



2010.2

— Half-Yearly Report 2010 —
Quarterly Report Q2.2010



Photo — ATOSS Customer Amway

“The foundation for our success lies in the sustained interest displayed by the corporate community in our solutions and in the opportunities that workforce management offers.”

Letter to Shareholders



Andreas F.J. Obereder
and Christof Leiber,
ATOSS Software AG

Dear Shareholders, Ladies and Gentlemen,

ATOSS continues to set new records. In the first half of this year we have reached new highs with consolidated sales coming in at EUR 14.3 million and an operating profit (EBIT) of EUR 3.4 million, representing an EBIT margin of 24 percent. Provided that the current trend in sales and earnings continues, financial year 2010 will see ATOSS Software AG post its fifth record annual results in succession. With this in mind we reserve the option to raise our previous forecast in the second half of the year.

We are pleased that with a slight increase in sales, we have once again succeeded in raising our profits by a disproportional amount. The success of our undertaking becomes ever clearer in the light of the development in our core business. While the industry association BITKOM is forecasting annual growth in software of 0.9 percent for this year, in the first half-year we have achieved an increase in software sales of 6 percent. The highly gratifying trend seen in recent years continues, just as our growth continues to outpace the market.

Successful acquisition of new customers underscores our strategy

The foundation for our success lies in the sustained interest displayed by the corporate community in our solutions and in the opportunities that workforce management offers. In the current year we have gained new customers in the health sector, public services, manufacturing, the service sector and other industries besides. In the retail sector alone, ATOSS has acquired high-profile chains such as coop, familia, s. Oliver, Hornbach, Combi and eurotrade. These prominent companies have broad experience of workforce management, and after in-depth analysis they have opted for

ATOSS. The proven significant potential to add value is the decisive factor for these companies.

The substantial potential of our solutions to increase our customers' competitiveness and the distinctive position we enjoy in our own industry are benefits that we have created over an extended period of time. They are the rewards of the consistent implementation of our business strategy, and in particular of sustained investment in research and development. In the first half of 2010 this expenditure was increased by 5 percent to EUR 2.9 million, equivalent to 20 percent of our turnover, which surely qualifies as far above the average. At ATOSS we therefore measure ourselves not merely by our record results, but more particularly by the continuous targeted expansion of our range of products and solutions.

ATOSS is a rock-solid and extremely reliable partner

In addition to the strong development in software, sales of hardware have also risen sharply; whereas consulting, as expected, did not quite match the very high level seen last year. Once again we have proven the stability of our business model whose strength derives from a broad customer base developed over time with steady accompanying growth in maintenance revenues.

Growth in sales in the high-yielding software segment coupled with consistent cost management has led to a clear and continuing increase in profitability. Operating income advanced by 18 percent and earnings per share were up 14 percent, while the EBIT margin rose from 21 percent last year to 24 percent. Our liquidity, which we continue to invest in an extremely conservative manner, climbed 14 percent to EUR 17.8 million, equivalent to EUR 4.49 per share. This successful operating performance was also reflected in the share price which rose by 37 percent, showing that ATOSS enjoys a very sound position - a fact that is of decisive importance both to our shareholders and to our customers.

Besides high liquidity and cash flow of EUR 2.7 million, our equity ratio of 60 percent is further proof of the outstanding soundness and investment security ATOSS offers.

No. 1 among Germany's fastest-growing listed software businesses, No. 3 among listed German growth companies

Since the company was first founded in 1987, ATOSS has enjoyed consistent and sustained success. Despite all the upheavals in the markets and in the global economy, we have never lost sight of the goals necessary to succeed in the long term: The continuing development of our stable business model, the expertise of our employees, our technological positioning and our financial base. For ATOSS, sustainability was and is imperative. The extremely positive response on the part of customers over many years has been a source of satisfying confirmation that we are on the right track. In June 2010 this sustained development was emphasized by a prominent German stock market journal: Applying strict criteria, Börse Online had been measuring the development in earnings of 560 listed companies over the period from 2002 to 2009, and recently presented the German Top 30. ATOSS took 3rd place among listed German growth companies and 1st place among Germany's fastest-growing listed software businesses.

The basis for the sustained successful development in our business was and is to be found in the ongoing, focused expansion of our technological and product leadership, of our list of reference customers and of our extremely sound financial base.

