



SoftM

2007

FIRST QUARTER GROUP REPORT
AS OF MARCH 31, 2007

- Revenues drop to 13.8 Million Euro (previous year 17.8)
due to decrease in System-integration Unit
- EBT amounts to -1,1 Million Euro (previous year -0,7)
- High operating cash flow of 13.7 Million Euro (previous year 6.4)

SoftM Software und Beratung AG

GROUP REPORT AS OF MARCH 31, 2007 IN ACCORDANCE WITH IFRS/IAS (NOT AUDITED)

In the first quarter of 2006 the SoftM Group posted a major decline in total revenues of 13.8 million Euro (previous year 17.8), which can be traced to lower sales in the system integration unit. This decrease had been expected due to periodic adjustments and personnel changes. The software unit booked an increase compared to the previous year; consulting was under the previous year's level. Due to lower sales the EBT sank to -1.1 million euro (previous year -0.7).

The consolidated Group was expanded compared to the same quarter in the previous year by the inclusion of the SoftM Semiramis GmbH Co. KG.

STANDARD SOFTWARE

The standard software sector – incorporating licensing and servicing fees – was able to generate strong growth of 10% to 4.6 million Euro (previous year 4.2) compared to the previous year. Semiramis, an ERP software which was acquired in December 2006 and is developed by the newly established subsidiary SoftM Semiramis GmbH Co. KG, which is sold not only by SoftM but also by a network of over 30 partners, contributed to the improved quarter revenues.

CONSULTING

Consulting revenues – service and consulting for the introduction and support of standard software – at 4.8 million Euro in the first three months of the business year remained under the previous year's level (previous year 5.2). Although sales to regular customers continued to be strong, there was a lack of projects with new customers.

SYSTEM INTEGRATION

The business unit system integration revenues – product and services for IT infrastructure – sank considerably to 4.4 million Euro (previous year 8.4). Exceptionally strong demand in the fourth quarter of 2006 in this seasonally fluctuating business unit was reported. In addition, some orders, which were originally planned for 2007, were already carried out in 2006. Adding to these factors, personnel changes contributed to the decline in revenues in the system integration unit. These changes are in conjunction with the new direction taken in this business unit, and were already mentioned in the prognosis of the Management Board Report 2006. Measures, including replacement of management have already been taken to strengthen this unit, but as yet have not been able to offset the decline in revenues.

RESULT

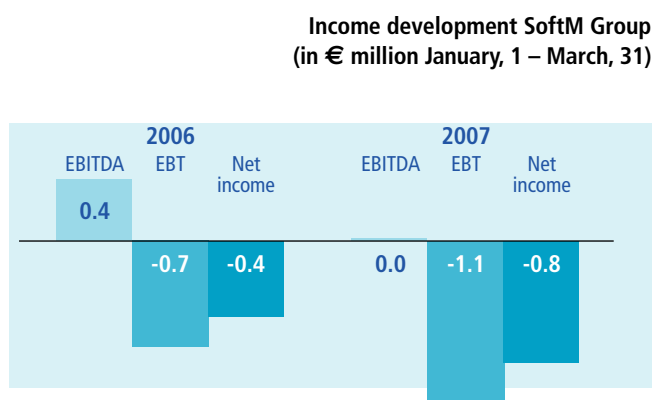
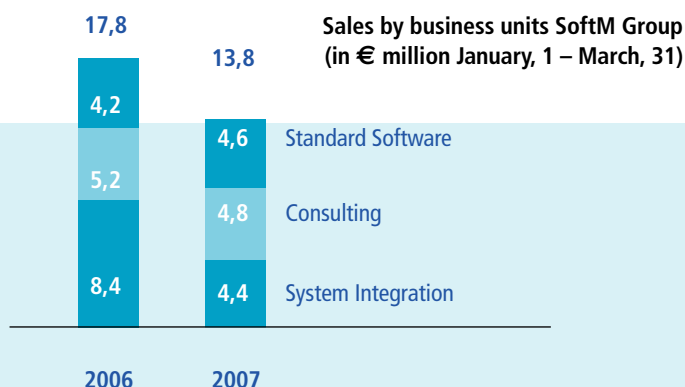
In the first three months SoftM realized an operating result before taxes, interest and depreciations (EBITDA) of 0.0 million Euro (previous year 0.4).

