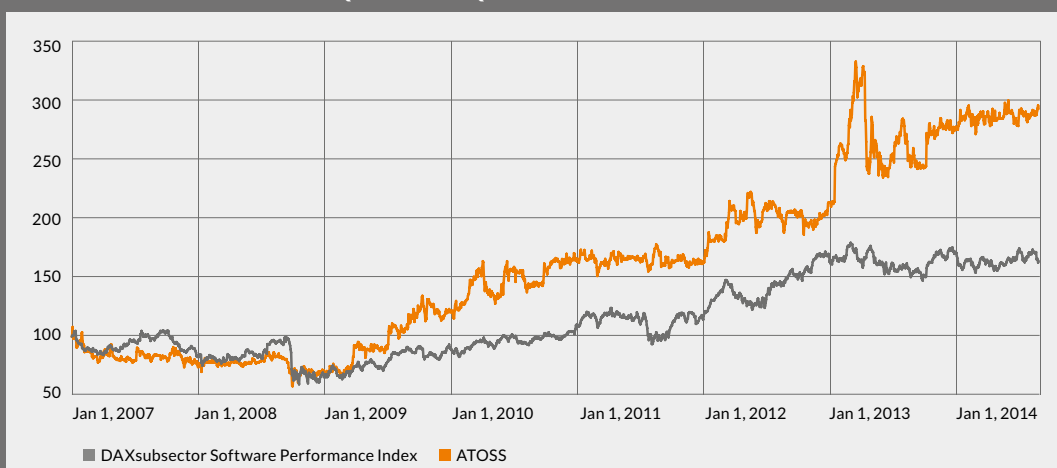
(2) Dividend of EUR 3.62 per share on 29.04.2013 (kEUR 14,395) and dividend of 0.72 EUR per share on 02.05.2014 (kEUR 2,863)

(3) at the end of the quarter

* adjusted for the effects of IAS 19 R

INVESTOR RELATIONS

SHARE PRICE MOVEMENT Q1/2007 – Q3/2014



CONSOLIDATED OVERVIEW AS PER IFRS: QUARTERLY COMPARISON IN EUR

	Q3/14	Q2/14	Q1/14	Q4/13*	Q3/13*
Highest price	30,30	30,73	30,29	29,19	29,15
Lowest price	28,51	28,51	27,81	24,85	24,09
Share price at end of quarter	30,00	29,90	29,30	28,56	25,30
Dividend paid per share ⁽²⁾	0,00	0,72	0,00	0,00	0,00
Cash flow per share	1,49	-0,32	1,00	-0,05	1,42
Liquidity per share ^(1/2)	5,31	3,85	4,90	3,83	4,07
EPS	0,41	0,38	0,50	0,21	0,43
EPS (diluted)	0,41	0,38	0,50	0,21	0,43

(1): Cash and cash equivalents, other current and non-current financial assets (sight deposits, gold) as of the qualifying date, adjusted to exclude borrowings (loans)

(2): Dividend of EUR 3.62 per share on 29.04.2013 (kEUR 14,395) and dividend of 0.72 EUR per share on 02.05.2014 (kEUR 2,863).

(3): at the end of the quarter

* adjusted for the effects of IAS 19 R

Further positive development in the share price in 2014 and new record operating figures argue in favor of ATOSS stock

Amid minor fluctuations the ATOSS share price followed an upward trend in the first 9 months of 2014, putting on 5.0 percent (7.6 percent including dividend distributions). As a result ATOSS clearly outperformed the benchmark Daxsubsector Software Performance Index which has recorded negative development in 2014, and which on the qualifying date of September 30, 2014 was some 6.1 percent below the closing level at the end of last year.

Once again, ATOSS stock has substantially outperformed the market as a whole. In a longterm comparison from the year 2007 when the current sustained period of operational success began through to September 30, 2014, shareholders have seen the price of ATOSS shares rise by 193 percent, while in the same period the Daxsubsector Performance Index has put on just 64 percent.

The dividend paid in May 2014 at EUR 0.72 per share matched the same high level as in the year before. In view of the current development in earnings, our policy of paying a dividend oriented towards earnings per share and at least equal to the preceding year, is another source of confidence. It upholds the tradition observed at ATOSS of distributing around 50 percent of earnings per share to its shareholders. And with EPS of EUR 1.29 as of September 30, 2014, there is every prospect of a substantial dividend increase.