Looking ahead to next year, it is essential that we continue to identify new projects in the retail, healthcare and service sectors as well as other industries. To this end ATOSS will substantially increase its commitment to serving internationally oriented customers in the premium market.

The market for workforce management offers huge potential for growth. We shall therefore consistently pursue our strategy and ensure that ATOSS Software AG remains a reliable partner to its customers, shareholders and employees.

Yours truly,

Andreas F.J. Obereder
Chief Executive Officer

Christof Leiber
Member of the
Board of Management

Facts Overview

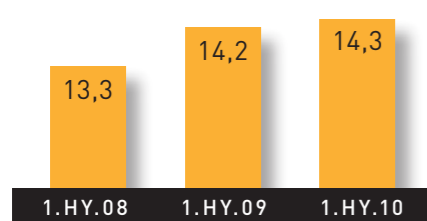
Economic background

Positive economic development continues
Outlook substantially brighter for the ITC sector
Forecast for the German software market: 0.9 percent growth in 2010
(last year -5.2 percent)

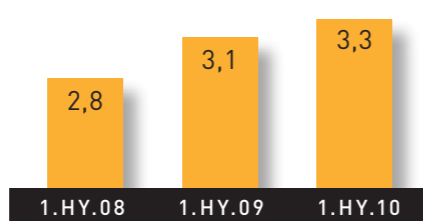
ATOSS Software AG

Sales slightly above last year's record level
Growth in software still ahead of the industry in general
Substantial increase in profitability, new record result

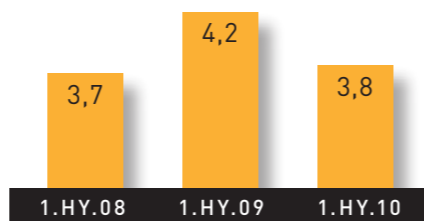
TOTAL REVENUE



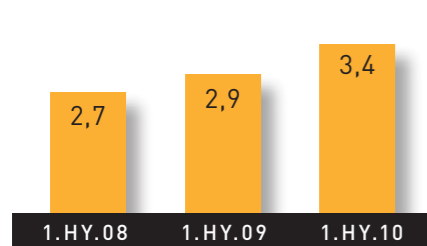
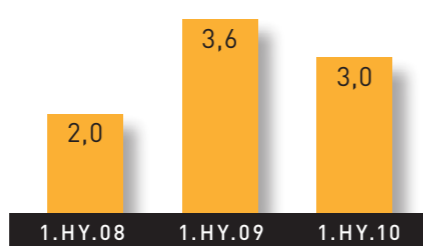
SOFTWARE LICENSE REVENUE



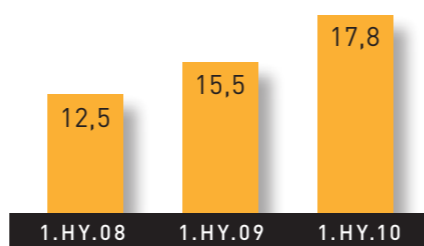
CONSULTING REVENUE



EBIT

ORDERS AT HAND
SOFTWARE LICENSES

LIQUIDITY



CONSOLIDATED OVERVIEW AS PER IFRS: 6-MONTH COMPARISON IN EUR '000

	01.01.2010 - 30.06.2010	Proportion of total revenues	01.01.2009 - 30.06.2009	Proportion of total revenues	Change 2010 / 2009
Software	8,811	62%	8,350	59%	+6%
Software licenses	3,286	23%	3,126	22%	+5%
Software maintenance	5,525	39%	5,224	37%	+6%
Consulting	3,782	27%	4,150	29%	-9%
Hardware	1,141	8%	909	6%	+26%
Others	531	4%	749	5%	-29%
Total sales revenues	14,265	100%	14,157	100%	+1%
EBITDA	3,679	26%	3,108	22%	+18%
EBIT	3,442	24%	2,926	21%	+18%
EBT	3,485	24%	3,078	22%	+13%
Net income	2,373	17%	2,075	15%	+14%
Cash flow	2,713	20%	3,530	25%	-23%
Liquidity ^{1,2}	17,789		15,549		+14%
EPS (EUR)	0,60		0,52		+14%
Employees ³	242		224		+8%

