



SoftM

2007

3RD QUARTER GROUP REPORT
SEPTEMBER 30, 2007

- Nine-month revenues of 40.3 million Euro (previous year 54.4)
- Software revenues increase to 13.9 million Euro (previous year 12.5)
- EBIT of -0.9 million Euro (previous year -0.8)
- Net income of 0.1 million Euro (previous year -0.3)
- Cash flow of 11.3 million Euro (previous year 3.9)

SoftM Software und Beratung AG

GROUP REPORT AS OF SEPTEMBER 30, 2006 IN ACCORDANCE WITH IFRS/IAS 34 (NOT AUDITED)

Revenues for the SoftM group in the first nine months of 2007 declined to 40.3 million Euro (previous year 54.4). This development is due to deconsolidation of the SoftM Software und Beratung GmbH, Waiblingen/Stuttgart, as well as the restructuring and personnel changes in the system integration business unit. The EBIT after nine months was -0.9 million Euro (prev. year -0.8), the annual surplus was at 0.1 Mio. Euro (prev. year -0.3). The result was, on the one hand, influenced by the revenue decline and high costs for the new Java product lines, and, on the other hand, by the special item, the sale of a company interest.

Traditionally, revenues and result at SoftM are, as generally in the IT industry, strongest in the fourth quarter.

STANDARD SOFTWARE

Revenues in the standard software business unit – licensing and maintenance fees – were 13.9 million Euro (previous year 12.5) after nine months, showing an 11 percent increase over the previous year; after six months the increase was 9 percent. In the third quarter the positive trend in this business unit continued. Software income in the third quarter amounted to 4.8 million Euro (previous year 4.1). In particular the Java-based ERP II software Semiramis contributed strongly to this increase.

CONSULTING

SoftM achieved revenues of 12.9 million Euro (previous year 14.2) in the consulting sector, that is the full spectrum of services pertaining to standard software. This decline can be prima-

rily explained by the deconsolidation of former SoftM Stuttgart, as of June 1. in 2007. In the third quarter the consulting revenues were at 3.3 million Euro (previous year 4.4). This is about the same amount as in the previous year without the revenues from the deconsolidated company.

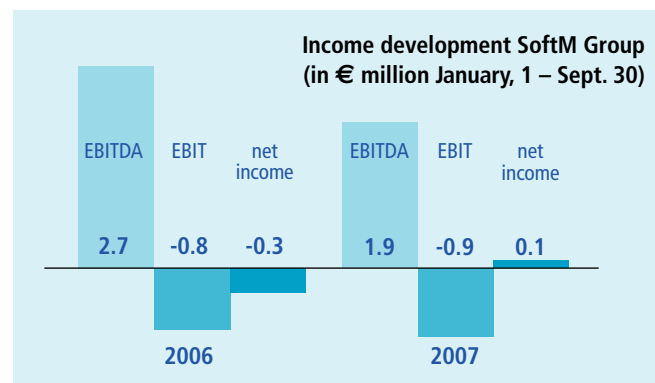
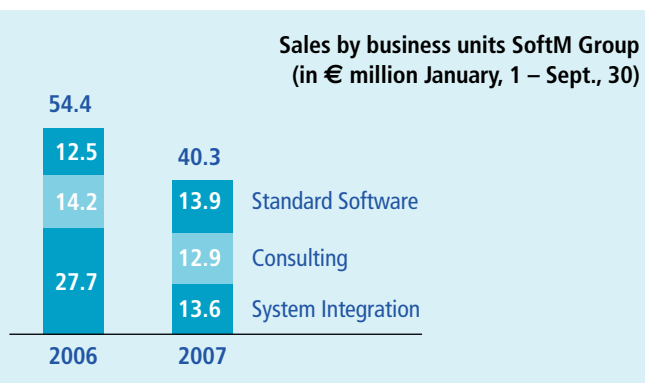
SYSTEM INTEGRATION

The business unit system-integration – products and services for IT-infrastructure – booked revenues in the third quarter of 4.0 million Euro (previous year 10.6) and for nine months of 13.6 million Euro (previous year 27.7). The main reason for the clear decline, that was already referred to in the 2006 annual report outlook and in the preliminary reports 2007, was personnel changes which directly effected revenues, as well as the general weakness of the IBM platform iSeries/System i market. The newly engaged management of this business unit has executed a strategic reorientation and recruited new personnel: The unit now has placed an emphasis on complete solutions. This has laid the foundation for future growth in this business unit.

RESULT

SoftM achieved an operating result before interest, taxes, depreciation and amortization (EBITDA) of 1.9 million Euro (previous year 2.7) for the first nine months. In the third quarter the EBITDA was 2.1 million Euro (previous year 1.6).

