

Interim Financial Report as of June 30, 2008

InVision Software AG

Overview



InVision Software at a glance

In 1995 InVision Software was formed with a mission to provide every company with the best possible solution to its workforce management issues. InVision has never lost sight of this goal and has since become one of the global leaders in workforce management solutions and frequently sets technological trends in this field.

By using the InVision Software Group's products, the Group's international customers are able to optimise their staff deployment and increase productivity. At the same time, they can reduce planning and administrative costs and significantly improve employee motivation. Thus, investments made in workforce management solutions as a rule can be amortised within a few months, thereby yielding an impressive return on investment.

Since June 18, 2007, InVision Software has been listed on the Prime Standard segment of the German Stock Exchange in Frankfurt.

Financial Summary

Group Figures as of June 30, 2008, according to IFRS (unaudited)

in Euro	1 Jan. - 30 June 2008	1 Jan. - 30 June 2007
Revenue		
Licenses	5,071,595.30	4,819,673.74
Maintenance	946,902.08	1,565,584.14
Services	1,673,656.22	1,490,667.60
	2,451,037.00	1,763,422.00
EBIT	-3,409,155.95	-989,291.79
as percentage of revenue	-67%	-21%
Result after tax	-1,938,126.48	254,462.38
as percentage of revenue	-38%	5%
Earnings per share¹	-0.87	-0.05
in Euro	as of 30 June 2008	as of 31 Dec. 2007
Total assets	27,293,899.08	28,005,389.11
Liquid funds	15,139,199.06	16,807,075.07
Equity	22,107,015.33	24,094,213.66
as percentage of total assets	81%	86%
Number of employees	217	174
thereof in Germany	88	79
Information on shares	1 Jan. - 30 June 2008	1 Jan. - 30 June 2007
Closing price ² as of June 30, in Euro	18.85	34.00
High ² , in Euro	25.02	34.00
Low ² , in Euro	16.34	32.50
Number of shares as of June 30	2,235,000	2,235,000
Market capitalisation as of June 30, in Euro	42.13 million	75.99 million