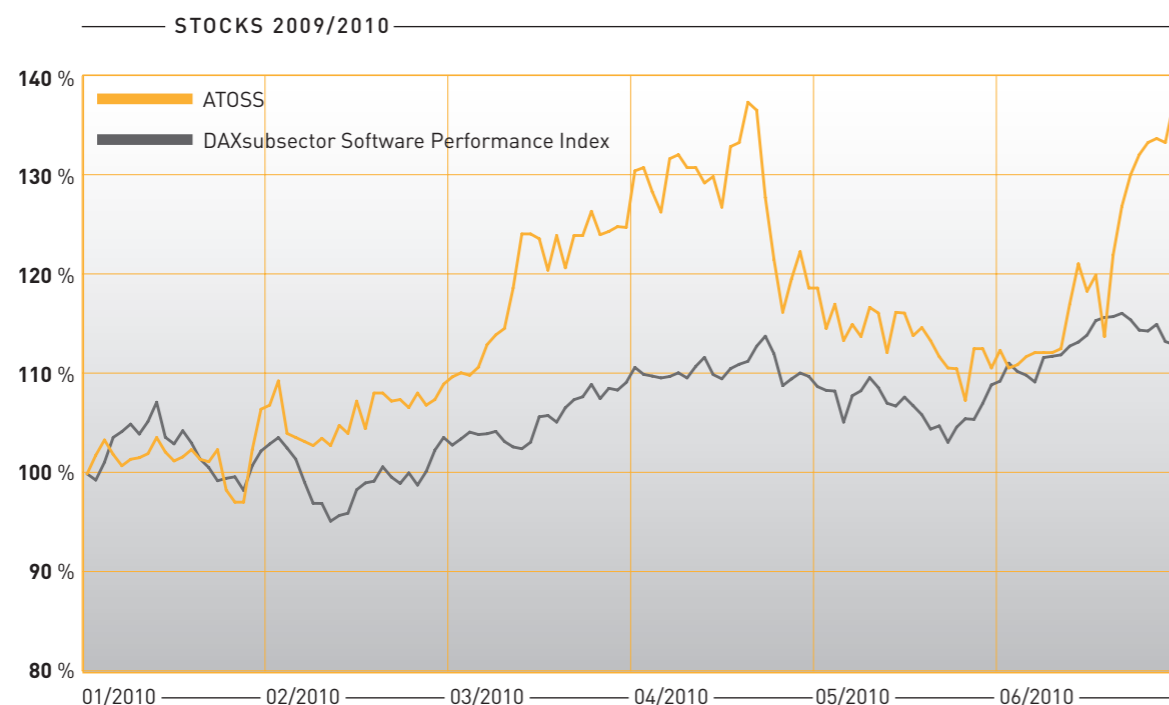
CONSOLIDATED OVERVIEW AS PER IFRS: QUARTERLY COMPARISON IN EUR '000

	Q2/10	Q1/10	Q4/09	Q3/09	Q2/09
Software	4,459	4,352	4,331	4,090	4,162
Software licenses	1,658	1,628	1,590	1,425	1,551
Software maintenance	2,801	2,724	2,741	2,666	2,612
Consulting	1,894	1,889	2,382	1,986	2,157
Hardware	601	540	726	666	345
Others	164	367	257	491	361
Total sales revenues	7,118	7,148	7,969	7,233	7,026
EBITDA	1,894	1,785	1,239	1,557	1,498
EBIT	1,779	1,663	1,132	1,463	1,405
EBIT margin	25%	23%	15%	20%	20%
EBT	1,792	1,693	1,260	1,516	1,472
Net income	1,220	1,153	867	1,023	995
Cash flow	-403	3,116	386	3,695	748
Liquidity ^{1,2}	17,789	20,249	19,328	19,182	15,549
EPS (EUR)	0,31	0,29	0,22	0,26	0,26
Employees ³	242	236	234	232	224

¹ Cash and marketable securities; ² Dividend of EUR 0.50 per share paid on May 3, 2010 amounting to TEUR 1,981 (previous year: EUR 0.44);

³ At the end of the quarter

Investor Relations



CONSOLIDATED OVERVIEW AS PER IFRS: QUARTERLY COMPARISON IN EUR

	Q2/10	Q1/10	Q4/09	Q3/09	Q2/09
High	16.80	15.49	13.80	12.65	10.00
Low	13.02	11.85	11.60	8.85	7.42
Share price at end of quarter	16.80	15.25	12.15	12.65	9.20
Treasury stock	64,099	64,099	65,099	65,099	72,099
Dividend paid per share	0.50	0.00	0.00	0.00	0.44
Cash flow per share	-0.10	0.79	0.10	0.93	0.19
Liquidity per share	4.49	5.11	4.80	4.85	3.93
EPS	0.31	0.29	0.22	0.26	0.26
EPS (diluted)	0.31	0.29	0.22	0.26	0.26

