



**SoftM**

2008

2ND QUARTER GROUP REPORT  
JUNE 30, 2008

- EBITDA increases to 1,6 million euro (previous year -0,6)
- EBIT increases significantly to 0,2 million euro (previous year -2,5)
- Group revenue is at 26,5 million euro (previous year 28,3)
- Software revenues increase by 8 percent to 9.8 million euro (previous year 9.1)

# SoftM Software und Beratung AG

GROUP REPORT AS OF JUNE 30, 2008 IN ACCORDANCE WITH IFRS/IAS 34 (NOT AUDITED)

The positive developments felt in the first quarter of 2008 continued in the second quarter. The result increased substantially. The EBITDA in the first six months improved to 1.6 million euro (previous year -0.6). EBIT rose to 0.2 million euro (previous year -2.5) which represented an increase of 2.7 million euro compared to the previous year. The business unit software continued the growth of the first quarter and achieved revenues of 9.8 million euro (previous year 9.1), an 8% increase. Despite the deconsolidation of a subsidiary, a revenue of 9.2 million euro (previous year 9.6) was achieved in the consulting business unit which was, for the most part, comparable to last year's result. The system integration business unit booked revenues of 7.5 million euro (previous year 9.6). After a weak first quarter revenues in this business unit could be stabilized in the second quarter at the previous year's level.

Total revenues in the first six months came to 26.5 million euro (previous year 28.3).

The half-year report has been neither audited nor has it undergone audit verification.

## STANDARD SOFTWARE

The standard software business unit – incorporating licensing and service fees – was able to generate significant growth of 8 percent to 9.8 million euro (previous year 9.1) compared to sales of the previous year. This development can especially be

traced back to the new Java based ERP software Semiramis. In the second quarter software revenue was at 4.9 million euro (Q2 2007: 4.5).

## CONSULTING

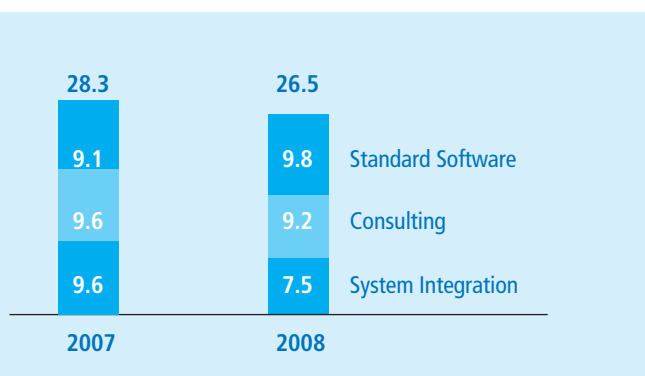
In the consulting business unit – service and consulting for the introduction and support of standard software – revenues reached 9.2 million euro (previous year 9.6). Revenues in this business unit were thereby comparable to those of the previous year despite fewer staff resulting from changes in the consolidated Group.

Upon elimination of changes in the consolidated Group, a revenue increase of approx. 0.5 million euro was realized. The per-capita sales in consulting clearly rose compared to the previous year. In the second quarter consulting revenue was at 4.4 million euro (Q2 2007: 4.8).

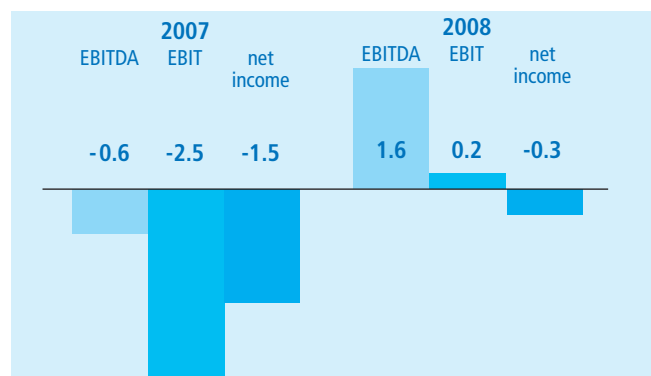
## SYSTEM INTEGRATION

The business unit system integration revenues – product and services for IT infrastructure – were at 7.5 million euro (previous year 9.6) after six months. Revenues in the second quarter were stabilized after a weak first quarter. Second quarter sales of 5.0 million euro were comparable to those of the previous year (Q2 2007: 5.2).

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



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



## RESULT

In the first six months of 2008 SoftM realized an operating result before taxes, interest and depreciations (EBITDA) of 1.6 million euro (previous year -0.6). EBIT was at 0.2 million euro (previous year -2.5). The result of normal business activities EBT in the first quarter was 0.1 million euro (previous year -2.7).

The half-year result after taxes and minority interests came to -0.3 million euro (previous year -1.5). Result per share amounted to -0.05 euro (previous year -0.30).