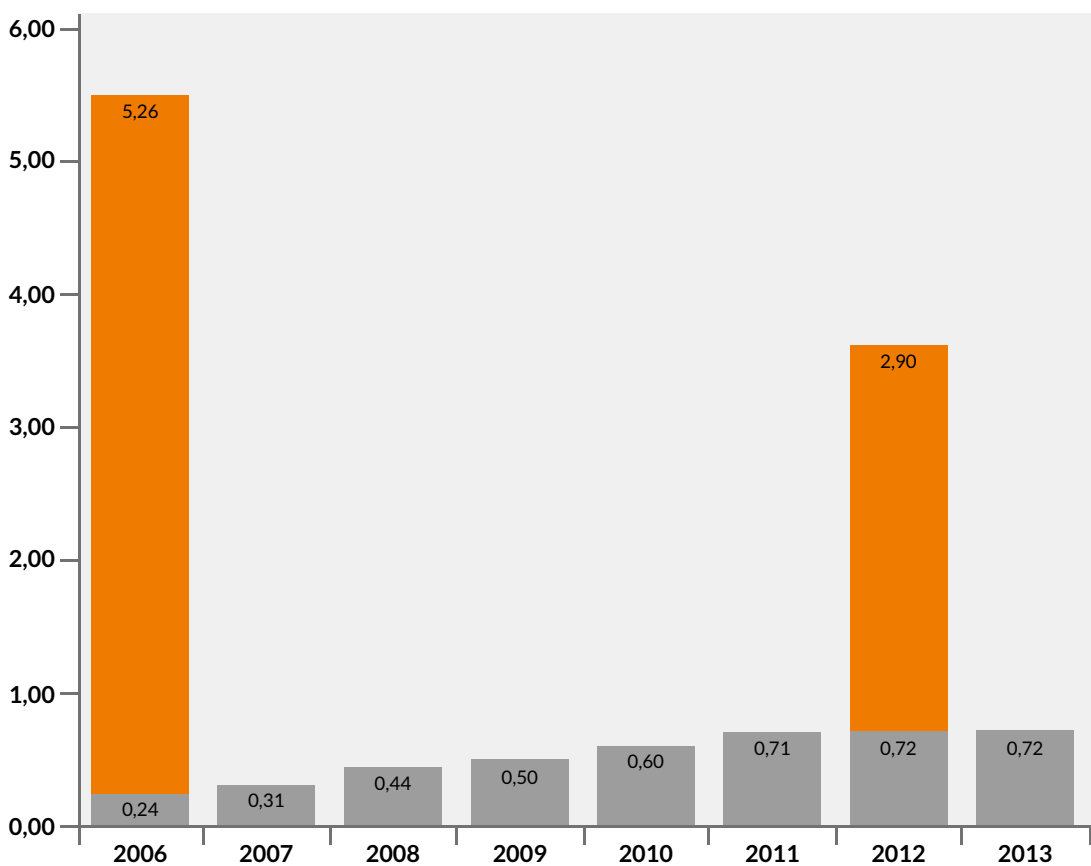
Shareholders in ATOSS Software AG have seen their assets increase both through the rising share price and in the form of attractive dividends, supplemented at irregular intervals by substantial special distributions. Overall since 2006, longterm shareholders have received dividend payments totaling EUR 12.40 per share.

Considering the highly positive development in earnings in 2014, and in continuation of its dividend policy, ATOSS intends to retain its position as a technology company with an attractive and reliable dividend yield and a consistently positive operating performance with the prospect of further growth.



Image: ATOSS CUSTOMER NORTH SEA TERMINAL BREMERHAVEN

ATOSS Dividend in EUR*



* Special distribution in 2006 and 2012

Warburg Research analysts: “Runs like clockwork ...”

The reaction on the part of analysts to the publication of the 9-months figures was unambiguous. In a report entitled “Runs like clockwork ...”, they stressed the fact that quarter for quarter, ATOSS consistently delivers new record figures. They also emphasized the substantial increase of 39 percent in orders received, as well as the upturn in liquidity relative to the year before. The excellent quality of the ATOSS balance sheet also once again drew positive comments. Against this background, the analysts continue to recommend ATOSS shares as a buy, with an upside target of EUR 33.60.