ATOSS stock continues to perform strongly

The ATOSS share price developed strongly in the first half of 2010, putting on 37 percent by the end of June. Once again ATOSS has clearly beaten the comparative DAXsubsector Software Performance Index which rose by just 13 percent in the same period. ATOSS shares increased in value from EUR 12.28 at the start of the year to EUR 16.80 on June 30, 2010.

Essential key figures such as cash flow, liquidity and earnings per share all remain highly positive. In fact EPS reached a new historic record of EUR 0.60 in the first half of the year. Analysts see this as a strong valuation factor.

Analysts continue to regard ATOSS as attractively valued
SES Research GmbH (SES), a Warburg Group company, has continuously analyzed and valued the development

in business at ATOSS in the first half-year. In addition, on April 13, 2010, SES prepared an extensive report which confirmed that ATOSS had achieved an outstanding performance during the crisis. Despite the substantial rise in the share price over the preceding year, ATOSS was described as still attractively valued. The analysts then reconfirmed this view at the end of April following publication of the final data for Q1 2010. Based on the strong fundamentals, SES lifted its upside target for the stock from EUR 16 to EUR 19. A slight increase in sales and results is expected for 2010 with earnings per share of EUR 1.03. When the figures for the first half-year were published, SES was impressed by the highly positive development. The analysts noted that the earnings figures in particular were well above their forecasts and they again recommended ATOSS as a buy with a slightly increased upside target of EUR 19.30.

Fund managers have become more active

The upward trend in the ATOSS share price both last year and this year has remained remarkably stable. Even in periods of stock market weakness, our stock suffered less than the market as a whole. It would appear that some equity funds specializing in small- and micro-caps have either taken small positions in ATOSS stock or increased their holdings: This at least is the conclusion we draw from various discussions between the Management Board and fund managers. Since ATOSS is listed on the regulated market (Prime Standard), the reporting thresholds are low, commencing at 3 percent. Accordingly on June 24, 2010 ATOSS reported that on June 21 MainFirst SICAV of Luxembourg exceeded the 3 percent threshold with a holding of 3.1 percent of the company's nominal capital.

Media interest has increased markedly, ATOSS hailed as one of Germany's fastest-growing listed companies

Already last year, the strong development ATOSS recorded had begun to attract increased attention on the part of stock market journals and financial media. During the first half of 2010, a regular dialog was established with the business press. ATOSS has as a result succeeded in raising its profile in the small-cap arena and achieving a stronger presence in its relations with both institutional as well as private investors.

In mid-June 2010 ATOSS was prominently mentioned in a special edition of the financial journal Börse Online which focused on a presentation of the Top 30 German growth stocks. Applying strict criteria, the journal assessed and compared the development in earnings quality over an extended period

from 2002 to 2009. ATOSS was ranked by the experts at No. 3 among German companies.

We are very proud of this distinction, not least because our company was ranked far higher than many household names in Germany such as RWE, SAP, Fresenius and Henkel.

Dividend increase underscores positive business developments

The annual general meeting held on April 30, 2010 voted virtually unanimously to adopt the company's proposal to increase the dividend. Accordingly, a dividend of EUR 0.50 per share was paid at the beginning of May, up from EUR 0.44 last year and equating to an overall distribution to shareholders of EUR 1.98 million. ATOSS continues to abide by its policy, proven over many years, of rewarding shareholders with an above-average stake in the company's success. Likewise, the remaining resolutions proposed at the meeting were adopted by the shareholders either unanimously or by an overwhelming majority.

Transparent communications policy remains of the highest priority

Now and in future, ATOSS shareholders can continue to rely on us to put reliability and dependability at the forefront of our communications policy. We are firmly of the opinion that in addition to the highly positive development in our undertaking, one of the key factors in the strong performance of our share price was the confidence that stems from prompt and clear communication.

Consequently, there will be no curtailment in our approach to communication, nor yet in our adherence to our business strategy. It is and remains of essential importance to us to invest our liquidity conservatively and securely, to maintain a high level of expenditure on ongoing product development, and to deliver a rock-solid financial performance.