The result of normal business activities EBT in the first quarter was -1.1 million Euro (previous year -0.7).

The quarterly surplus came to -0.8 million Euro (previous year -0.4). result per share amounted to -0.16 (previous year -0.09).

SoftM showed an operating cash flow from normal business activities in the first quarter of 13.7 million Euro (previous year. 6.4). Corporate funds at the end of the first quarter, March 31, 2006, were 9.3 million (previous year 7.1).

The first quarter, which is traditionally weak for IT companies, was additionally burdened by the decline in the system integration business unit.



INCOMING ORDERS

Incoming orders for software licensing came to 1.0 million (previous year 1.1 million euro). The first incoming orders were booked for the new product Semiramis. Here, a significant increase in the second half of the year is expected.

RESEARCH AND DEVELOPMENT

Focus of activity in the research and development sector is the development, or respectively, the continuing development of new java-based software products. The newly developed accounting product could already be presented at the CeBIT IT trade fair in March 2007 in prototype form. Pilot trials will begin in the 3rd quarter of 2007. The general availability will follow in the 4th quarter. Regarding the ERP software Semiramis the focus of activity was the new release 4.3 which is available since March.

The SoftM Suite product will continue to be on the market, positioned for the server platform IBM i5 /OS. Work on the Release 3.0, begun in 2006, will be continued. The focal point of these activities are ergonomic themes and functions for the target areas food and beverage industry and pharmaceuticals, and in the logistics support sector, e.g. order network and time management, as well as browser-based functions.

A focal point of the continuing development of the document management system InfoStore was the integration of the central client applications into the new Microsoft operating system Windows Vista.

New functions for finance controlling – an integration of finance planning and cash management and forecast with projection, as well as short and medium-term plan-adjustment was completed for the Schilling Accounting System.

New detail functions such as electronic transmission of "Zusammenfassende Meldungen" – data over inner-community shipment of goods – were implemented in the DKS Accounting System.

INVESTMENTS

Investment in the first three months of 2007 came to 1.1 million Euro (previous year 0.8), of which 0.8 million Euro (previous year 0.7) were booked in capitalized investments, as well as 0.3 million Euro (previous year 0.1) in investments booked in other assets.

PERSONNEL

The number of staff as of March 31, 2007 was 496 as compared to 463 in the previous year. At the end of 2006, the staff was 505.

ADDITIONAL INFORMATION

At the beginning of 2007 a joint venture with d.velop AG, Gescher was formed in Switzerland with the goal of marketing the document management products of d.velop AG in Switzerland and the neighbouring countries. The products of d.velop complement the products of the SoftM subsidiary Solitas Informatik AG.

It was announced on Feb. 16, 2007 that the Chairman of the Board, Dr. Hannes Merten would leave the Management Board as he had previously planned at the Annual General Meeting in 2007. The present director for Consulting and Services, Franz Wiesholler has been appointed as his replacement.

117,011 SoftM shares were held by the Group as of March 31, 2007.

SHARE DEVELOPMENT

As of March 31, 2007 SoftM shares were quoted at 4.67 euro, which represented significant decline compared to the 2006 year's end quotation of 5.20 euro per share.

OUTLOOK

As was already stated in the prognosis in the Management Board Report of 2006, Management is expecting for the Group as a whole a decline in revenues in 2007 as a result of declining revenues in the system integration unit. EBT is, however, expected to show strong improvement. Starting in 2008, the new java-based products for ERP and Financials in conjunction with the new indirect sales channel will lead to considerable improvements in revenues and earnings.