1 Based on 2,235,000 shares

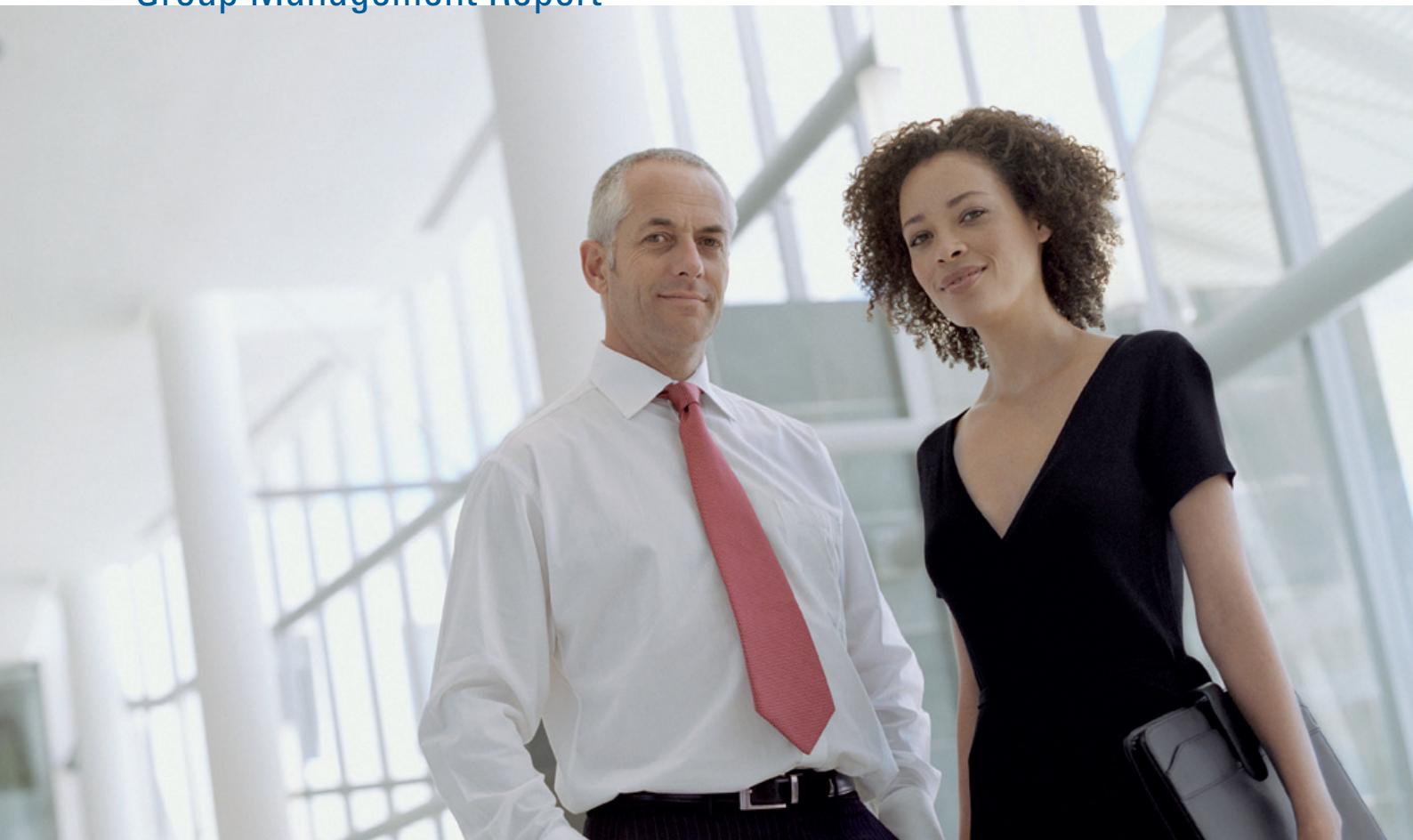
2 XETRA Closing price

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Group Management Report



Group Management Report to the Interim Financial Report as of June 30, 2008, according to IFRS (unaudited)

Specific events during the reporting period

In the first half year of 2008, InVision Software AG continued engaging in the activities which were initiated in recent years. These activities focused, among other things, on strongly increasing its market share in enterprise-wide workforce management solutions by strengthening its international sales and consulting capacities as well as expanding the Group's technological position.

As of January 1, 2008, InVision had started building up the new global business division, "Channel & Alliance Management". The goal of this endeavor is to solicit and advise global alliances and to strengthen the Group's international sales and distribution units with the support of local sales and service partners.

During the reporting period, both the Call Center division and other divisions were able to acquire a number of pilot projects. Likewise, pilot projects that had been launched in previous periods were successfully brought to a conclusion.

In March 2008, the software solution, InVision Enterprise WFM, was awarded the 2008 Innovation Prize by the Initiative

Mittelstand (The SME Initiative) in the category of "Human Resources", thereby prevailing over 50 competitors in this category.

In June of 2008, InVision began shipping out its Release 4.6 of InVision Enterprise WFM, which consisted of, among other things, additional components for time management, improved optimisation functions and numerous detail improvements.

Results of operation

In the first six months of 2008, Group revenues totaled TEUR 5,072 (previous year: TEUR 4,820) and were therefore 5 percent higher than in the previous year. This increase was primarily the result of a 39 percent increase in service revenues up to TEUR 2,451 (previous year: TEUR 1,763) as well as of a 12 percent increase in maintenance revenues up to TEUR 1,674 (previous year: TEUR 1,491). Licence revenues decreased by 40 percent down to TEUR 947 (previous year: TEUR 1,566).

In the first six months of the year, licence revenues consisted primarily of revenues generated with existing customers, with new small and mid-sized customers. Contrary to the first half year of the previous year, no sales were reported from larger projects.

The increase in maintenance revenues is a direct consequence of a higher maintenance base resulting from licence revenue with both new and existing customers in the previous year and of a high and stable level of customer loyalty. The increase in the Professional Services division's revenue is based on the expansion of service capacities compared to the first half year of the previous year, but was weighed down by newly commenced pilot projects.

