



SoftM

2007

2ND QUARTER GROUP REPORT
JUNE 30, 2007

- Expected revenue decline to 28.3 million euro (previous year 35.3)
- Software revenues increase to 9.1 million euro (previous year 8.4)
- Net result of -1,2 Mio. euro (previous year -0,6)
- Operating cash flow of 11.0 million euro (previous year 3.2 million)

SoftM Software und Beratung AG

GROUP REPORT AS OF JUNE 30, 2007 IN ACCORDANCE WITH IFRS/IAS 34 (NOT AUDITED)

In the first six months of 2007 the SoftM Group achieved revenues of 28.3 million euro (previous year 35.3). The considerable decline in total sales can be attributed to a substantial drop in revenues in the system integration business unit. It had to cope with personnel losses, which directly affected revenues. The new management which is in place since the first quarter has recruited new personnel in the meantime. The software unit is showing positive tendencies. Revenues in this unit are 8% above those of the previous year. Revenues in the consulting unit remained at previous year's level. The result of normal business activities (EBT) sank as a result of the lower revenues and higher expedencies for the new Java product lines to –2.3 million euro (previous year –1.1 million).

STANDARD SOFTWARE

Six months revenues for 2007 for the standard software sector – incorporating licensing revenues and maintenance fees – were very positive and came to 9.1 million euro (previous year 8.4) a considerable increase of 8% above the previous year. The ERP II software Semiramis, acquired in December 2006, contributed to the increase in revenues in this unit. It is expected, however, that Semiramis will begin to significantly affect revenues and result especially in the fourth quarter. Revenues in the second quarter were 4.5 million euro (Q2 2006: 4.2).

CONSULTING

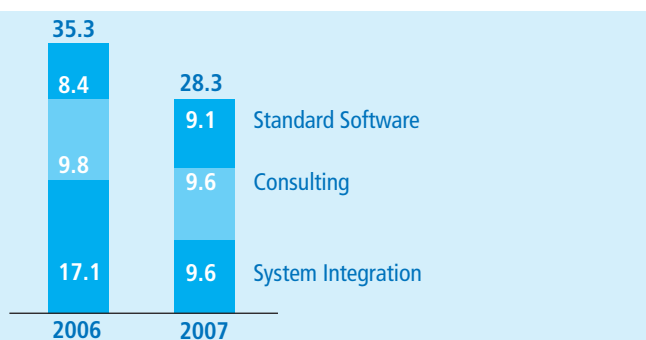
Revenues in the first six months of 2007 came to 9.6 million euro for the consulting business unit – service and consulting

for the introduction and support of standard software – thereby remaining at approximately the same level as the previous year (previous year 9.8). Second quarter revenues for consulting were 4.8 million euro, which exceeded the result of the previous year's quarter (Q2 2006: 4.6). Business with regular customers continued to be strong. Projects with new Semiramis customers are going to start in the second half of the year.

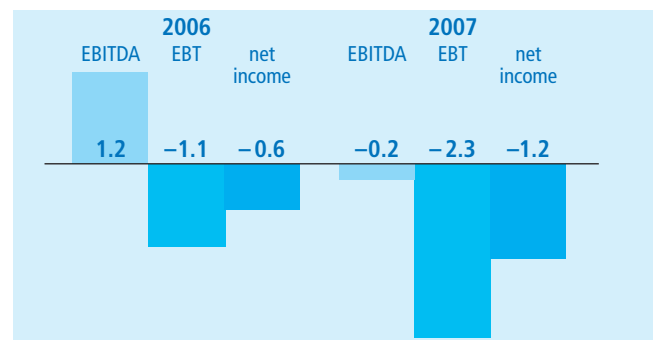
SYSTEM INTEGRATION

The business unit system integration – products and services for IT infrastructure – showed revenues in the first six months of 9.6 million euro (previous year 17.1). The main reasons for the substantial decline, which had already been pointed out in the Outlook of the Management Board Report for business year 2006, were personnel changes, which directly effected revenues. Some orders, which were originally planned for 2007 and already carried out in 2006 had also a negative impact on the revenues in 2007. The new management team which was put in place in the first quarter of 2007, has already carried out a strategic alignment in this business unit. More than in the past, comprehensive solutions are being emphasized. These include the implementation of system management software (in combination with servers, storage and networks), as well as solutions for communication and security. New personnel has already been recruited, but they won't be able to compensate for the current decline in revenues. Revenues in the second quarter came to 5.2 million euro (Q2 2006: 8.7).