The result before interest and taxes (EBIT) after nine months was at -0.9 million Euro (previous year -0.8) and at 1.2 million (previous year 0.4) in the third quarter.



The annual surplus after nine months amounted to 0.1 million Euro (previous year -0.3). The annual surplus per share was at 0.02 Euro (previous year -0.07) at Sept. 30, 2007.

From the sales of business interests amounting to 2.5 million Euro, 2.3 Euro have already been paid in cash in the third quarter. Further 0.2 million are due to be paid in the fourth quarter.

Operating cash flow from current common business activities for the nine month period amounted to 11.3 million Euro (previous year 3.9). Group funds as of September 30, 2006 amounted to 1.7 million Euro (previous year 3.0).

The result was influenced by the revenue decline as well as by increased expenditure for the new Java product line. The income from the sales of former SoftM Stuttgart has been entered as a special item.

CONSOLIDATED GROUP

The consolidated group has been expanded by the addition of the SoftM Semiramis GmbH & Co. when compared to the previous year. As of July 1, 2007 the former SoftM Software und Beratung GmbH, Waiblingen Stuttgart is no longer a part of the consolidated group.

d.velop (Switzerland) has been added as an affiliated company.

Result from equity-investment will be disregarded during the period in the profit and loss accounting statement.

ACCOUNTING AND VALUATION

This interim report has applied the same accounting and valuation methods as were used in the compilation of the annual report for the year 2006.

Because of the corporate tax change that will be applied in 2008, the latent tax liabilities were already valued at the new tax rate.

INCOMING ORDERS – STANDARD SOFTWARE

New orders for software licensing were booked to the amount of 3.8 million Euro in the first nine months of 2007. Thereby increasing the amount of incoming orders for software by 9% over the previous year (previous year 3.5).

RESEARCH AND DEVELOPMENT

A strong focus of activities in research and development has been on research and further development of the new Java-based software products. Concerning the ERP II software Semiramis, Release 4.3 was completed and has been in distribution since March. Release 4.4 is in development. Focal points of further development are the sectors warehouse logistics and purchasing. An additional focus is the integration of the new SoftM accounting software.

The new accounting product that has also been developed in the programming language Java and is based on the development platform of the Bison partners and modern SOA technology has been prepared for first pilot application as well as general market introduction.

The product has been presented to the public under the name SharkNex and has been released for distribution. Marketing is being executed directly, as well as indirectly by sales partners.

The work on the new Release 3.0, a SoftM Suite ERP product, that is being positioned for the server platform IBM i5/OS continued. New functions for the sectors of production, controlling and reporting play a main role here. User interface improvements as well as additional browser based functions are other focal points. SoftM Suite 3.0 was released for distribution in October 2007.

The allocation of new functionalities for SEPA (Single Euro Payments Area) was prepared for Schilling accountancy. In the area of human resources software, TOPAS a new formula generator for payroll accounting is being developed.

Numerous elements for the finance accounting system DKS have been improved, for example the simplification of balance processing. The asset accounting system ABH has been expanded in accordance with IFRS standard.

Focal points of further development in the document management software InfoStore were new functions for the digital signature, the SingleSignOn support, as well as the development and certification of "read-only" storage options as well as the integration of cryptography mechanisms.

INVESTMENTS

Investments in the first nine months of 2007 amounted to 3.0 million Euro (previous year 2.9). Of this amount, 2.4 million Euro (previous year 2.0) were related to capitalized development performance, as well as 0.6 million Euro (previous year 0.9) for other fixed assets.

EMPLOYEES

The number of employees at the SoftM Group was 418 as of September 30, 2007 as compared to 462 as of the end of the third quarter of the previous year. The SoftM Group employed a staff of 505 at the end of 2006. The reduction is owed to mainly to the deconsolidation of former SoftM Stuttgart.

ADDITIONAL INFORMATION

The previous CEO, 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.

According to the resolution of the General Annual Meeting 2007 dividends of 240,199.36 Euro have been paid for the year 2006.

SoftM has received the approval of the bankruptcy trustee for the complete Semiramis business of the KTW Software & Consulting GmbH, Kirchbichl, Tyrol/Austria that was in bankruptcy proceedings. SoftM will establish a company at the existing headquarters in Kirchbichl and intends to keep an appreciable number of employees. KTW was an important distribution partner for the SoftM product Semiramis with over 50 customer installations.

As of Sept. 30, 2007, the Group has in its possession 176,011 own shares.

SHARES

At the end of the third quarter, on Sept. 28 2007, SoftM shares were quoted at 4.09 Euro as opposed to 4.57 Euro as of June 30, 2006 and 5.20 Euro on December 31, 2005.

PROSPECTS AND RISK REPORTS

Prospect and risks are depicted in detail in the Annual Report 2006 and have not changed.