This clear improvement was achieved especially by means of cost adjustment.

SoftM showed an operating cash flow from normal business activities in the first six months of 10.7 million euro (previous year 10.7). Corporate funds on June 30, 2008 were at 3.3 million euro (previous year 1.5).

## GROUP CONSOLIDATION

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

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

The net effect is a reduced number of employees in the consulting business unit.

## 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.

The amortization of capitalized development costs for the new Java product Semiramis as well as the purchased IP rights will be carried out over a five year period.

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

Receivables and or respectively current liabilities will be represented as falling due during the fiscal year on the next regular day of record.

Last year's figures for capitalized development have been correspondingly adjusted to the financial accounting in the Group report 2007 in the form of a back posting for Q1/2007 (old: 1.6 million euro; new: 1.2 million euro). Last year's results have changed accordingly regarding the 2007 quarterly reports.

## INCOMING ORDERS FOR STANDARD SOFTWARE

In the first half of 2008 new orders for software licenses amounted to 2.3 million euro (previous year 2.7). A substantial rise in incoming orders was booked for the Java based software Semiramis. 24 new customers were able to be acquired for the ERP II software in the first half of 2008.

## RESEARCH AND DEVELOPMENT

Focus of activity in the research and development sector remains the development, or respectively, the continuing development of new java-based product lines Semiramis and SharkNex. The new Semiramis Release 4.4 with numerous improvements in the warehouse logistics sector and purchasing, as well as in the integration of the new Java based SoftM accounting system and different modules as well as the language and country based versions has been released for distribution.

Focus of activity in the initiated work on Release 4.5 is on point of sales integration, mobile processes and the continuing internationalization (for example, a polish version). Above and beyond this, the upgrading of the system basis for optimal support of the Semiramis "inside strategy" (Semiramis as platform for industry solutions) will be promoted.

The new Java based accounting system, SharkNex, a software for financial and asset accounting, controlling and business intelligence, based on the Java development environment of an external development partner was optimized according to new market requirements. Work on a new Release has begun. The new release will offer, among others, a Swiss version.

Work on the new Release 3.5 of ERP-product SoftM Suite has begun, which is positioned for the IBM system I platform and addresses the process industry. Release 3.5 will offer new functions for the food and beverage industry. The new Release 2.08 of the Schilling Accounting System that among others contains functions for SEPA (European currency transfers) was completed in the first quarter and prepared for distribution at the end of April.

After clearance for distribution of Release 9 at the end of March, several integrations with workflow systems, signature servers and storage systems have, amongst others, have been developed for the document management system InfoStore.

## INVESTMENTS

Investment in the first half of 2008 came to 1.6 million euro (previous year 1.7), of which 1.3 million euro (previous year 1.2) were booked in capitalized development, as well as 0.3 million Euro (previous year 0.5) booked in other assets.

## PERSONNEL

The number of staff as of June 30, 2008 was 418 as compared to 479 on the day of record of the previous year. This, on the one hand, reflects the structural changes in consolidated Group. On the other hand, personnel capacity corresponds to the strategic measures initiated in the past year.

## ADDITIONAL INFORMATION

The head of research and development left the Board of Directors. He continues to carry out his duties in the Group management.

As of June 30, 2008 the company held 176, 011 own shares.

In July 2008 SoftM Communications GmbH merged with SoftM system integration to bundle capacities and to use synergies in a more effective manner.

## SHARE DEVELOPMENT

As of June 30, 2008 SoftM shares were quoted at 3.15 euro compared to 3.56 euro in March 31, 2008 and 3.76 euro at the end of the year in 2007.

## 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 will lead 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.

## AFFIRMATION OF LEGAL REPRESENTATIVES

We affirm that to the best of our belief and knowledge, that in accordance with the applied accounting principles, the six month report gives a true and fair picture of the assets, finances and profitability of the Group and that the six month report is so depicted that a true and fair picture of the Group Result and situation is given and that the fundamental risks and opportunities of the projected development of the Group are depicted for the remainder of the business year.

