



**SoftM**

2008

FIRST QUARTER GROUP REPORT  
AS OF MARCH 31, 2008

- EBITDA increases to 0.7 Million Euro (previous year -0.3)
- EBIT increases to 0.0 Million Euro (previous year -1.2)
- Group Revenues of 12.2 Million Euro (previous year 13.8)
- Software Revenues increase to 4.9 Million Euro (previous year 4.6)
- Per-capita revenue in the consulting sector increases by over 10 %

# SoftM Software und Beratung AG

GROUP REPORT AS OF MARCH 31, 2008 IN ACCORDANCE WITH IFRS/IAS

The strategic course undertaken by SoftM in the year 2007 had positive results in the first months of the new business year. Especially the new Java strategy and the indirect distribution contributed to the improvement. SoftM could significantly improve results in the first quarter of 2008: Earnings before interests and taxes increased by 1.2 million euro to 0.0 million euro (previous year 1.2). Revenues in the standard software department increased by 7% to 4.9 Million euro (prev. year 4.6). In the consulting branch revenues were maintained at 4.8 million euro (prev. year 4.8) despite the deconsolidation of a subsidiary; the per-capita revenue in this department increased by over 10%. In the system integration business unit a decline of 2.5 million (prev. year 4.4), caused primarily by personnel departure in Q1/2007 as well as purchase restraint in the run-up of an IBM product announcement, was posted. Because of this decline revenue fell to 12.2 Million Euro (prev. year 13.8) in the first quarter of 2008.

The quarterly report has not been audited.

## STANDARD SOFTWARE

The standard software sector – incorporating licensing and service fees – was able to generate growth of 7% to 4.9 million Euro (previous year 4.6) compared to the previous year. This development can be traced back to the new Java based ERP II platform Semiramis while business focused on the new IBM system i platform remained stable.

## CONSULTING

In the consulting business unit – service and consulting for the introduction and support of standard software – revenues reached 4.8 Milli-

on Euro (prev. year 4.8) an increase of 7% compared to the previous year. The level of the previous year could be maintained despite the strong personnel departure resulting from the deconsolidation of an associated company in the middle of 2007. The new founded SoftM Solutions in Austria contributed positively to the consulting business. The per-capita revenue in the consulting department has increased by 10% compared to last year's quarter.

## SYSTEM INTEGRATION

The business unit system integration revenues – product and services for IT infrastructure – were at 2.5 million euro (previous year 4.4). On the one hand, personnel departures that took place in previous year's quarter took its toll. On the other hand, an important technology announcement at the beginning of April 2008 for the model series System i, the main revenue source in this sector, led to purchase restraint of customers in the run-up to the announcements.

## RESULT

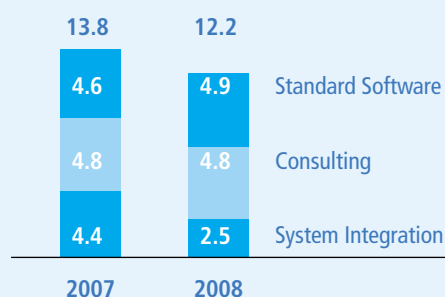
In the first three months SoftM realized an operating result before taxes, interest and depreciations (EBITDA) of 0.7 Million Euro (previous year -0.3). EBIT was at 0.0 million euro (previous year -1.2). The result of normal business activities EBT in the first quarter was -0.1 million Euro (previous year -1.3).

The quarterly result after taxes came to -0.2 million Euro (previous year -0.9). Result per share amounted to -0.05 (previous year -0.19).

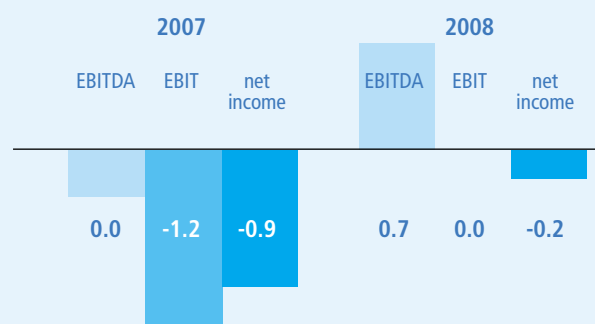
SoftM was able to, therefore, realize a good result in the first quarter which is traditionally weak in the It industry.