Sales by business units SoftM Group
(in € million January, 1 – June, 30)



Income development SoftM Group
(in € million January, 1 – June 30)



RESULT

The result was, on the one hand, affected by the decline of revenues but also by the increased expenditures for the new Java product lines. The product Semiramis will have a much improved effect on the result in the fourth quarter, however, the new financials software will not affect revenues and result before 2008.

In the first six months of 2007 the operating result before taxes, interest and depreciations and amortization (EBITDA) was –0.2 million euro (previous year 1.2).

The result of common business activities (EBT) after six months came to –2.3 million euro (previous year –1.1).

Net income was –1.2 million euro (previous year –0.6). Result per share amounted to –0.25 (previous year –0.13) as of June 30, 2007.

Traditionally the result in the first six months is much weaker for SoftM, and in general for the IT industry as a whole, than in the second half of the year.

SoftM showed an operating cash flow in the first six months of 2007 of 11 million euro (previous year 3.2) due to the sharp reduction in receivables. Corporate funds as of June 30, 2007, were 1.5 million euro (previous year 4.3) due to the substantial investments made at the end of 2006 and to the repayment of loans.

According to the resolution of the Annual General Meeting 2007 dividends of 240.199,45 euro have been paid for the year 2006.

CONSOLIDATED COMPANIES

In comparison to last year, the consolidated Group was expanded by the addition of Semiramis GmbH & Co. KG.

As a new associated company d.velop (Schweiz) AG has joined the group.

Results from equity investment are not considered in the income statements during the year.

ACCOUNTING AND VALUATION

The interim report has been prepared with regard to the same principles of accounting and valuation as in the group financial statement for the financial year 2006.

Deferred taxes are calculated in line with the new corporation tax which will come into effect in 2008.

INCOMING ORDERS STANDARD SOFTWARE

Incoming orders for software licensing for the first six months of 2007 amounted to 2.7 million euro (previous year 2.4). Incoming orders for software in the second quarter amounted to 1.8 million euro (Q2 2006: 1.3). Numerous incoming orders could be booked for the new product Semiramis. A marked increase is expected here for the second six months.

RESEARCH AND DEVELOPMENT

The development, or respectively further development, of the new java-based software products remains the focus of activities in research and development. The ERP II software Semiramis Release 4.3 has been completed and is in delivery since March. Work is continuing on Release 4.4. The focus of further development is in the areas of stock management, logistics and procurement. An additional emphasis is being placed on the integration of the new SoftM accounting software with Semiramis.

The newly developed accounting product, also in the programming language Java, which is based on the java development platform of our partner Bison and the latest state of the art SOA-technology, was presented as a prototype version at the CeBIT IT Trade Fair in March 2007 and prepared for first deployments, which take place in the third quarter of 2007. General market introduction is planned for in the fourth quarter.

In regards to the ERP-product SoftM Suite, which is positioned in the market for the IBM i5/OS server platform, work is continuing on the new Release 3.0. The focal point here are the new functions for the areas production, monitoring and reporting. Additional focal points are ergonomic improvements, as well as additional browser-based functions.

For the Schilling Accounting System new functions among others for the Single euro Payments Area (SEPA) were prepared. In the area of human resources (HR) a new formula generator for payroll accounting was developed.

For DKS Financial Accounting various detail functions have been newly developed or optimized, among others the summarizing of reports and automatic booking of bank statements (ABB). The Asset Accounting system ABH has been enhanced according to the IFRS standard.

The focus of development for the document management system InfoStore was the integration of the central client applications into the new Microsoft operating system Windows Vista, support for single sign-on, the deployment of new archiving options and the integration of new cryptography mechanisms.