SoftM Software und Beratung AG  
Munich, August 2008

Franz Wiesholler, CEO

Ludwig Ametsbichler, CFO

Ralf Gärtner, Marketing Director

# Group Balance Sheet

<b>Assets</b>	<b>6-months report January 01, – June 30, 2008 €</b>	<b>Annual report January 01, – December 31, 2007 €</b>
<b>Short-term assets</b>		
Cash and cash equivalents	3,349,451.38	606,980.24
Accounts receivable from sales and services	10,396,188.56	14,548,030.79
Inventories	389,427.98	326,615.57
Other receivables and assets	920,159.64	1,392,891.80
Accrued and deferred items	390,221.84	322,590.16
<b>Total short-term assets</b>	<b>15,445,449.40</b>	<b>17,197,108.56</b>
<b>Long-term assets</b>		
Intangible assets acquired through payment	4,229,375.51	5,067,609.69
Capital development costs	5,946,700.00	4,921,000.00
Fixed assets	1,098,837.85	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	2,113,682.18	1,899,642.00
<b>Total long-term assets</b>	<b>23,975,819.55</b>	<b>23,587,777.10</b>
<b>Total assets</b>	<b>39,421,268.95</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	1,595,079.84	7,941,743.55
Liabilities from sales and services	2,550,965.01	2,641,051.17
Received advanced payment	71,154.92	90,852.22
Accrued expenses	5,347,827.03	7,310,834.35
Deferred items	6,128,803.29	20,785.74
Accruals on income tax	215,514.12	148,446.60
Other short-term liabilities	2,298,909.17	1,611,622.16
<b>Total short-term liabilities</b>	<b>18,208,253.38</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	2,337,425.34	1,937,387.00
Pension accrual	40,903.34	40,903.34
<b>Total long-term liabilities</b>	<b>4,878,328.68</b>	<b>4,478,290.34</b>
Minority interest	38,216.96	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	1,778,419.14	2,020,753.66
Reserve for foreign exchange difference	-10,231.14	-25,484.91
Own shares not designated for redemption	-1,520,402.32	-1,520,402.32
<b>Total equity capital</b>	<b>16,296,469.93</b>	<b>16,523,550.68</b>
<b>Total liabilities</b>	<b>39,421,268.95</b>	<b>40,784,885.66</b>

# Income Statement

	Quarterly report II/2008 April 01, 2008 – June 30, 2008 €	Quarterly report II/2007 April 01, 2007 – June 30, 2007 €	6-months report January 01, 2008 – June 30, 2008 €	6-months report January 01, 2007 – June 30, 2007 €
Revenues	14,242,679.88	14,526,653.48	26,458,261.54	28,289,406.12
Other operating income	297,665.43	518,721.26	790,422.41	1,153,413.79
Changes in inventory – finished goods and work in progress	-22,939.71	-7,937.16	21,092.40	24,637.41
Other capitalized self-constructed assets)	604,000.00	582,000.00	1,280,000.00	1,195,000.00
Costs for purchased materials and services	-4,901,361.88	-5,351,153.82	-8,366,473.46	-10,029,409.20
Personnel costs	-6,826,388.57	-7,588,941.50	-13,765,163.23	-15,299,790.01
Depreciation and amortization of fixed and intangible assets	-739,968.81	-946,561.61	-1,437,223.18	-1,891,344.93
Other operating expenses	-2,432,151.13	-3,029,253.07	-4,769,010.01	-5,939,220.62
Other taxes	-17,319.05	-6,258.69	-32,882.53	-12,123.39
<b>Operating result</b>	<b>204,216.16</b>	<b>-1,302,731.11</b>	<b>179,023.94</b>	<b>-2,509,430.83</b>
Interest income and expense	-34,367.26	-104,274.51	-103,914.59	-195,021.36
Income from investment and participation	0.00	0.00	0.00	0.00
<b>Result before income taxes (and minority interest)</b>	<b>169,848.90</b>	<b>-1,407,005.62</b>	<b>75,109.35</b>	<b>-2,704,452.19</b>
Taxes from income and revenues	-177,920.38	868,911.86	-309,321.82	1,323,684.25
Result before minority interest	-8,071.48	-538,093.76	-234,212.47	-1,380,767.94
Minority interest	-6,683.77	-7,671.88	-20,508.10	-72,590.73
<b>Net income / loss</b>	<b>-14,755.25</b>	<b>-545,765.64</b>	<b>-254,720.57</b>	<b>-1,453,358.67</b>
Net income per share	0,00	-0.11	-0.05	-0.30
Weighted average shares outstanding	4,803,989	4,803,989	4,803,989	4,803,989