SoftM showed an operating cash flow from normal business activities in the first quarter of 10.7 million euro (previous year 13.5).

Sales by business units SoftM Group  
(in € million January, 1 – March, 31)



Income development SoftM Group  
(in € million January, 1 – March, 31)



Corporate funds at the end of the first quarter, March 31, 2007, were 4.2 million euro (previous year 9.3).

For redemption of loans 6.3 million euro (previous year 9.3) has already been appropriated from corporate funds.

#### BASIS OF CONSOLIDATION

SoftM Software und Beratung, Waiblingen has left the consolidated Group compared to last year.

The SoftM Solutions GmbH in Kirchbichl/Austria has been added.

#### ACCOUNTING AND VALUATION

In the report at hand the same accounting and valuation methods have been employed as in the Group Report for the year 2007.

Results from equity shares will not be accounted for in the profit and loss statement during the period.

Last year's figures for capitalized development have been correspondingly adjusted to the financial accounting in the Group Accounts in the form of a back posting for Q1/2007 (old: 0.8 million euro; new: 0.6 million euro). Last year's results and taxes have changed accordingly.

#### INCOMING ORDERS

Incoming orders for software licensing came to 1.0 million (previous year 1.0 million euro) in the first quarter of 2008. Ten new customers could be obtained for the Semiramis product in the first quarter.

#### RESEARCH AND DEVELOPMENT

Focus of activity in the research and marketing sector remains the development, or respectively, the continuing development of new java-based product lines Semiramis and SharkNex. At the end of the first quarter of 2008 the new Semiramis Release 4.4 was released. The focus of development was the warehouse logistics sector and purchasing, as well as in the integration of the new Java based SoftM Accounting System. Further, the ERPII solution Semiramis was enhanced by new Frameworks for the quality management sector, customs as well as export and Business Process Management (BPM). Within the framework of the internationalization, a Czech and Polish language version have been implemented.

During the development of the new Java based accounting, SharkNex, based on the Java development environment of an external development partner, the product was prepared for general market introduction. The new software for finance and asset accounting, controlling and business intelligence has been tested since fall last year in internal pilot schemes. External pilot projects have been started in the first quarter.

The development of Release 3.5 of ERP-product SoftM Suite, which is positioned for the IBM i server system and addresses the retail and food & beverage industry, has begun. The new Release 2.08 of the Schilling Accounting System that among others contains functions for SEPA (European money transfers) was completed in the first quarter and prepared for distribution release at the end of April. A new Release has been cleared for the personnel software TOPAS.

#### INVESTMENTS

Investment in the first three months of 2008 came to 0.8 million euro (previous year 0.9), of which 0.7 million euro (previous year 0.6) were booked in capitalized development, as well as 0.1 million Euro (previous year 0.3) booked in other assets.

#### PERSONNEL

The number of staff as of March 31, 2008 was 441 as compared to 496 in the previous year. At the end of 2007, the staff was 446.

#### ADDITIONAL INFORMATION

As of March 31, 2008 the company held 176, 011 own shares.

#### SHARE DEVELOPMENT

As of March 31, 2008 SoftM shares were quoted at 3.56 Euro, which represented a slight decline compared to the 2007 year's end quotation of 3.76 Euro per share.

#### RISK REPORT

Opportunity and risks are displayed in detail in the Group Annual Report 2007 and have not changed.

#### OUTLOOK

The Management Board regards the outlook given in the 2007 Group Annual Report as confirmed and assumes that the strategic measures introduced last year, the renewed portfolio, as well as the additional indirect sales channel led to an increase in efficiency in business year 2008. For the current year SoftM, predicts a moderate increase in Group revenues compared to the previous year. EBIT is expected to improve and show a significantly positive result.