The high level of transparency we aspire to is also reflected in information contained on our website. All of the investment analysts' reports, press releases, financial reports and detailed information on the annual general meetings including notarized minutes and compliance declarations are available at www.atoss.com under the heading of Investor Relations. Here too, we aspire to consistently provide up-to-date, comprehensive and transparent information.



Photo — ATOSS Customer Deutsches Herzzentrum Munich

Group Management Report

“ATOSS remains on track for record performance. Thanks to the consistent implementation of our corporate strategy we have once again generated record figures in the first half-year.”

1. Business and conditions: Mood in the high-tech sector continues on an upbeat note

According to the economic forecast for Germany published by the OECD in May 2010, provided that global trade continues to improve and businesses steadily increase their level of investment, the momentum of economic growth is expected to strengthen substantially with effect from the second quarter of this year. The OECD forecasts growth in GDP of 1.9 percent in 2010, rising to 2.1 percent in 2011.

Following the drastic plunge in GDP that was down by -4.9 percent in 2009, the Ifo Institute is also forecasting growth, and is venturing an increase by 2.1 percent in 2010 and 1.5 percent in 2011. The business climate index published by the Ifo Institute in July shows a marked increase relative both to the first quarter of 2010 and to the preceding month. Companies are reporting a substantial improvement in business. Those companies surveyed take a more optimistic view of developments in the second half of the year than they did the previous month. According to the Ifo Institute the increase in the business climate index in July represents the biggest jump since German reunification.

Expectations have also risen in the high-technology sector during the second quarter of 2010. A total of 71 percent of information technology and telecommunications (ITC) suppliers anticipate growth in sales in the current year. Optimism is highest among software companies and IT service providers, with 77 percent of software companies anticipating higher sales in 2010.

The BITKOM sector index registered a leap of 13 points in the second quarter, rising to 48 – well above its pre-crisis level. BITKOM expects to see a positive trend in business in 2010 as a whole, supported by rising demand. In the software segment, BITKOM forecasts growth of 0.9 percent in 2010 relative to the year before.

While these trends both in the economy as a whole and in the IT environment reflect increases that compare with a severely contracted baseline in the preceding year, ATOSS has recorded substantial growth in the past year. Against this backdrop, the company expects business in 2010 as a whole to develop on a par with last year's level. On the other hand, in the field of software the 6 percent sales growth recorded by ATOSS far exceeds the 0.9 percent growth forecast by BITKOM for the full year 2010. If the current development in sales and earnings continues, provided that businesses continue to increase their level of investment it may again be possible in the current year to exceed last year's record results.

Earnings situation: New record highs in the first half-year

In the first half of 2010 in a repeat of last year's record performance ATOSS recorded sales revenues totaling EUR 14.3 million (previous year: EUR 14.1 million). Sales of software licenses rose by 5 percent from EUR 3.1 million to EUR 3.3 million. Software maintenance, too, continued to develop positively with turnover also increasing by 6 percent from EUR 5.2 million to EUR 5.5 million.

By comparison, consulting did not quite match the strong growth seen in previous years, with revenues easing by 9 percent compared to last year, from EUR 4.2 million to EUR 3.8 million.

The operating profit (EBIT) at EUR 3.4 million developed strongly, increasing by 18 percent over the previous year's figure of EUR 2.9 million.

Earnings after taxes to June 30, 2010 came in at EUR 2.4 million, representing growth of 14 percent relative to the EUR 2.1 million recorded in the same period last year. Earnings per share accordingly increased from EUR 0.52 to EUR 0.60.

Orders on hand for software licenses on June 30, 2010 amounted to EUR 3.0 million (previous year: EUR 3.6 million), providing a strong starting point for the second half of the year.

2. Net assets and financial position

In the first six months, cash flow from operations declined by EUR 0.8 million, slipping from EUR 3.5 last year to EUR 2.7 million. Liquidity (cash and marketable securities) was increased from EUR 15.5 million to EUR 17.8 million, despite the outflow of EUR 2.1 million at the beginning of January to cover the purchase of our business premises in Meerbusch and the EUR 2.0 million paid out as dividends at the beginning of May.

Liquidity per share on June 30, 2010 accordingly stood at EUR 4.49 (previous year: EUR 3.86).