# Cash Flow

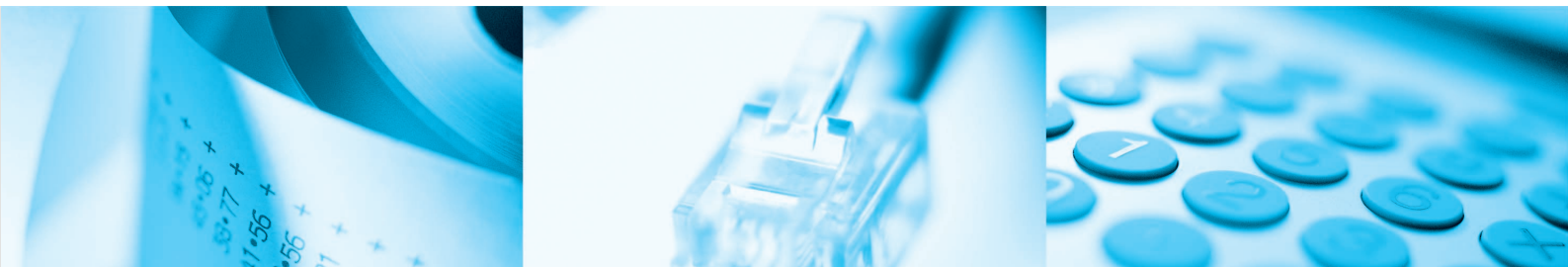
	Half Year Report January 01, 2008 – June 30, 2008 K€	Half Year Report January 01, 2007 – June 30, 2007 K€
Group net income/loss	-255	-1,453
Minority interest	21	73
<b>Consolidated net income/loss incl. minority interest</b>	<b>-234</b>	<b>-1,380</b>
Depreciations (+) /Value adjustments (-) on fixed assets	1,437	1,891
Additions(+) / subtractions(-) of provisions	1,437	1,891
Profit (-) / loss (+) from disposal of long term assets	22	-1
Addition (-) / subtraction (+) of inventories, accounts receivable as well as other assets, which are not attributable to investment or financing	4,256	8,934
Addition (-) / subtraction (+) of inventories, accounts receivable as well as other liabilities, which are not attributable to investment or financing	6,709	3,319
Other expenditures not affecting payments	40	-14
<b>Net cash provided by operating activities (operating cash flow)</b>	<b>10,734</b>	<b>10,611</b>
Payments (+) from divesture of tangible fixed assets	0	1
Payments (-) for investment in tangible fixed assets	-262	-478
Payments (-) for investment in intangible fixed assets	-1,384	-1,200
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
<b>Cash flow due to investment activities</b>	<b>-1,646</b>	<b>-1,678</b>
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)	-12	-323
Payments(+) from loan acceptance	0	0
Payments (-) for loan redemption	-6,333	-7,954
<b>Cash flow from investment activities</b>	<b>-6,345</b>	<b>-8,277</b>
<b>Payments affecting changes in value funds</b>	<b>2,743</b>	<b>656</b>
Exchange rate-, consolidated companies- and valuation changes of funds	-1	11
Funds at the beginning of period	607	844
<b>Cash and cash equivalent at the end of period</b>	<b>3,349</b>	<b>1,511</b>

# Capital and Reserves Development

	Half Year Report January 01, 2008 – June 30, 2008 €	Half Year Report January 01, 2007 – June 30, 2007 €
<b>Share capital</b>		
Balance at the beginning of period	4,980,000.00	4,980,000.00
Increase	0.00	0.00
Decrease	0.00	0.00
<b>Share capital, total</b>	<b>4,980,000.00</b>	<b>4,980,000.00</b>
<b>Capital reserves</b>		
Balance at the beginning of period	11,068,684.25	11,629,933.37
Increase	0.00	0.00
Decrease	0.00	0.00
<b>Capital reserves, total</b>	<b>11,068,684.25</b>	<b>11,629,933.37</b>
<b>Earned Group equity</b>		
Balance at the beginning of period	2,020,753.66	2,568,961.81
Exchange rate deviations	0.00	0.00
Current result	-254,720.57	-1,185,959.67
Profit distribution	-12,386.05	-240,199.36
Other changes	0.00	-3,606.59
<b>Group earned own equity, total</b>	<b>1,778,419.14</b>	<b>1,897,804.06</b>
<b>Adjustment for foreign currency conversion</b>		
Balance at the beginning of period	-25,484.91	-17,668.55
Increase	15,253.77	0.00
Decrease	0.00	-13,645.84
<b>Adjustment for foreign currency conversion, total</b>	<b>-10,231.14</b>	<b>-31,314.39</b>
<b>Own shares not designated for redemption</b>		
Balance at the beginning of period	-1,520,402.32	-1,520,402.32
Increase	0.00	0.00
Decrease	0.00	0.00
<b>Own shares not designated for redemption, total</b>	<b>-1,520,402.32</b>	<b>-1,520,402.32</b>
<b>Capital and reserves, total</b>	<b>16,296,469.93</b>	<b>16,201,019.44</b>

## SoftM in figures

SoftM Group (in million €)	January 01, 2008 – June 30, 2008	January 01, 2007 – June 30, 2007
Sales	26.5	28.3
Sales by business unit		
Standard Software	9.8	9.1
Consulting	9.2	9.6
System Integration	7.5	9.6
Earnings before interest, taxes, depreciation and amortization (EBITDA)	1.6	-0.6
Result (EBIT)	0.2	-2.5
Result from common activities (EBT)	0.1	-2.7
Net income	-0.3	-1.5
Result per share acc. to DVFA/SG (in €)	-0.05	-0.30
Employees (End of period)	418	479



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