Further information: www.atoss.com

GROUP
MANAGEMENT
REPORT

1. Business and general conditions: Economic stagnation in Germany and the eurozone

Contrary to the forecasts at the beginning of the year, the pace of global economic development appears substantially more modest, due to the stagnating trend in the eurozone. On the other hand, the upturn in the USA and Great Britain weighs on the positive side.

There is still no sign of the long-awaited revival in the eurozone, and the economic institutes have accordingly been revising their forecasts gradually downwards. The continuing uncertainties emanating from the smoldering dispute between Russia and the Ukraine and the warlike conflicts in Syria and Iraq also have a role to play in depressing the economic climate and future prospects.

Under these circumstances the German economy has continued to cool. After a strong start to the year, production in Germany fell in the second quarter of 2014 by 0.2 percent compared with the year before.

This trend is also evident in the ifo business climate index, which since May has fallen for five successive months to stand at 104.7 points in September 2014. This is the lowest level since April 2014, while expectations for the next six months have fallen to their lowest level since December 2012.

As such the economic prospects for Germany are modest, and the economic forecasting institutes currently expect gross domestic product to increase by just 1.3 percent.

The high-tech sector, however, continues to view the future positively, as demonstrated by the current financial figures reported by ICT companies. For example, 45 percent of these businesses have succeeded in increasing their return on sales, with a further 35 percent reporting returns unchanged.

Against this background, in the first nine months of 2014 ATOSS recorded strong business with sales up 9 percent and a 10 percent increase in operating profits (EBIT) – despite a sustained high level of investments in marketing and development. In its core software business the company achieved sales growth of 8 percent. In addition there has also been a very gratifying development in particular in orders received in the first 9 months. Coming in at a new record of EUR 7.1 million, the figure was substantially higher than last year's EUR 5.1 million. Orders on hand as of September 30, 2014 amounted to EUR 4.5 million, compared with EUR 3.3 million last year.

2. Earnings position: New record sales and results

In the first nine months of financial year 2014 ATOSS recorded sales revenues up 9 percent at EUR 28.7 million (previous year: EUR 26.5 million). In our core software business, turnover climbed 8 percent from EUR 16.2 million to EUR 17.5 million, with sales of software licenses growing by 9 percent from EUR 5.6 million to EUR 6.1 million. Software maintenance, too, continued to develop positively with turnover increasing by 7 percent to EUR 11.4 million.

As of September 30, 2014 consulting sales revenues stood at EUR 7.4 million (previous year: EUR 6.6 million).

Operating profits (EBIT), too, improved substantially relative to the year before, rising 10 percent from EUR 6.5 million to EUR 7.2 million.

In addition, driven primarily by positive financial earnings of EUR 0.4 million in connection with the increase in the gold price, earnings before taxes (EBT) in the reporting period climbed to EUR 7.5 million.

Earnings after tax at the end of September 2014 amounted to EUR 5.1 (previous year: EUR 2.2 million). Earnings per share accordingly came in at EUR 1.29 (previous year: EUR 0.55).

Orders received as of September 30, 2014 amounted to EUR 7.1 million (previous year: EUR 5.1 million). Orders on hand for software licenses at the end of September stood at EUR 4.5 million, well above last year's high level of EUR 3.3 million and providing an excellent starting point for the current fourth quarter and the next financial year in 2015.

3. Net assets and financial position

In the first nine months, cash flow from operations amounted to EUR 8.6 million (previous year: EUR 8.4 million). At the same time, liquidity (cash and cash equivalents less borrowings) increased relative to the same period last year from EUR 10.7 million to EUR 15.8 million. Despite the dividend distribution of EUR 2.9 million in May 2014, the position as a whole comprising liquidity and other current and non-current financial assets, after adjusting for borrowed funds such as loans, increased by EUR 4.9 million to stand at EUR 21.1 million. Liquidity per share on September 30, 2014 including these other current and non-current financial assets and adjusted for borrowings accordingly stood at EUR 5.31 (previous year: EUR 4.07).