OUTLOOK

As already depicted in the Outlook of the Annual Report 2006 and the interim reports in 2007, the Board is expecting, due to the considerable revenue decrease in the system integration business unit and the consolidation of SoftM Stuttgart, a significant decrease in revenues for the Group as a whole in 2007 (previous year 83.0 million euro). Revenues for the standard software products, however, are expected to increase significantly, especially those of the Semiramis product.

Due to lower revenues SoftM now is expecting an EBT in the range of the previous year (previous year 0.1 million Euro) as the result in business year 2007. Starting in 2008, the new Java based products for ERP and accounting, as well as the realignment in the system integration unit will lead to a considerable improvement in both revenues and result.

SoftM Software und Beratung AG
Munich, November, 2007

The Management Board

Franz Wiesholler, CEO
Ludwig Ametsbichler, Finance and Controlling
Ralf Gärtner, Marketing
Christian Groth, Development

Group Balance Sheet

	9-months report January 01, 2007 – September 30, 2007 €	Annual report January 01, 2006 – December 31, 2006 €
Assets		
Short-term assets		
Cash and cash equivalents	1,699,920.08	843,977.69
Accounts receivable from sales and services	7,198,104.44	19,031,680.31
Accounts receivable from related parties	261,747.97	181,641.30
Inventories	641,754.72	965,570.58
Other assets	1,174,515.26	2,179,350.17
Accrued and deferred items	352,632.71	394,664.75
Short-term assets, total	11,328,675.18	23,596,884.80
Long-term assets		
Intangible assets acquired through payment	5,445,514.22	6,729,518.05
Capitalized development costs and capitalized cost of self-constructed assets	5,510,000.00	4,130,000.00
Property plant and equipment	1,321,560.85	1,376,012.32
Financial assets	232,943.46	203,156.23
Goodwill	11,040,800.00	11,040,800.00
Deferred taxes	1,919,936.68	569,774.00
Long-term assets, total	25,537,710.32	24,049,260.60
Total assets	36,799,430.39	47,646,145.40
Liabilities		
Short-term liabilities		
Short-term loans and short-term participation on long-term loans	994,172.70	10,336,169.18
Liabilities from sales and services	2,120,543.01	4,107,790.71
Advanced payments received	49,520.41	199,567.54
Accrued expenses	5,308,188.31	7,030,400.59
Deferred items	3,210,633.56	55,329.48
Accruals on income tax	125,772.46	198,196.53
Other short-term liabilities	1,343,559.53	1,595,763.04
Liabilities toward related parties	106,950.29	81,261.00
Short-term liabilities, total	13,259,340.27	23,604,478.07
Long-term liabilities		
Long-term participation of liabilities	3,750,000.00	3,811,355.01
Deferred taxes	2,234,285.98	2,449,473.00
Long-term liabilities, total	5,984,285.98	6,260,828.01
Minority interest	31,019.91	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	2,441,004.37	2,568,961.81
Adjustment item from currency conversion	-5,751.19	-17,668.55
Own shares not designated for redemption	-1,520,402.32	-1,520,402.32
Equity capital, total	17,524,784.23	17,640,824.31
Liabilities, total	36,799,430.39	47,646,145.40

Income Statement

	Quarterly report III/2007 July 01, 2007 – September 30, 2007 €	Quarterly report III/2006 July 01, 2006 – September 30, 2006 €	9-month report January 01, 2007 – September 30, 2007 €	9-month report January 01, 2006 – September 30, 2006 €
Revenues	12,044,631.97	19,116,752.35	40,334,038.09	54,368,222.63
Other operating income	2,515,586.01	264,946.45	3,430,174.34	646,552.57
Changes in inventory – finished goods and work in progress	2,775.21	148,874.66	27,412.62	203,004.90
Other capitalized self-constructed assets)	789,000.00	696,000.00	2,373,000.00	1,961,000.00
Costs for purchased materials and services	-4,212,807.28	-9,436,213.49	-14,242,216.48	-25,038,578.72
Personnel costs	- 6,330,090.39	-6,591,855.24	-21,391,054.94	-20,664,016.44
Depreciation and amortization of fixed and intangible assets	- 911,748.28	-1,207,995.82	-2,803,093.21	-3,508,448.61
Other operating expenses	- 2,665,340.16	-2,605,984.48	-8,604,560.78	-8,709,365.02
Other taxes	-3,746.57	-4,233.82	-15,869.96	-17,673.59
Operating result	1,228,260.51	380,290.61	-892,170.32	-759,302.28
Interest income and expense	- 84,481.56	23,461.49	-279,502.92	95,973.35
Income from investment and participation	0.00	0.00	0.00	0.04
Income/expenses from related parties	0.00	0.00	0.00	-0.02
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)	1,143,778.95	403,752.10	-1,171,673.24	-663,328.91
Taxes from income and revenues	160,468.60	-59,672.08	1,362,551.85	366,085.49
Extraordinary income / expenditures	0.00	0.00	0.00	0.00
Result before minority interest	1,304,247.55	344,080.02	190,878.61	-297,243.42
Minority interest	- 6,512.48	-48,894.76	-79,103.21	-40,274.23
Net income / loss	1,297,735.07	295,185.26	111,775.40	-337,517.65
Net income per share	0.2701	0.0604	0.0233	-0.0688
Weighted average shares outstanding	4,803,989	4,888,729	4,803,989	4,905,848