Revenues in the "Germany, Austria and Switzerland" region increased during the reporting period by 9 percent to TEUR 2,467 (previous year: TEUR 2,263). This region therefore makes up 49 percent of revenues (previous year: 47 percent). Revenues generated in other foreign countries totaled TEUR 2,604 (previous year: TEUR 2,557), thereby representing an increase of 2 percent. Revenues generated in other foreign countries as a percentage of total revenue thus constitute 51 percent (previous year: 53 percent).

During the reporting period, the operating result (EBIT) was TEUR -3,409 (previous year: TEUR -989). The EBIT margin was -67 percent during the reporting period (previous year: -21 percent).

For the first six months of 2008, the Group result was TEUR -1,938 (previous year: TEUR 254), while earnings per share came to EUR -0.87 (previous year: EUR 0.11), in each case based on 2,235,000 shares.

Financial condition

During the reporting period, the liquid funds and securities were down to TEUR 15,139 (as of December 31, 2007: TEUR 16,807), primarily because of the negative cash flow generated from operating activity. As of end of June 2008, financial liabilities were TEUR 176 (as of December 31, 2007: TEUR 84).

The balance sheet total slightly decreased by 3 percent and equaled by TEUR 27,294 (as of December 31, 2007: TEUR 28,005). The equity capital is now TEUR 22,107 (as of December 31, 2007: TEUR 24,094), and the equity capital ratio is now 81 percent (as of December 31, 2007: 86 percent). The equity capital therefore provides a solid basis for the continued growth of the Company.

The cash flow from operating activity reached TEUR -1,727 (previous year: TEUR -57) during the reporting period.

Research and development

For InVision, the continued improvement of its software and its development of new components in order to meet market needs are key competitive factors. Accordingly, the InVision Group atta-

ches great importance to research and development. Not surprisingly, therefore, InVision is constantly investing in the development of its product lines for its enterprise-wide workforce management program, InVision Enterprise WFM.

In the first six months of 2008, Release 4.6 of InVision Enterprise WFM was completed and shipped out. The main product upgrades consist of additional components for time management, improved optimisation functions and numerous detail improvements.

Employees

On June 30, 2008, the InVision Group employed 217 workers worldwide, thereof 34 in sales, 103 in research & development, and 61 in Professional Services. Thus, the number of employees has risen by 25 percent in the last six months (December 31, 2007: 174 employees). 88 employees worked in Germany and 129 employees worked outside Germany.

Risks and opportunities

Risks for the business development of InVision Group have been described in the Group Management Report for Fiscal Year 2007. The corresponding opportunities are described in the Outlook section of this management report and in the Group Management Report for Fiscal Year 2007.

Outlook

Due to longer decision-making procedures among customers during weaker periods in the economic cycle, InVision is now forecasting a growth in sales that is lower than had been projected in its Financial Report of Fiscal Year 2007. The Executive Board now intends to increase its revenues by approximately 7 to 16 percent to approximately EUR 17 million to EUR 18.5 million in 2008 (instead of an increase by approximately between 35 and 45 percent to approximately EUR 21.5 million to EUR 23 million). The Company expects that growth in the German, Austrian and Swiss region will still be matched by the growth in other foreign countries. Licence revenues are expected to decrease by approximately 26 percent to approximately TEUR 7,000 (2007: TEUR 9,507; instead of an increase by approximately 20 percent to approximately TEUR 11,500). The expectations for maintenance and service revenues remain unchanged: maintenance revenues are expected to increase by approximately 25 percent to approximately TEUR 4,000 (2007: TEUR 3,116), and service revenues are expected to increase by approximately 85 percent to approximately TEUR 6,000 (2007: TEUR 3,257). In addition, the Company expects a slight negative to slight positive after-tax result.