INVESTMENTS

Investments in the first six months of 2007 came to 2.1 million euro (previous year 1.5), of which 1.6 million euro (previous year 1.3) were booked in capitalized investments as well as 0.5 million euro (previous year 0.2) in investments booked in other assets.

PERSONNEL

The number of staff as of June 30, 2007 was 479 as compared to 462 in the previous year. At the end of 2006 the SoftM Group employed a staff of 505.

ADDITIONAL INFORMATION

The previous Chairman of the Board of Management, Dr Hannes Merten, left his position at the conclusion of the Annual General Meeting on June 15, 2007. Franz Wiesholler, previously Director of consulting and services, was appointed as his successor. Dr. Hannes Merten was elected to the Supervisory Board and then elected Chairman by the Board.

At the end of June 2007 the Management Board decided to sell the holdings of 60% in SoftM Software und Beratung GmbH, Waiblingen near Stuttgart held by SoftM AG to Hansfrieder Weber, minority shareholder and managing director. The contracts for the sale have in the meantime been completed and the transfer of the shares has been executed. The company is thereby no longer a part of the SoftM Group and will in the future operate under a new name. The consolidation ended as of June 30, 2007. The company will continue to work together with SoftM and be an important sales partner for the product lines SoftM Suite, Semiramis and the new accounting solutions.

176,011 SoftM own shares were held by the Group as of June 30, 2007.

SHARE DEVELOPMENT

At the end of the second quarter on June 30, 2007, SoftM shares were quoted at 4.57 euro compared to 4.67 euro on March 31, 2007 and 5.20 euro on Dec. 31, 2006.

RISK REPORT

The estimate of the corporate risk has not changed since the Annual Report for 2006.

OUTLOOK

An increase in revenues for standard software products is expected in 2007. The product Semiramis is expected to experience a strong increase in demand, especially in the fourth quarter of 2007.

As was already announced in the Outlook in the Management Board Report Financial Statement in 2006, the Management Board is expecting, due to the substantial decrease in revenues in the system integration unit, a substantial decline for the Group as a whole (previous year 83.0 million euro).

SoftM, however, expects EBT to improve significantly compared to 2006 (previous year 0.1 million euro). The decline of revenues in system integration and higher expedencies for the new Java product lines can be compensated for by increasing revenues with software and the revenues from the sale of the stake in SoftM Stuttgart. By 2008 the new java-based products for ERP and accounting together with the new indirect marketing channels will lead to a significant increase in sales and earnings.

RESPONSIBILITY STATEMENT

To the best of our knowledge the interim financial statement gives a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim management report of the group includes a fair review of the group's development and performance of its position, together with a description of the principal opportunities and risks associated with the expected development of the group in the remaining months of the financial year, in accordance with proper accounting principles of interim consolidated reporting.

Munich, August 2007

The Management Board:

Franz Wiesholler, Chairman

Ludwig Ametsbichler, Finance and Controlling

Ralf Gärtner, Marketing

Christian Groth, Development

Group Balance Sheet

	6-months report January 01, – June 30, 2007 €	Annual report January 01, – December 31, 2006 €
Assets		
Short-term assets		
Cash and cash equivalents	1,511,185.68	843,977.69
Accounts receivable from sales and services	9,316,650.25	19,031,680.31
Accounts receivable from related parties	256,199.15	181,641.30
Inventories	951,626.19	965,570.58
Other assets	2,020,253.86	2,179,350.17
Accrued and deferred items	306,667.24	394,664.75
Short-term assets, total	14,362,582.37	23,596,884.80
Intangible assets acquired through payment	5,875,267.61	6,729,518.05
Capitalized development costs and capitalized cost of self-constructed assets	5,052,000.00	4,130,000.00
Property plant and equipment	1,472,874.63	1,376,012.32
Financial assets	203,156.23	203,156.23
Goodwill	11,040,800.00	11,040,800.00
Deferred taxes	1,537,393.00	569,774.00
Long-term assets, total	25,181,491.47	24,049,260.60
Total assets	39,544,073.84	47,646,145.40
Liabilities		
Short-term liabilities		
Short-term loans and short-term participation on long-term loans	2,443,052.77	10,336,169.18
Liabilities from sales and services	1,999,520.03	4,107,790.71
Advanced payments received	46,004.65	199,567.54
Accrued expenses	5,341,746.16	7,030,400.59
Deferred items	6,070,330.34	55,329.48
Accruals on income tax	264,716.87	198,196.53
Other short-term liabilities	1,085,783.41	1,595,763.04
Liabilities toward related parties	157,437.44	81,261.00
Short-term liabilities, total	17,408,591.67	23,604,478.07
Long-term participation of liabilities	3,750,000.00	3,811,355.01
Deferred taxes	2,055,057.00	2,449,473.00
Long-term liabilities, total	5,805,057.00	6,260,828.01
Minority interest	129,405.73	140,015.01
Equity capital		
Share capital	4,980,000.00	4,980,000.00
Capital surplus	11,629,933.37	11,629,933.37
Earned surplus	1,142,802.78	2,568,961.81
Adjustment item from currency conversion	-31,314.39	-17,668.55
Own shares not designated for redemption	-1,520,402.32	-1,520,402.32
Equity capital, total	16,201,019.44	17,640,824.31
Liabilities, total	39,544,073.84	47,646,145.40

Income Statement

	Quarterly report II/2007 April 01, 2007 – June 30, 2007 €	Quarterly report II/2006 April 01, 2006 – June 30, 2006 €	6-months report January 01, 2007 – June 30, 2007 €	6-months report January 01, 2006 – June 30, 2006 €
Revenues	14,526,653.48	17,455,136.90	28,289,406.12	35,251,470.28
Other operating income	518,721.26	46,040.32	1,153,413.79	381,606.12
Changes in inventory – finished goods and work in progress	-7,937.16	4,053.74	24,637.41	54,130.24
Other capitalized self-constructed assets)	757,000.00	619,000.00	1,584,000.00	1,265,000.00
Costs for purchased materials and services	-5,351,153.82	-7,602,305.40	-10,029,409.20	-15,602,365.23
Personnel costs	-7,588,941.50	-7,104,116.11	-15,299,790.01	-14,072,161.20
Depreciation and amortization of fixed and intangible assets	-946,561.61	-1,155,816.23	-1,891,344.93	-2,300,452.79
Other operating expenses	-3,029,253.07	-2,636,066.79	-5,939,220.62	-6,103,380.54
Other taxes	-6,258.69	-897.57	-12,123.39	-13,439.77
Depreciation of current assets	0.00	0.00	0.00	0.00
Operating result	-1,127,731.11	-374,971.14	-2,120,430.83	-1,139,592.89
Interest income and expense	-104,274.51	28,284.71	-195,021.36	72,511.88
Income from investment and participation	0.00	0.00	0.00	0.00
Income/expenses from related parties	0.00	0.00	0.00	0.00
Foreign currency exchange profits/losses	0.00	0.00	0.00	0.00
Other income/expenses	0.00	0.00	0.00	0.00
Result before income taxes (and minority interest)	-1,232,005.62	-346,686.43	-2,315,452.19	-1,067,081.01
Taxes from income and revenues	832,268.87	102,583.18	1,202,083.25	425,757.57
Extraordinary income / expenditures	0.00	0.00	0.00	0.00
Result before minority interest	-399,736.75	-244,103.25	-1,113,368.94	-641,323.44
Minority interest	-7,671.88	39,332.68	-72,590.73	8,620.53
Net income / loss	-407,408.63	-204,770.57	-1,185,959.67	-632,702.91
Net income per share	-0.0848	-0.0417	-0.2469	-0.1287
Weighted average shares outstanding	4,803,989	4,914,407	4,803,989	4,914,407