In addition to net earnings of EUR 2.4 million, the EUR 2.7 million in cash flow also received a positive boost from the reduction amounting to EUR 1.3 million in receivables. By contrast, the reduction in miscellaneous provisions led to a decline of EUR 1.4 million in operating cash flow.

As a result of the gratifying business developments, the equity ratio rose to 60 percent of total capital. The company thus remains extremely well capitalized, with solvency assured at all times.

3. Product development

ATOSS continues to intensively pursue the development of both new and existing products. Research and development costs rose by 5 percent in the first three months to stand at EUR 2.9 million. Research and development costs as a proportion of overall sales amounted to 20 percent (previous year: 19 percent).

The company continues to refrain from capitalizing the expense of developing new products. All expenditure for this purpose is recognized in the income statement in the period in which it is incurred.

4. Employees

Over the past twelve months the number of employees has risen by 8 percent from 224 to 242. On June 30, 2010 ATOSS employed 105 software developers (previous year: 91), with a further 70 staff employed in consulting (previous year: 64), 31 in sales and marketing (previous year: 35) and 36 in administration (previous year: 34).

Personnel costs for the first six months of the current financial year declined slightly to EUR 7.1 million (previous year: EUR 7.2 million).

5. Risks associated with future development

There has been no change in the company's risk structure relative to the description contained in the consolidated financial statements to December 31, 2009.

As in the past, the company's investment policy continues to focus on preserving the value of freely available resources.

6. Events after the reporting period

There have been no reportable events of particular significance since June 30, 2010.

7. Outlook

Given that the essential performance figures have continued to develop positively both in the fourth quarter of 2009 and in the first six months of 2010, and assuming that the current trend in sales and earnings is maintained the Management Board deems it possible to exceed last year's record results. The Management Board therefore reserves the option if business develops appropriately in the second half-year to raise its previous forecast for results on a par with last year.



Photo — ATOSS Customer Dodenhof

Balance Sheet

CONSOLIDATED BALANCE SHEET TO 30.06.2010 IN EUR

Assets	30.06.2010	31.12.2009
Non-current assets		
Tangible fixed assets (net)	2,842,356	794,681
Intangible assets (net)	103,856	113,214
Deferred taxes	81,976	249,984
Total non-current assets	3,028,188	1,157,879
Current assets		
Inventories	14,132	8,712
Trade accounts receivable (net)	3,006,721	4,281,893
Other current assets	1,484,895	923,700
Cash and cash equivalents	17,789,353	19,328,060
Total current assets	22,295,101	24,542,365
Total assets	25,323,289	25,700,244
Equity and liabilities	30.06.2010	31.12.2009
Capital and reserves		
Subscribed capital	4,025,667	4,025,667
Capital reserve	-309,793	-301,013
Treasury stock	-478,284	-491,034
Unappropriated net income	11,869,938	11,478,130
Total equity	15,107,528	14,711,750
Non-current liabilities		
Convertible bonds	15,000	16,000
Pension provisions	1,900,852	1,882,275
Deferred taxes	1,376,621	753,508
Total non-current liabilities	3,292,473	2,651,783
Current liabilities		
Trade accounts payable	261,876	685,546
Short-term accruals	2,314,118	3,735,599
Deferred revenues	3,572,430	3,204,066
Tax provisions	140,350	100,129
Other current liabilities	634,514	611,371
Total current liabilities	6,923,288	8,336,711
Total equity and liabilities	25,323,289	25,700,244

Income Statement

CONSOLIDATED INCOME STATEMENT FROM 01.01. TO 30.06.2010 IN EUR

	Quarterly report		6-month report	
	01.04.2010 - 30.06.2010	01.01.2009 - 30.06.2009	01.01.2010 - 30.06.2010	01.01.2009 - 30.06.2009
Sales revenues	7,117,580	7,025,920	14,265,447	14,157,428
Cost of sales	-2,200,367	-2,261,842	-4,344,770	-4,358,782
Gross profit on sales	4,917,213	4,764,078	9,920,677	9,798,646
Selling costs	-1,178,570	-1,391,872	-2,465,031	-2,840,531
Administration costs	-570,759	-621,449	-1,217,420	-1,234,149
Research and development costs	-1,435,835	-1,367,847	-2,861,577	-2,737,038
Other operating income	53,295	3,765	79,922	25,974
Other operating expenses	-5,885	18,523	-14,262	-87,222
Operating result (EBIT)	1,779,459	1,405,199	3,442,309	2,925,680
Interest and similar income	31,147	77,286	80,675	173,917
Interest and similar expenses	-19,043	-10,557	-38,089	-21,107
Earnings before taxes	1,791,563	1,471,928	3,484,895	3,078,490
Taxes on income and earnings	-572,034	-477,241	-1,112,303	-1,003,696
Net profit	1,219,529	994,687	2,372,592	2,074,794
Earnings per share (undiluted)	0.31	0.25	0.60	0.52
Earnings per share (diluted)	0.31	0.25	0.60	0.52
Average number of shares in circulation (undiluted)	3,961,568	3,953,568	3,961,275	3,953,275
Average number of shares in circulation (diluted)	3,976,568	3,976,568	3,976,568	3,976,892