Balance Sheet

Interim Balance Sheet as of June 30, 2008, according to IFRS (unaudited)

Assets (EUR)	as of 30 June 2008	as of 31 Dec. 2007
Short-term assets		
Liquid funds	5,823,857.06	3,651,582.07
Securities	9,315,342.00	13,155,493.00
Trade receivables	7,109,458.76	8,166,876.78
Income tax claims	156,661.89	162,687.10
Prepaid expenses and and other short-term assets	515,085.85	448,436.46
Total short-term assets	22,920,405.56	25,585,075.41
Long-term assets		
Intangible assets	72,133.51	63,811.33
Tangible assets	339,265.43	223,035.20
Deferred tax assets	3,903,846.00	2,099,587.00
Other long-term assets	58,248.58	33,880.17
Total long-term assets	4,373,493.52	2,420,313.70
Total assets	27,293,899.08	28,005,389.11

Equity and liabilities (EUR)	as of 30 June 2008	as of 31 Dec. 2007
Short-term liabilities		
Short-term liabilities owed to financial institutions	175,936.98	84,324.76
Trade payables	777,033.05	479,613.37
Provisions	674,663.92	777,935.49
Income tax provisions	892,858.23	643,012.71
Short-term share in deferred income and other short-term liabilities	2,264,826.57	1,648,329.12
Total short-term liabilities	4,785,318.75	3,633,215.45
Long-term liabilities		
Deferred taxes	401,565.00	277,960.00
Total long-term liabilities	401,565.00	277,960.00
Equity		
Subscribed capital	2,235,000.00	2,235,000.00
Capital reserves	20,616,179.21	20,616,179.21
Earnings reserves	1,414,177.33	1,414,177.33
Equity capital difference from currency translation	-249,597.27	-200,525.42
Profit/Losses carried forward	29,382.54	-2,580,177.68
Group result	-1,938,126.48	2,609,560.22
Total equity	22,107,015.33	24,094,213.66
Total equity and liabilities	27,293,899.08	28,005,389.11

Income Statement

Income Statement as of June 30, 2008, according to IFRS (unaudited)

in Euro	1 Jan. - 30 June 2008	1 Jan. - 30 June 2007
Revenues	5,071,595.30	4,819,673.74
Other operating income	64,865.17	115,212.20
Costs of materials/costs of goods and services purchased	-316,519.07	-57,129.63
Personnel costs	-5,526,480.61	-3,660,456.16
Amortisation/depreciation of intangible and tangible assets	-66,263.57	-45,700.60
Other operational expenditures	-2,636,353.17	-2,160,891.34
Operating result (EBIT)	-3,409,155.95	-989,291.79
Financial result interest income/expenses	290,717.66	-47,037.62
Currency losses/gains	-158,076.44	-15,685.59
Results before taxes (EBT)	-3,276,514.73	-1,052,015.00
Income tax	1,338,388.25	1,306,477.38
Net profit/Group result	-1,938,126.48	254,462.38

Cash Flow Statement

Cash Flow Statement as of June 30, 2008, according to IFRS (unaudited)

Cash flow from operating activity (EUR)	1 Jan. - 30 June 2008	1 Jan. - 30 June 2007
Group result	-1,938,126.48	254,462.38
Depreciation and amortisation of assets	66,263.57	45,700.60
De-/Increase in provisions	-103,271.57	82,360.86
De-/Increase in income tax liabilities	249,845.52	984,466.08
De-/Increase in deferred taxes	-1,680,654.00	-1,338,065.34
Other payment-ineffective costs/earnings	-207,121.66	-26,503.33
De-/Increase in trade receivables	1,057,418.02	1,438,120.36
De-/Increase in other assets and prepaid expenses	-91,017.80	-873,605.03
De-/Increase in income tax claims	6,025.21	-51,123.58
De-/Increase in trade payables	297,419.68	272,555.37
De-/Increase in other liabilities and deferred income	616,497.45	-845,130.34
Cash flow from operating activity	-1,726,722.06	-56,761.97
Cash flow from investing activity (EUR)		
Payments made for investments in tangible assets	-166,480.11	-42,561.07
Payments made for investments in intangible assets	-26,135.06	-214.58
Payments received from the sale of securities	4,000,000.00	0.00
Cash flow from investing activity	3,807,384.83	-42,775.65
Cash flow from financing activity (EUR)		
Payments received from equity capital infusions	0.00	21,025,757.55
Payments made for repaying finance loans	0.00	-845,165.11
Cash flow from financing activity	0.00	20,180,592.44
Change in cash and cash equivalents	2,080,662.77	20,081,054.82
Cash and cash equivalents at the beginning of the period	3,567,257.31	142,066.11
Cash and cash equivalents at the end of the period	5,647,920.08	20,223,120.93