In addition to net earnings of EUR 5.1 million, the EUR 8.6 million in cash flow from operations was boosted primarily by an increase in deferred revenues of EUR 2.7 million, as well as reduction of EUR 0.7 million in tax claims and an increase in tax provisions of EUR 0.6 million.

As of September 30, 2014 ATOSS reported an equity ratio of 49 percent (previous year: 48 percent). The company thus remains extremely well capitalized, with solvency assured at all times.

4. Product development

A high level of expenditure on research & development remains an important component of the ATOSS growth strategy with the goal of further extending the company's strong position as a technological leader in workforce management. Research and development costs in the first nine months rose by 6 percent relative to the year before to stand at EUR 5.9 million as of the end of September (previous year: EUR 5.5 million). R&D costs as a proportion of overall sales amounted to 21 percent (previous year: 21 percent).

The company continues to refrain from capitalizing the expense of developing new products. All expenditure for this purpose is recognized in the income statement in the period in which it is incurred.

5. Employees

The number of employees has risen from 280 last year to 300. On September 30, 2014 ATOSS had 129 members of staff employed in development (previous year: 128), 82 in consulting (previous year: 71), 43 in sales and marketing (previous year: 38) and 46 in administration (previous year: 43).

Personnel costs for the current financial year amounted as of September 30, 2014 to EUR 14.0 million (previous year: EUR 12.5 million).

6. Risks associated with future development

There has been no material change in the company's risk structure relative to the description contained in the consolidated financial statements to December 31, 2013.

The market risk associated with financial assets available for sale essentially concerns the fair value of the company's gold holdings, which stood at EUR 5.3 million as of September 30, 2014 and is dependent on the ongoing development in the gold price.

7. Events after the closing date

There have been no reportable events of particular significance since September 30, 2014.

8. Outlook

In the first nine months of the current financial year 2014, ATOSS has experienced an extremely positive development in sales and operating profits. In view of this development and in consideration of the high level of orders on hand, despite further scheduled investments, particularly in developing new markets, and a continuing high level of expenditure on research & development amounting to around one fifth of sales, the Management Board continues to expect stable sales growth in the current financial year with an EBIT margin in excess of 20 percent.

CONSOLIDATED BALANCE SHEET TO 30.09.2014

Assets (EUR)	30.09.2014	31.12.2013
Non-current assets		
Intangible assets	149,041	145,046
Property, plant and equipment	2,712,510	2,725,868
Other financial assets	438,095	408,491
Deferred taxes	664,152	630,402
Total non-current assets	3,963,798	3,909,807
Current assets		
Inventories	6,697	8,642
Trade accounts receivable	3,352,752	3,029,835
Other financial assets	4,862,261	4,448,182
Other non-financial assets	612,931	1,189,822
Cash and cash equivalents	15,817,785	10,392,796
Total current assets	24,652,426	19,069,277
Total assets	28,616,224	22,979,084
Equity and Liabilities (EUR)	30.09.2014	31.12.2013
Equity		
Subscribed capital	3,976,568	3,976,568
Capital reserve	-661,338	-661,338
Equity deriving from unrealized profits/losses	-712,192	-734,394
Unappropriated net income	11,417,365	9,156,749
Equity attributable to equity holders of the parent	14,021,705	11,737,585
Non-controlling interests	-1,302	0
Total equity	14,020,403	11,737,585
Non-current liabilities		
Pension provisions	2,711,107	2,687,192
Deferred taxes	212,456	354,275
Total non-current liabilities	2,923,563	3,041,467
Current liabilities		
Trade accounts payable	748,101	327,290
Other liabilities	4,464,939	4,734,091
Deferred revenues	5,651,133	2,944,110
Tax provisions	751,138	105,541
Other provisions	56,947	89,000
Total current liabilities	11,672,258	8,200,032
Total equity and liabilities	28,616,224	22,979,084