Cash Flow

	9-month report January 01, 2007 – September 30, 2007 k€	Annual report January 01, 2006 – December 31, 2006 k€
Group net income/loss	112	-338
Minority interest	79	40
Consolidated net income/loss incl. minority interest	191	-297
Depreciations (+) /Value adjustments (-) on fixed assets	2,803	3,508
Additions(+) / subtractions(-) of provisions	-1,586	-1,246
Profit (-) / loss (+) from disposal of long term assets	-2,404	-20
Addition (-) / subtraction (+) of inventories, accounts receivable as well as other assets, which are not attributable to investment or financing	11,317	2,974
Addition (-) / subtraction (+) of inventories, accounts receivable as well as other liabilities, which are not attributable to investment or financing	941	-1,009
Other expenditures not affecting payments	12	8
Net cash provided by operating activities (operating cash flow)	11,247	3,918
Payments (+) from divestiture of tangible fixed assets	11	28
Payments (-) for investment in tangible fixed assets	-591	-898
Payments for investment in intangible fixed assets	-2,384	-1,985
Payments (-) for investment in intangible fixed assets	0	0
Payments (-) for investments in financial assets	0	13
Payments for the acquisition of affiliated companies and other business units	-30	0
Receipts from sale of consolidated companies	2,300	0
Cash in-flow (+) / cash out-flow(-) from investment activities	-694	-2,842
Receipts(+) from new equity allocation (increase of share capital, sale of own shares)	0	-314
Payments (-) in-company and minority shareholders (dividends, acquisition of own shares, redemption of own shares, other pay outs	-323	-614
Payments (+) from loan refunds	0	0
Payments(+) from loan acceptance	0	0
Payments (-) for loan redemption	-9,403	-1,475
Cash in-flow (+) / cash out-flow(-) from investment activity	-9,726	-2,403
Outflow of funds from normal business activity, investments and financing activities on balance	854	-1,327
Exchange rate-, consolidated companies- and valuation changes of funds	2	1
Funds at the beginning of period	844	4,362
Cash and cash equivalent at the end of period	1,700	3,036
Included stocks and securities securities (-)	-31	-1,033
Short-term obligations to banks (+)	0	0
Liquid assets per balance sheet	1,669	2,003

Capital and Reserves Development

	9-month report January 01, 2007 – September 30, 2007 €	Annual report January 01, 2006 – December 31, 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	466.52	0.00
Current result	111,775.40	-337,517.65
Profit distribution	-240,199.36	-393,152.05
Other changes	0.00	-3,606.59
Group earned own equity, total	2,441,004.37	2,192,989.32
Adjustment for foreign currency conversion		
Balance at the beginning of period	-17,668.55	-529.92
Increase	11,917.36	6,427.71
Decrease	0.00	0.00
Adjustment for foreign currency conversion, total	-5,751.19	5,897.79
Own shares not designated for redemption		
Balance at the beginning of period	-1,520,402.32	-898,624.10
Increase	0.00	-313,723.99
Decrease	0.00	0.00
Own shares not designated for redemption, total	- 1,520,402.32	-1,212,348.09
Capital and reserves, total	17,524,784.23	17,596,472.39

SoftM in Figures

SoftM Group (in Mio. €)	January 01, 2007 – September 30, 2007	January 01, 2006 – September 30, 2006
Sales	40.3	54.4
Sales by business unit		
Standard Software	13.9	12.5
Consulting	12.9	14.2
System Integration	13.6	27.7
Earnings before interest, taxes, depreciation and amortization (EBITDA)	1.9	2.7
EBIT	-0.9	-0.8
Result from common activities (EBT)	-1.2	-0.7
Net income	0.1	-0.3
Result acc. to DVFA/SG	0.1	-0.3
Result per share acc. to DVFA/SG (in €)	0.02	-0.07
Employees (End of period)	418	462



SoftM Software und Beratung AG

Messerschmittstr. 4 · D-80992 Munich

Phone +49(89)-14 329-0 · Telefax +49(89)-14 329-1114

ir@softm.com · www.softm.com