Statement of Equity

Change of Equity Statement as of June 30, 2008, according to IFRS (unaudited)

in Euro	Equity capital of the parent company's shareholders									Total
	Subscribed capital	Capital reserves	Statutory reserves	Other earnings reserves	Equity capital differences from currency translation	Group result	Equity	Minority shares		
December 31, 2006	380,001.00	0.00	78,988.99	1,253,813.32	-107,169.69	-1,367,981.04	237,652.58	9,181.38	246,833.96	
Period result	0.00	0.00	0.00	0.00	0.00	2,609,560.22	2,609,560.22	0.00	2,609,560.22	
Appropriation to earnings reserves	0.00	0.00	0.00	1,220,735.14	0.00	-1,220,735.14	0.00	0.00	0.00	
Capital increase from Company's own funds	1,854,999.00	-714,996.00	0.00	-1,140,003.00	0.00	0.00	0.00	0.00	0.00	
Issue proceeds	0.00	22,879,872.00	0.00	0.00	0.00	0.00	22,879,872.00	0.00	22,879,872.00	
Amounts directly booked to equity account										
Transaction costs capital increase	0.00	-2,212,423.98	0.00	0.00	0.00	0.00	-2,212,423.98	0.00	-2,212,423.98	
Tax advantage	0.00	663,727.19	0.00	0.00	0.00	0.00	663,727.19	0.00	663,727.19	
Book entry adjustment minority shares	0.00	0.00	0.00	642.88	0.00	8,538.50	9,181.38	-9,181.38	0.00	
Exchange rate difference from converting foreign financial statements	0.00	0.00	0.00	0.00	-93,355.73	0.00	-93,355.73	0.00	-93,355.73	
Total recognised expenses / income	0.00	-1,548,696.79	0.00	0.00	-93,355.73	2,609,560.22	967,507.70	0.00	967,507.70	
December 31, 2007	2,235,000.00	20,616,179.21	78,988.99	1,335,188.34	-200,525.42	29,382.54	24,094,213.66	0.00	24,094,213.66	
Period result	0.00	0.00	0.00	0.00	0.00	-1,938,126.48	-1,938,126.48	0.00	-1,938,126.48	
Exchange rate difference from converting foreign financial statements	0.00	0.00	0.00	0.00	-49,071.85	0.00	-49,071.85	0.00	-49,071.85	
Total recognised expenses / income	0.00	0.00	0.00	0.00	-49,071.85	-1,938,126.48	-1,987,198.33	0.00	-1,987,198.33	
June 30, 2008	2,235,000.00	20,616,179.21	78,988.99	1,335,188.34	-249,597.27	-1,908,743.94	22,107,015.33	0.00	22,107,015.33	

Notes



Notes to the Interim Financial Report as of June 30, 2008, according to IFRS (unaudited)

General Information

The business activities of InVision Software Aktiengesellschaft, Ratingen (hereinafter also referred to as "InVision AG" or "Company"), together with its subsidiaries (hereinafter also referred to as the "InVision Group" or the "Group"), include developing, selling and maintaining software products relating to workforce management and providing services in connection with the sale of the software products. The InVision Group does business primarily in Europe and the United States.

The Company's registered offices are located at Halskestrasse 38, 40880 Ratingen, Germany. It is entered in the Commercial Register of the Municipal Court of Duesseldorf under registration number HRB 44338.