CONSOLIDATED INCOME STATEMENT FROM 01.01. TO 30.09.2014

EUR	Quarterly report		6-months report	
	01.07.2014 -30.09.2014	01.07.2013 -30.09.2013 adjusted*	01.01.2014 -30.09.2014	01.01.2013 -30.09.2013 adjusted*
Sales revenues	9,985,134	8,949,328	28,745,214	26,480,120
Cost of sales	-3,306,879	-2,746,969	-8,830,695	-7,568,636
Gross profit	6,678,255	6,202,359	19,914,519	18,911,484
Selling costs	-1,484,581	-1,459,567	-4,596,820	-4,464,367
Administration costs	-816,570	-709,122	-2,417,495	-2,390,977
Research and development costs	-1,972,470	-1,794,400	-5,883,074	-5,549,808
Other operating income	59,968	23,315	163,470	35,541
Other operating expenses	-2,934	-32,669	-21,619	-55,877
Operating profit (EBIT)	2,461,668	2,229,916	7,158,981	6,485,996
Interest and similar income	-28,011	4,899	434,995	429,447
Interest and similar expenses	-23,086	258,496	-69,427	-3,980,051
Earnings before taxes (EBT)	2,410,571	2,493,311	7,524,549	2,935,392
Taxes on income and earnings	-771,180	-768,817	-2,402,805	-750,582
Net income for the year	1,639,391	1,724,494	5,121,744	2,184,810
Attributable to:				
Equity holders of the parent:	1,642,693	1,724,494	5,125,046	2,184,810
Non-controlling interests:	-3,302		-3,302	
Earnings per share (undiluted)	0.41	0.43	1.29	0.55
Earnings per share (diluted)	0.41	0.43	1.29	0.55
Average number of shares in circulation (undiluted)	3,976,568	3,976,568	3,976,568	3,976,568
Average number of shares in circulation (diluted)	3,976,568	3,976,568	3,976,568	3,976,568

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FROM 01.01 TO 30.09.14

EUR	01.01.2014 -30.09.2014	01.01.2013 -30.09.2013 adjusted*	01.01.2013 -30.09.2013
Net income for the year	5,121,744	2,184,810	2,133,112
Components not reallocated in profit and loss			
Profits/losses on the revaluation of defined benefit pension plans recognized in equity	0	-261,608	0
Tax effects on profits/losses on the revaluation of defined benefit pension plans recognized in equity	0	48,335	0
Profits/losses recognized in equity on the disposal of financial assets available for sale	0	503,533	503,533
Tax effects on profits/losses recognized in equity on the disposal of financial assets available for sale	0	-225,808	-225,808
Components reallocated in profit or loss in later periods			
Profits/losses recognized in equity on the disposal of financial assets available for sale	29,603	-125,505	-125,505
Tax effects on profits/losses recognized in equity on the disposal of financial assets available for sale	-7,401	31,376	31,376
Other comprehensive income for the period after taxes	22,202	-29,677	183,596
Comprehensive income after taxes	5,143,946	2,155,133	2,316,708
Attributable to			
Equity holders of the parent	5,147,248	2,155,133	2,316,708
Non-controlling interests	-3,302		

* adjusted for the effects of IAS 19 R

CONSOLIDATED CASH FLOW STATEMENT FROM 01.01 TO 30.09.2014

EUR	01.01.2014 -30.09.2014	01.01.2013 -30.09.2013 adjusted*
Business operations		
Net income	5,121,744	2,184,810
Depreciation of fixed assets	387,910	427,044
Gains from the disposal of fixed assets	288	1
Gains from the disposal / valuation of financial assets available for sale	-414,080	3,336,493
Other financial investment income	-20,915	-20,409
Changes in deferred taxes	-175,568	-87,412
Change in provisions for pension commitments	23,915	6,488
Adjustment for other items not recognized in profit or loss	-7,401	-194,432
Change in net current assets		
Trade accounts receivable	-322,917	-35,635
Inventories and other assets	578,835	-94,960
Trade accounts payable	420,811	1,091
Other provisions	-32,054	23,359
Other liabilities	-269,151	-582,169
Deferred revenues	2,707,022	3,482,833
Tax provisions	645,597	1,063
Cash flow generated from business operations (1)	8,644,036	8,448,165
Investment activities		
Disbursements for the purchase of tangible and intangible assets	-378,833	-382,249
Receipts from the disposal of other financial assets	0	8,161,456
Interest/dividend receipts	20,915	47,956
Interest paid	0	-10,195
Cash flow generated from investment activities (2)	-357,918	7,816,968
Financing activities		
Proceeds from transactions with non-controlling interests	2,000	0
Dividends paid	-2,863,129	-14,395,176
Repayment of loans received	0	-3,000,000
Proceeds from the draw down of bank loans	0	3,000,000
Loans disbursed	0	-3,500,000
Repayment of loans received	0	3,500,000
Cash flow generated from financing activities (3)	-2,861,129	-14,395,176
Changes in liquidity - total of (1) to (3)	5,424,989	1,869,957
Liquidity at the start of the period	10,392,796	8,859,080
Liquidity at the end of the period	15,817,785	10,729,037