Cash Flow

	Half Year Report January 01, 2007 – June 30, 2007 K€	Half Year Report January 01, 2006 – June 30, 2006 K€
Group net income/loss	-1,186	-633
Minority interest	73	-9
Consolidated net income/loss incl. minority interest	-1,113	-641
Depreciations (+) / Value adjustments (-) on fixed assets	1,891	2,300
Additions(+) / subtractions(-) of provisions	-2,017	-1,509
Profit (-) / loss (+) from disposal of long term assets	-1	-11
Addition (-) / subtraction (+) of inventories, accounts receivable as well as other assets, which are not attributable to investment or financing	8,934	1,333
Addition (-) / subtraction (+) of inventories, accounts receivable as well as other liabilities, which are not attributable to investment or financing	3,319	1,700
Other expenditures not affecting payments	-14	-1
Net cash provided by operating activities (operating cash flow)	10,999	3,171
Payments (+) from divestiture of tangible fixed assets	1	12
Payments (-) for investment in tangible fixed assets	-478	-244
Payments (-) for investment in intangible fixed assets	-1,589	-1,285
Payments (-) for investments in financial assets	0	0
Payments (+) from disposal of financial assets	0	13
Payments (-) from acquisition of consolidated companies and other business units	0	0
Cash in-flow (+) / cash out-flow(-) from investment activities	-2,066	-1,504
Receipts(+) from new equity allocation (increase of share capital, sale of own shares)	0	0
Payments (-) in-company and minority shareholders (dividends, acquisition of own shares, redemption of own shares, other pay outs)	-323	-600
Payments (+) from loan refunds	0	0
Payments(+) from loan acceptance	0	0
Payments (-) for loan redemption	-7,954	-1,148
Cash in-flow (+) / cash out-flow(-) from investment activity	-8,277	-1,748
Outflow of funds from normal business activity, investments and financing activities on balance	656	-81
Exchange rate-, consolidated companies- and valuation changes of funds	11	0
Funds at the beginning of period	844	4,362
Cash and cash equivalent at the end of period	1,511	4,281
Included stocks and securities securities (-)	-31	-1,033
Short-term obligations to banks (+)	0	0
Liquid assets per balance sheet	1,480	3,248

Capital and Reserves Development

	Half Year Report January 01, 2007 – June 30, 2007 €	Half Year Report January 01, 2006 – June 30, 2006 €
Share capital		
Balance at the beginning of period	4,980,000.00	4,980,000.00
Increase	0.00	0.00
Decrease	0.00	0.00
Share capital, total	4,980,000.00	4,980,000.00
Capital reserves		
Balance at the beginning of period	11,629,933.37	11,629,933.37
Increase	0.00	0.00
Decrease	0.00	0.00
Capital reserves, total	11,629,933.37	11,629,933.37
Earned Group equity		
Balance at the beginning of period	2,568,961.81	2,927,265.61
Exchange rate deviations	0.00	0.00
Current result	-1,185,959.67	-632,702.91
Profit distribution	-240,199.36	-393,152.05
Other changes	0.00	-3,606.59
Group earned own equity, total	1,142,802.78	1,897,804.06
Adjustment for foreign currency conversion		
Balance at the beginning of period	-17,668.55	-529.92
Increase	0.00	0.00
Decrease	-13,645.84	-2,663.95
Adjustment for foreign currency conversion, total	-31,314.39	-3,193.87
Own shares not designated for redemption		
Balance at the beginning of period	-1,520,402.32	-898,624.10
Increase	0.00	0.00
Decrease	0.00	0.00
Own shares not designated for redemption, total	-1,520,402.32	-898,624.10
Capital and reserves, total	16,201,019.44	17,605,919.46

SoftM in figures

SoftM Group (in million €)	January 01, 2007 – June 30, 2007	January 01, 2006 – June 30, 2006
Sales	28.3	35.3
Sales by business unit		
Standard Software	9.1	8.4
Consulting	9.6	9.8
System Integration	9.6	17.1
Earnings before interest, taxes, depreciation and amortization (EBITDA)	-0.2	1.2
EBIT	-2.1	-1.1
Result from common activities (EBT)	-2.3	-1.1
Net income	-1.2	-0.6
Result acc. to DVFA/SG	-1.2	-0.6
Result per share acc. to DVFA/SG (in €)	-0.25	-0.13
Employees (End of period)	479	462



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