SoftM Software und Beratung AG  
Munich, May 2008

The Management Board

# Group Balance Sheet

	Quarterly report I/2008 January 01, 2008 – March 31, 2008 €	Annual report January 01, 2007 – December 31, 2007 €
<b>Assets</b>		
<b>Short-term assets</b>		
Cash and cash equivalents	4,193,379.06	606,980.24
Accounts receivable from sales and services	11,206,479.74	14,534,897.79
Inventories	472,635.22	326,615.57
Other receivables and assets	941,989.40	1,392,891.80
Accrued and deferred items	507,692.27	322,590.16
<b>Total short-term assets</b>	<b>17,322,175.69</b>	<b>17,197,108.56</b>
<b>Long-term assets</b>		
Intangible assets acquired through payment	4,658,930.42	5,067,609.69
Capital development costs	5,469,850.00	4,921,000.00
Fixed assets	1,064,240.47	1,111,632.02
Investments	82,035.26	82,035.26
Goodwill	10,340,800.00	10,340,800.00
Other receivables and assets	164,388.75	165,058.13
Deferred taxes	2,041,390.05	1,899,642.00
<b>Total long-term assets</b>	<b>23,821,634.95</b>	<b>23,587,777.10</b>
<b>Total assets</b>	<b>41,143,810.64</b>	<b>40,784,885.66</b>
<b>Liabilities</b>		
<b>Short-term liabilities</b>		
Short-term loans and short-term participation of long-term loans	1,607,161.40	7,941,743.55
Liabilities from sales and services	1,867,794.87	2,641,051.17
Received advanced payment	156,739.32	90,852.22
Accrued expenses	6,015,134.02	7,310,834.35
Deferred items	9,102,964.70	20,785.74
Accruals on income tax	170,256.98	148,446.60
Other short-term liabilities	1,188,111.65	1,611,622.16
<b>Total short-term liabilities</b>	<b>20,108,162.94</b>	<b>19,765,335.79</b>
<b>Long-term liabilities</b>		
Long-term participation of bank liabilities	2,500,000.00	2,500,000.00
Deferred tax liability	2,148,863.17	1,937,387.00
Pension accrual	40,903.34	40,903.34
<b>Total long-term liabilities</b>	<b>4,689,766.51</b>	<b>4,478,290.34</b>
Minority interest	31,533.19	17,708.85
<b>Equity capital</b>		
Subscribed capital	4,980,000.00	4,980,000.00
Capital surplus	11,068,684.25	11,068,684.25
Earned surplus	1,780,788.34	2,020,753.66
Reserve for foreign exchange difference	5,277.73	-25,484.91
Own shares not designated for redemption	-1,520,402.32	-1,520,402.32
<b>Total equity capital</b>	<b>16,314,348.00</b>	<b>16,523,550.68</b>
<b>Total liabilities</b>	<b>41,143,810.64</b>	<b>40,784,885.66</b>

# Income Statement

	Quarterly report I/2008 January 01, 2008 – March 31, 2008 €	Quarterly report I/2007 January 01, 2007 – March 31, 2007 €
Revenues	12,215,581.66	13,762,752.64
Other operating income	492,756.98	634,692.53
Changes in inventories of finished goods and work in progress	44,032.11	32,574.57
Production of own fixed assets capitalized	676,000.00	613,000.00
Cost for purchased materials and services	-3,465,111.58	-4,678,255.38
Personnel expenses	-6,938,774.66	-7,710,848.51
Amortisation (and impairment) of goodwill	-697,254.37	-944,783.32
Other operating expenses	-2,336,858.88	-2,909,967.55
Other taxes	-15,563.48	-5,864.70
Depreciation of current assets	0.00	0.00
<b>Operating result</b>	<b>-25,192.22</b>	<b>-1,206,699.72</b>
Interest income and expense	-69,547.33	-90,746.85
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
<b>Result before income taxes (and minority interest)</b>	<b>-94,739.55</b>	<b>-1,297,446.57</b>
Income tax	-131,401.44	454,772.39
Extraordinary income, expense	0.00	0.00
Result before minority interest	-226,140.99	-927,632.19
Minority interest	-13,824.33	-64,918.85
<b>Net income, loss</b>	<b>-239,965.32</b>	<b>-907,593.03</b>
Net income per share	-0.0500	-0.1889
Weighted average shares outstanding	4,803,989	4,803,989