* adjusted for the effects of IAS 19 R



Image: ATOSS CUSTOMER UPONOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS OF 30.09.2014

EUR	Subscribed capital	Capital reserve	Treasury stock	Equity deriving from unrealized profits/losses	Profit shown on balance sheet
Status 01.01.2013	3,976,568	-661,338	0	-601,667	20,532,402
Net income, adjusted*	0	0	0	0	2,184,810
Dividends	0	0	0	0	-14,395,176
Other comprehensive income, adjusted*	0	0	0	-29,677	0
Status 30.09.2013 adjusted*	3,976,568	-661,338	0	-631,344	8,322,036
Status 01.01.2014	3,976,568	-661,338	0	-734,394	9,156,749
Net income	0	0	0	0	5,125,046
Dividends	0	0	0	0	-2,863,128
Investment in non-controlling interests	0	0	0	0	0
Other comprehensive income	0	0	0	22,202	0
Status 30.09.2014	3,976,568	-661,338	0	-712,192	11,418,667

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS OF 30.09.2014

EUR	Non-controlling interests	Total
Status 01.01.2013	0	23,245,965
Net income, adjusted*	0	2,184,810
Dividends	0	-14,395,176
Other comprehensive income adjusted*	0	-29,677
Status 30.09.2013 adjusted*	0	11,005,922
Status 01.01.2014	0	11,737,585
Net income	-3,302	5,121,744
Dividends	0	-2,863,128
Investment in non-controlling interests	2,000	2,000
Other comprehensive income	0	22,202
Status 30.09.2014	-1,302	14,020,403

* adjusted for the effects of IAS 19 R

One share represents 1 euro of subscribed capital.

NOTES TO THE
CONSOLIDATED
FINANCIAL STATEMENTS

1. General

The present quarterly report has been prepared in accordance with International Financial Reporting Standards (IFRS) in compliance with IAS 1.14. In particular the report complies with the provisions contained in IAS 34 "Interim Financial Reporting". The requirements contained in German Accounting Standard (DRS) No. 6 regarding interim reporting have likewise been fulfilled.

In accordance with IAS 34.20, the present statements include a consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, consolidated cash flow statement, a statement of changes in consolidated 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 to December 31, 2013. The revised IAS 19, which requires unexpected fluctuations in pension benefit liabilities and assets – so-called actuarial profits and losses – to be recognized immediately in other comprehensive income, plan amendments to be recognized in profit and loss in full in the relevant period and expected interest on plan assets to be recognized at the discount interest rate only, was applied by the Group at the financial year end, backdated to January 1, 2013. Consequently the quarterly figures have been adjusted accordingly. In addition to the backdated recognition in equity of actuarial profits and losses in the amount of kEUR 262 for the first nine months of 2013, the corresponding deferred taxes carried as assets in the amount of kEUR 48 have been recognized in other income. The recognition in the income statement firstly of an adjustment in returns on plan assets in line with the discount rate on the defined benefit liability and secondly of deferred taxes on the pension provision led to an increase in earnings of kEUR 52.

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 September 30, 2014 for the reporting period from January 1, 2014 to that date.

3. Currency

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

4. Consolidated group

In addition to the parent company ATOSS Software AG, Munich, the consolidated financial statements to September 30, 2014 also include all subsidiary companies:

ATOSS CSD Software GmbH, Cham, Germany (100%)
 ATOSS Software Ges.mbH, Vienna, Austria (100%)
 ATOSS Software AG, Zurich, Switzerland (100%)
 ATOSS Software S.R.L., Timisoara, Romania (100%)
 ATOSS Aloud GmbH, Munich, Germany (from August 1, 2014) (92%)

ATOSS Aloud GmbH was established as a new company effective August 1, 2014. Those shares not in the possession of the Group are held by employees and officers of the company.