Bases for preparing the financial report

The consolidated interim financial report for the period of January 1, 2008, through June 30, 2008, was prepared in accordance with IAS 34 "Interim Financial Reporting".

The consolidated interim financial report does not contain all explanations and information that are required for the annual financial statements of the fiscal year and should be read in conjunction with the consolidated financial statements for the period ending December 31, 2007.

Changes of the group of consolidated companies

The group of consolidated companies has not changed since December 31, 2007.

Equity capital

The development of the Group's equity capital is shown in the statement of changes in equity.

Treasury shares

The Company holds no treasury shares.

Sales revenue

The sales revenue is divided into the following business areas:

in TEUR	1 Jan. – 30 June 2008	1 Jan. – 30 June 2007
Licence revenues	947	1,566
Maintenance revenues	1,674	1,491
Service revenues	2,451	1,763
Total	5,072	4,820

The sales revenues are divided among the following sales regions:

in TEUR	1 Jan. – 30 June 2008	1 Jan. – 30 June 2007
Germany, Austria, Switzerland	2,467	2,263
Other foreign countries	2,605	2,557
Total	5,072	4,820

Taxes on income and earnings

Taxes on income and earnings are classified as follows:

in TEUR	1 Jan. – 30 June 2008	1 Jan. – 30 June 2007
Income taxes	-342	-32
Deferred taxes	1,680	1,338
Total	1,338	1,306

Executive Board

As of June 30, 2008, the Executive Board of InVision Software AG consists of the following members:

- | | |
|--------------------|----------|
| ■ Peter Bollenbeck | Chairman |
| ■ Matthias Schroer | Member |

Supervisory Board

As of June 30, 2008, the Supervisory Board of InVision Software AG consists of the following members:

- | | |
|----------------------------|-----------------|
| ■ Dr. Thomas Hermes | Chairman |
| ■ Dr. Christof Nesemeier | Deputy Chairman |
| ■ Prof. Dr. Wilhelm Mülder | Member |

Securities transactions by Company executives and directors

Under § 15 a of the German Securities Trading Act (WpHG), members of the Executive Board, members of the senior management and members of the Supervisory Board of InVision Software AG are obligated to report their trades and transactions involving InVision shares. The reporting obligation applies to all transactions, which exceed a total sum of 5,000.00 Euro in a given calendar year. In the first six months of 2008, there were no transactions executed that had to be reported.

Significant transactions between related parties

In the reporting period, the Company purchased project and consulting services from eTimum Software GmbH, Ratingen, in the amount of TEUR 211.5.

Number of employees

As of June 30, 2008, the InVision Group had 217 employees.

Segment reporting

Given the uniformity of the services provided by the companies of the InVision Group, no partitioning into separate mandatory reporting segments within the meaning of IAS 14 was undertaken.

Earnings per share

Earnings per share were calculated and reported by dividing the earnings for the period as attributable to the InVision Software AG shareholders by the average weighted number of shares issued and outstanding during the reporting period. InVision Software AG has issued only ordinary shares. In the first six months of 2008, a total of 2,235,000 issued shares were outstanding. Earnings per share for this period therefore equaled -0.87 Euro compared to 0.11 Euro in the first six months of the previous year, based on the same number of shares.

Events after the balance sheet date

In July, InVision received a major order from a well-known European energy provider, worth a few million euros.

After the end of the reporting period, there were no further special events which are of material importance to the interim financial statements.

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the Group's assets, liabilities, financial position and results of operation, and the Group's interim management report includes a fair review of the development and performance of the business, together with a description of the principal opportunities and risks related to the anticipated development of the Group for the remainder of the fiscal year.

*InVision Software AG
The Executive Board*

Ratingen, August 14, 2008

Financial Calendar

Analysts' Conference

SCC - Small Cap Conference, Frankfurt/Main

25-27 August 2008

Publication of the report for the first and second quarter of 2008

29 August 2008

Analysts' Conference

German Equity Forum Fall, Frankfurt/Main

10-12 November 2008

Publication of the report for the third quarter of 2008

28 November 2008

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InVision
Software

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