Statement of Comprehensive Income

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FROM 01.01. TO 30.06.2010 IN EUR

	01.01.2010 - 30.06.2010	01.01.2009 - 30.06.2009
Net income for the year	2,372,592	2,074,794
Changes in equity not recognized in profit and loss	3,970	-24,236
Other income for the period after taxes	3,970	-24,236
Comprehensive income after taxes	2,376,562	2,050,558

Cash Flow Statement

CONSOLIDATED CASH FLOW STATEMENT FROM 01.01. TO 30.06.2010 IN EUR

	01.01.2010 - 30.06.2010	01.01.2009 - 30.06.2009
Net profit	2,372,592	2,074,794
Depreciation of fixed assets	236,266	182,231
Gain/loss on the disposal of fixed assets	511	-42,176
Changes in deferred taxes	791,121	154,571
Provisions for pension commitments	18,577	592,172
Change in net current assets		
Trade accounts receivable	1,275,171	146,722
Inventories and other current assets	-566,614	170,119
Trade accounts payable	73,927	186,087
Short-term accruals	-1,421,482	992,435
Deferred revenues	-129,231	908,213
Tax provisions	40,221	-44,153
Other current liabilities	22,143	193,608
Cash flow generated through business operations (1)	2,713,202	3,529,753
Cash flow from investment activities		
Acquisition of tangible and intangible assets	-2,275,095	-259,122
Disposal of tangible fixed assets		42,200
Cash flow generated through investment activities (2)	-2,275,095	-216,922
Cash flow from financing activities		
Expenditure for the purchase of treasury stock		-30,416
Income from the sale of treasury stock	3,970	5,180
Dividend payments	-1,980,784	-1,739,130
Cash flow generated through financing activities (3)	-1,976,814	-1,764,366
Changes in liquidity ¹ - total of (1) to (3)	-1,538,707	1,548,465
Liquidity ¹ at the beginning of the period	19,328,060	14,000,412
Liquidity ¹ at the end of the period	17,789,353	15,548,877

¹ Liquidity: Cash and marketable securities

Statement of Changes in Equity

CHANGES IN CONSOLIDATED EQUITY AS OF 30.06.2010 IN EUR

	Subscribed capital	Capital reserve	Treasury stock	Unapp. ret. earnings	Total
As of 01.01.2009	4,025,667	-248,453	-562,618	9,252,962	12,467,558
Net income	0	0	0	2,074,794	2,074,794
Sale of treasury stock	0	2,230	3,950	0	6,180
Purchase of treasury stock	0	0	-30,416	0	-30,416
Dividend	0	0	0	-1,739,130	-1,739,130
As of 30.06.2009	4,025,667	-246,223	-589,084	9,588,626	12,778,986
As of 01.01.2010	4,025,667	-301,013	-491,034	11,478,130	14,711,750
Net income	0	0	0	2,372,592	2,372,592
Sale of treasury stock	0	-8,780	12,750	0	3,970
Purchase of treasury stock	0	0	0	0	0
Dividend	0	0	0	-1,980,784	-1,980,784
As of 30.06.2010	4,025,667	-309,793	-478,284	11,869,938	15,107,528

One share represents EUR 1 of subscribed capital.



Notes to the Consolidated Financial Statements

“ATOSS Software AG is a reliable partner for customers, employees, business partners and shareholders alike. This is reflected by the stability of our business model as well as by our policy of sustained investments.”

1. General

The present report has been prepared in accordance with International Financial Reporting Standards (IFRS) in compliance with IAS 1.14. In particular the report complies with the provisions contained in IAS 34 “Interim Financial Reporting”. The requirements contained in German Accounting Standard (DRS) No. 6 regarding interim reporting have likewise been fulfilled.