These companies are fully consolidated.

5. Changes in equity

The development in equity is evident from the statement of changes in consolidated equity. The shares without controlling interest relate exclusively to the 8 percent of shares not held by ATOSS Software AG in subsidiary company ATOSS Aloud GmbH which was newly established during the reporting period.

6. Sales revenues

The company's sales revenues in the financial year were composed as follows:

EUR	01.01.2014 -30.09.2014	01.01.2013 -30.09.2013
Software licenses	6,073,746	5,573,076
Software maintenance	11,417,405	10,655,807
Total software	17,491,151	16,228,883
Consulting	7,396,677	6,586,994
Hardware	3,065,098	2,587,941
Others	792,288	1,076,302
Total sales revenues	28,745,214	26,480,120

The geographic breakdown of sales revenues was as follows:

EUR	01.01.2014 -30.09.2014	01.01.2013 -30.09.2013
Germany	24,826,313	24,311,489
Austria	2,722,803	1,561,146
Switzerland	733,942	429,890
German-speaking territories in total	28,283,058	26,302,525
Other countries	462,156	177,595
Total sales revenues	28,745,214	26,480,120

7. Personnel expenses

The consolidated personnel costs to September 30, 2014 were composed as follows:

EUR	01.01.2014 -30.09.2014	01.01.2013 -30.09.2013
Wages and salaries	11,652,232	10,376,380
Social security contributions and expenditure on retirement pensions and welfare	2,381,993	2,146,264
Total personnel costs	14,034,225	12,522,644

8. Other operating income and expenses

In the first nine months of the current financial year the company recorded other operating income in the amount of EUR 163,470 (previous year: EUR 35,541). This income essentially resulted from the liquidation of reserves and reimbursement of costs.

The other operating expenses amounting to EUR 21,619 (previous year: EUR 55,877) essentially concerned bad debts and expenses resulting from exchange rate differentials.

9. Financial investment income and expenses

In the first nine months of the current financial year the company recorded income in the amount of EUR 434,995 (previous year: EUR 429,447) from financial investments. This essentially comprised income from write-ups on the company's gold holdings in the amount of EUR 414,080 and interest income of EUR 20,915 (previous year: EUR 25,704).

As of September 30, 2014, the company had also recorded financial expenses in the amount of EUR 69,427 (previous year, adjusted: EUR 3,980,051). This almost exclusively concerned interest expenses in connection with the pension provision. The figure for the previous year included expenses and losses in the amount of EUR 3,678,960 in connection with the reduction in value of the company's gold holdings.

10. Tax charge

Consolidated tax expenses to September 30, 2014 were comprised as follows:

EUR	01.01.2014 -30.09.2014	01.01.2013 -30.09.2013*
Pre-tax earnings (EBT)	7,524,549	2,935,392
Expected tax charge (2014: 32.60%, 2013: 32.60%)	-2,453,003	-956,938
Non-deductible operating expenses	-99,616	-17,741
Tax refunds/back-payments for previous years	4,058	0
Interests as per § 8b KStG	0	105,438
Differences in tax rates at consolidated companies	145,756	118,659
Actual Group tax charge	-2,402,805	-750,582

*adjusted for the effects of IAS 19 R

11. Earnings per share

The figure for earnings per share is arrived at by dividing the net result for the period in the amount of EUR 5,121,744 by the weighted average number of shares outstanding. From January 1 to September 30, 2014 there were an average of 3,976,568 shares in circulation. Thus earnings per share for this period amounted to EUR 1.29, in comparison with EUR 0.55 in the first nine months of the preceding year.

12. Segment reporting

The identification of operating segments presupposes that a senior decision-maker monitors and assesses the profitability of significant components of the company as the basis for resource allocation and profitability measurement, that the components of the company generate income and incur expenses as part of their business activities, and that financial information is available for these components of the company. Several segments can be aggregated into one segment if the type of products and services, production processes and customers for which the products and services are intended are similar, as well as the sales methods applied, and where they exhibit a significant shortfall relative to the quantitative thresholds for segment formation.

The company has only one uniform business segment within the meaning of IFRS 8 which comprises the creation, sale and implementation of software solutions directed towards the efficient deployment of personnel.