SoftM Software und Beratung AG0

Munich, May 2007

The Board

Group Balance Sheet

	Quarterly report I/2007 January 01, 2007 – March 31, 2007 €	Annual report January 01, 2006 – December 31, 2006 €
Assets		
Short-term assets		
Cash and cash equivalents	9,227,269.47	811,928.40
Securities as current assets	31,939.97	32,049.29
Accounts receivable from sales and services	10,474,741.21	19,031,680.31
Receivables from associated companies	200,329.31	181,641.30
Inventories	1,139,805.99	965,570.58
Other assets	1,849,674.22	2,179,350.17
Accrued and deferred items	746,310.14	394,664.75
Total short-term assets	23,670,070.31	23,596,884.80
Long-term assets		
Intangible assets acquired through payment	6,303,266.99	6,729,518.05
Capital development costs	4,626,000.00	4,130,000.00
Fixed assets	1,460,119.37	1,376,012.32
Investments	203,156.23	203,156.23
Loans receivables	0.00	0.00
Goodwill	11,040,800.00	11,040,800.00
Deferred taxes	1,319,208.00	569,774.00
Total long-term assets	24,952,550.59	24,049,260.60
Total assets	48,622,620.90	47,646,145.40
Liabilities		
Short-term liabilities		
Short-term loans and short-term participation of long-term loans	6,189,084.72	10,336,169.18
Liabilities from sales and services	1,791,202.45	4,107,790.71
Received advanced payment	52,211.21	199,567.54
Accrued expenses	5,991,260.29	7,030,400.59
Deferred items	9,023,366.55	55,329.48
Accruals on income tax	266,448.57	198,196.53
Other short-term liabilities	1,665,308.25	1,595,763.04
Liabilities to associated companies	146,168.93	81,261.00
Total short-term liabilities	25,125,050.97	23,604,478.07
Long-term liabilities		
Long-term participation of other liabilities	3,750,000.00	3,811,355.01
Capital lease obligations, less current portion	0.00	0.00
Deferred tax liability	2,692,297.00	2,449,473.00
Pension accrual	0.00	0.00
Total long-term liabilities	6,442,297.00	6,260,828.01
Minority interest	204,933.85	140,015.01
Equity capital		
Subscribed capital	4,980,000.00	4,980,000.00
Capital surplus	11,629,933.37	11,629,933.37
Earned surplus	1,790,410.77	2,568,961.81
Reserve for foreign exchange difference	-29,602.74	-17,668.55
Own shares not designated for redemption	-1,520,402.32	-1,520,402.32
Total equity capital	16,850,339.08	17,640,824.31
Total liabilities	48,622,620.90	47,646,145.40

Income Statement

	Quarterly report I/2007 January 01, 2007 – March 31, 2007 €	Quarterly report I/2006 January 01, 2006 – March 31, 2006 €
Revenues	13,762,752.64	17,796,333.38
Other operating income	634,692.53	335,565.80
Changes in inventories of finished goods and work in progress	32,574.57	50,076.50
Production of own fixed assets capitalized	827,000.00	646,000.00
Cost for purchased materials and services	-4,678,255.38	-8,000,059.83
Personnel expenses	-7,710,848.51	-6,968,045.09
Amortisation (and impairment) of goodwill	-944,783.32	-1,144,636.56
Other operating expenses	-2,909,967.55	-3,467,313.75
Other taxes	-5,864.70	-12,542.20
Depreciation of current assets	0.00	0.00
Operating result	-992,699.72	-764,621.75
Interest income and expense	-90,746.85	44,227.17
Income from investments and participations	0.00	0.00
Income, expense from associated companies	0.00	0.00
Foreign currency exchange gains, losses	0.00	0.00
Other income, expenses	0.00	0.00
Result before income taxes (and minority interest)	-1,083,446.57	-720,394.58
Income tax	369,814.38	323,174.39
Extraordinary income, expense	0.00	0.00
Result before minority interest	-713,632.19	-397,220.19
Minority interest	-64,918.85	-30,712.15
Net income, loss	-778,551.04	-427,932.34
Net income per share	-0.1621	-0.0871
Weighted average shares outstanding	4,803,989	4,914,407