# Cash flow

	Quarterly report I/2008 January 01, 2008 – March 31, 2008 K€	Quarterly report I/2007 January 01, 2007 – March 31, 2007 K€
Net profit/loss	-240	-908
Minority interest	14	65
<b>Consolidated net income/loss incl. minority interest in net income/loss</b>	<b>-226</b>	<b>-843</b>
Depreciation on long-term assets	697	945
Increase or reduction in provisions	-1,062	-813
Profit/loss from the disposal of long-term assets	-3	-1
Increase, decrease in inventories, receivables from goods and services as well as other assets which are not attributable to investment or financing	3,320	7,593
Increase, decrease in liabilities from goods and services as well as other liabilities which are not attributable to investment or financing	7,951	6,639
Other expenditures, not affecting payments	31	-12
<b>Net cash provided by operating activities (operating cash flow)</b>	<b>10,708</b>	<b>13,508</b>
Net cash inflow from asset disposal	18	1
Payments for investment fixed assets	-125	-265
Payments for investment intangible assets	-677	-616
Payments for investments (excl. development expenses)	0	0
Receipts due to investments within short term investment management framework	0	0
Payments for acquisitions of consolidated companies and other business units	0	0
<b>Cash Flow due to investment activity</b>	<b>-784</b>	<b>-880</b>
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	0
Net cash outflow from granted loans	0	0
Net cash inflow from raised loans	0	0
Net cash outflow for loan redemption	-6,335	-4,208
<b>Cash flow from financing activities</b>	<b>-6,335</b>	<b>-4,208</b>
<b>Net cash provided by common activities, investing and financing activities</b>	<b>3,589</b>	<b>8,420</b>
Exchange rate, consolidated companies and valuation changes of funds	-4	-3
Funds at the beginning of the period	607	844
<b>Cash and cash equivalents at end of period</b>	<b>4,192</b>	<b>9,261</b>

## *Capital and Reserves Development*

	Quarterly report I/2008 January 01, 2008 – March 31, 2008 €	Quarterly report I/2007 January 01, 2007 – March 31, 2007 €
<b>Share capital</b>		
Beginning of the period	4,980,000.00	4,980,000.00
Increase	0.00	0.00
Decrease	0.00	0.00
<b>Total share capital</b>	<b>4,980,000.00</b>	<b>4,980,000.00</b>
<b>Capital surplus</b>		
Beginning of the period	11,068,684.25	11,629,933.37
Increase	0.00	0.00
Decrease	0.00	0.00
<b>Total capital surplus</b>	<b>11,068,684.25</b>	<b>11,629,933.37</b>
<b>Group earned equity</b>		
Beginning of the period	2,020,753.66	2,568,961.81
Difference of exchange rate	0.00	0.00
Current result	-239,965.32	-907,593.04
Profit distributions	0.00	0.00
Other changes	0.00	0.00
<b>Total group earned equity</b>	<b>1,780,788.34</b>	<b>1,661,368.77</b>
<b>Adjustment for currency conversion</b>		
Beginning of the period	-25,484.91	-17,668.55
Increase	30,762.64	0.00
Decrease	0.00	-11,934.19
<b>Total adjustment for currency conversion</b>	<b>5,277.73</b>	<b>-29,602.74</b>
<b>Own shares not designated for redemption</b>		
Beginning of the period	-1,520,402.32	-1,520,402.32
Increase	0.00	0.00
Decrease	0.00	0.00
<b>Total own shares not designated for redemption</b>	<b>-1,520,402.32</b>	<b>-1,520,402.32</b>
<b>Capital and reserves total</b>	<b>16,314,348.00</b>	<b>16,721,297.08</b>

## SoftM in figures

SoftM Group (in Mio. €)	January 01, 2008 – March 31, 2008	January 01, 2007 – March 31, 2007
Sales	12.2	13.8
Sales by business unit		
Standard Software	4.9	4.6
Consulting	4.8	4.8
System Integration	2.5	4.4
Earnings before interest, taxes, depreciation and amortization (EBITDA)	0.7	-0.3
Earnings before interest and taxes (EBIT)	0.0	-1.2
Result from common activities (EBT)	-0.1	-1.3
Net income	-0.2	-0.9
Result per share acc. to DVFA/SG (in €)	-0.05	-0.19
Employees (End of period)	441	496



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