The following tables depict sales revenues broken down by software solutions and their contributions to the operating result. As a result of a reallocation of costs between the two software solutions the prior numbers have been adjusted accordingly.

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 of all sizes in all industries.

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.

EUR	01.01.2014	01.01.2013
	-30.09.2014	-30.09.2013
Sales revenues		
ATOSS Staff Efficiency Suite (ASES) and ATOSS Startup Edition (ASE)	26,044,027	23,731,723
ATOSS Time Control (ATC)	2,701,187	2,748,397
Total sales revenues	28,745,214	26,480,120
Operating result (EBIT)		
ATOSS Staff Efficiency Suite (ASES) and ATOSS Startup Edition (ASE)	6,570,187	5,719,173
ATOSS Time Control (ATC)	588,794	766,825
Operating result (EBIT) in total	7,158,981	6,485,998

13. Employees

On September 30, 2014 the company had 300 employees (previous year: 280).

	01.01.2014 -30.09.2014	01.01.2013 -30.09.2013
Development	129	128
Consulting	82	71
Sales and marketing	43	38
Administration	46	43
Total	300	280

14. Management Board

The members of the Management Board are:

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

15. Supervisory Board

By a resolution adopted at the annual general meeting on April 30, 2014, the Supervisory Board was reelected and is now comprised as follows:

Peter Kirn	Chairman
Rolf Baron Vielhauer von Hohenhau	Deputy Chairman
Klaus Bauer	Member of the Supervisory Board

16. Board member shareholdings

As of September 30, 2014 the following board members held the following numbers of ATOSS shares:

EUR	30.09.2014	30.06.2014	31.03.2014	31.12.2013	30.09.2013
Andreas F. J. Obereder	1,988,285	1,988,285	1,988,285	1,988,285	1,988,285
Peter Kirn	14,760	14,760	14,760	14,760	14,760

The majority shareholder, Andreas F.J. Obereder of Grünwald, Germany, holds 1,988,285 shares representing 50.0000025 percent of the shares in ATOSS Software. His shares are held via the company AOB Invest GmbH of Grünwald, Germany, which is wholly owned by him.

17. Notifiable participating interests

In the first nine months of financial year 2014 the company received the following notification regarding changes in participating interests pursuant to Sections 21 ff. of the German Securities Trading Act:

On July 8, 2014 the interest held by MainFirst SICAV, Luxembourg, fell below the threshold of 5 percent of voting rights and amounted at this time to 4.78 percent.

There have been no further notifications pursuant to §§ 21ff of the German Securities Trading Act regarding changes in participating interests.

18. Business relations with closely related persons

As of September 30, 2014, there were no business relations with closely related persons.

19. Events after the closing date

There have been no reportable events of particular significance since September 30, 2014.

Responsibility statement

According to the best of our knowledge, we assure that, pursuant to the applicable accounting principles for interim reporting, the interim consolidated financial statements convey a true and fair view of the Group's net assets, financial position and results of operations, and that the business development, including the business results and the Group's position, are presented in the interim Group management reports in such a way that they convey a true and fair view, and that the key opportunities and risks pertaining to the Group's prospective development in the remainder of the fiscal year are described.

Munich, November 14, 2014



Andreas F.J. Obereder
Chief Executive Officer



Christof Leiber
Member of the Board of Management

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 cause the actual performance and earnings of ATOSS Software AG to 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 costreduction targets or changes in business strategy.

The Management Board is firmly convinced that the expectations embodied in these forward-looking statements are sound and realistic. Should however the abovementioned or other unforeseeable risks materialize, ATOSS Software AG cannot guarantee that the expressed expectations will prove to be correct.

Corporate calendar

January 30, 2015	Press release announcing preliminary results for 2014
March 12, 2015	Publication of the annual report for 2014
March 12, 2015	Balance sheet press conference
April 22, 2015	Press release announcing the 3-monthly financial statements
April 28, 2015	Annual General Meeting
May 13, 2015	Publication of the 3-monthly financial statements
July 22, 2015	Press release announcing the 6-monthly financial statements
August 14, 2015	Publication of the 6-monthly financial statements
October 22, 2015	Press release announcing the 9-monthly financial statements
November 13, 2015	Publication of the 9-monthly financial statements

Imprint

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