Cash flow

	Quarterly report I/2007 January 01, 2007 – March 31, 2007 K€	Quarterly report I/2006 January 01, 2006 – March 31, 2006 K€
Net profit/loss	-779	-428
Minority interest	65	31
Consolidated net income/loss incl. minority interest in net income/loss	-714	-397
Depreciation on long-term assets	945	1,145
Increase or reduction in provisions	-728	-1,364
Profit/loss from the disposal of long-term assets	-1	-3
Increase, decrease in inventories, receivables from goods and services as well as other assets which are not attributable to investment or financing	7,593	2,684
Increase, decrease in liabilities from goods and services as well as other liabilities which are not attributable to investment or financing	6,639	4,340
Other expenditures, not affecting payments	-12	-4
Net cash provided by operating activities (operating cash flow)	13,722	6,401
Net cash inflow from asset disposal	1	6
Payments for investment fixed assets	-265	-134
Payments for investment intangible assets	-830	-646
Payments for investments (excl. development expenses)	0	0
Receipts due to investments within short term investment management framework	0	2
Payments for acquisitions of consolidated companies and other business units	0	0
Cash Flow due to investment activity	-1,094	-772
Receipts from new equity (increase of share capital, sale of own shares)	0	0
Payments to shareholders and minority shareholders (dividends, acquisition of own shares, redemption of shares, other pay outs)	0	-207
Net cash outflow from granted loans	0	0
Net cash inflow from raised loans	0	0
Net cash outflow for loan redemption	-4,208	-2,655
Cash flow from financing activities	-4,208	-2,862
Net cash provided by common activities, investing and financing activities	8,420	2,767
Exchange rate, consolidated companies and valuation changes of funds	-3	-1
Funds at the beginning of the period	844	4,362
Cash and cash equivalents at end of period	9,261	7,128
Included stocks and securities	-32	-162
Short-term bank liabilities	0	0
Liquid assets according to the balance sheet	9,229	6,966

Capital and Reserves Development

	Quarterly report I/2007 January 01, 2007 – March 31, 2007 €	Quarterly report I/2006 January 01, 2006 – March 31, 2006 €
Share capital		
Beginning of the period	4,980,000.00	4,980,000.00
Increase	0.00	0.00
Decrease	0.00	0.00
Total share capital	4,980,000.00	4,980,000.00
Capital surplus		
Beginning of the period	11,629,933.37	11,629,933.37
Increase	0.00	0.00
Decrease	0.00	0.00
Total capital surplus	11,629,933.37	11,629,933.37
Group earned equity		
Beginning of the period	2,568,961.81	2,927,265.61
Difference of exchange rate	0.00	0.00
Current result	-778,551.04	-427,932.34
Profit distributions	0.00	0.00
Other changes	0.00	0.00
Total group earned equity	1,790,410.77	2,499,333.27
Adjustment for currency conversion		
Beginning of the period	-17,668.55	-529.92
Increase	0.00	0.00
Decrease	-11,934.19	-3,833.54
Total adjustment for currency conversion	-29,602.74	-4,363.46
Own shares not designated for redemption		
Beginning of the period	-1,520,402.32	-898,624.10
Increase	0.00	0.00
Decrease	0.00	0.00
Total own shares not designated for redemption	-1,520,402.32	-898,624.10
Capital and reserves total	16,850,339.08	18,206,279.08

Additional Information

This presented report of the SoftM Group for the first quarter of 2007 is in accordance with the International Accounting Standard 34.

The same balance sheet and valuation methods were employed as those used for compiling the Group Annual Financial statement for the year 2006. Results from equity investment are, however, not considered in the income statement year by year.

SoftM in figures

SoftM Group (in Mio. €)	January 01, 2007 – March 31, 2007	January 01, 2006 – March 31, 2006
Sales	13.8	17.8
Sales by business unit		
Standard Software	4.6	4.2
Consulting	4.8	5.2
System Integration	4.4	8.4
Earnings before interest, taxes, depreciation and amortization (EBITDA)	0.0	0.4
EBIT	-1.0	-0.8
Result from common activities (EBT)	-1.1	-0.7
Net income	-0.8	-0.4
Result acc. to DVFA/SG	-0.8	-0.4
Result per share acc. to DVFA/SG (in €)	-0.16	-0.09
Employees (End of period)	496	463



SoftM Software und Beratung AG

Messerschmittstr. 4 · D-80992 München

Telefon +49(89)-14329-0 · Telefax +49(89)-14329-1114

ir@softm.com · www.softm.com