In accordance with IAS 34.20, the present statements include a consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, consolidated cash flow statement, a statement of changes in consolidated equity and explanatory notes to the consolidated statements.

The same financial accounting, valuation and computation methods have been applied as in the case of the annual financial statements.

The Management Board is satisfied that the impression of the economic situation of the company, its net assets, financial position, earnings situation and cash flow conveyed by the present quarterly financial statements accords with the true facts. This interim report has not undergone an auditor’s inspection or statutory audit.

2. Reporting period

The present interim report was prepared to June 30, 2010, for the reporting period from January 01, 2010 to that date.

3. Currency

All figures are stated in euro. Figures are rounded up to whole euro units.

4. Group of consolidated companies

In addition to the parent company ATOSS Software AG, Munich, the consolidated financial statements to June 30, 2010 also include all subsidiary companies:

ATOSS CSD Software GmbH, Cham, Germany
ATOSS Software Ges.mbH, Vienna, Austria
ATOSS Software AG, Zurich, Switzerland
ATOSS Software S.R.L., Timisoara, Romania

These companies are fully consolidated.

5. Changes in equity

The development in equity is evident from the statement of changes in consolidated equity.

6. Treasury stock

In the first six months of the financial year 1,000 treasury shares were dispensed in response to the exercise of convertible bonds. On June 30, 2010 the company held 64,099 treasury shares acquired at an average price of EUR 7.46. Treasury stock is reported as a separate equity item at cost of acquisition.

7. Sales revenues

The company's sales revenues were composed as follows:

EUR	01.01.2010 - 30.06.2010	01.01.2009 - 30.06.2009
Software licenses	3,286,139	3,125,590
Software maintenance	5,525,286	5,224,410
Total software	8,811,425	8,350,000
Consulting	3,782,296	4,149,777
Hardware	1,140,671	908,836
Others	531,055	748,815
Total sales revenues	14,265,447	14,157,428

The geographic breakdown of sales revenues was as follows:

EUR	01.01.2010 - 30.06.2010	01.01.2009 - 30.06.2009
Germany	12,928,837	13,126,307
Austria	798,061	577,821
Switzerland	274,778	231,995
German-speaking territories in total	14,001,676	13,936,123
Other countries	263,771	221,305
Total sales revenues	14,265,447	14,157,428

8. Personnel costs

The consolidated personnel costs to June 30, 2010 were composed as follows:

EUR	01.01.2010 - 30.06.2010	01.01.2009 - 30.06.2009
Wages and salaries	5,814,332	5,475,489
Social security contributions, expenditure on retirement pensions and welfare	1,275,427	1,700,332
Total personnel costs	7,089,759	7,175,821

The decline in social security contributions and expenditure on retirement pensions and welfare relative to the preceding year is attributable to the one-time increase in pensions provisions that took place in 2009.

9. Other operating income and expenses

In the first six months of the current financial year the company recorded other operating income in the amount of EUR 79,922 (previous year: EUR 25,974). This income was essentially accounted for by exchange rate differences amounting to EUR 48,319 (previous year: EUR 3,977), rental income of EUR 16,704 (previous year: EUR 16,704) and income of EUR 6,401 (previous year: EUR 356) from the liquidation of provisions. The other operating expenses amounting to EUR 14,262 (previous year: EUR 87,222) was composed primarily of exchange rate differences of EUR 11,874 (previous year: EUR 19,644) and bad debts of EUR 2,152 (previous year: EUR 4,939).

10. Financial investment income and expenditure

In the first six months of the current financial year the company recorded income in the amount of EUR 80,675 (previous year: EUR 173,917) from financial investments. This essentially comprised interest on fixed-term deposits.

The company also recorded expenses in the first half of 2010 amounting to EUR 38,089 (previous year: EUR 21,107). This essentially concerned expenditure in connection with pension provisions.

11. Tax expenses

Consolidated tax expenses to June 30, 2010 were comprised as follows:

EUR	01.01.2010 - 30.06.2010	01.01.2009 - 30.06.2009
Pre-tax earnings as per IFRS	3,484,895	3,078,490
Expected tax charge (2010: 32.98%, 2009: 32.98%)	-1,149,318	-1,015,286
Non-deductible operating expenses	-7,830	-8,257
Tax refunds for previous years	4,658	0
Differences in tax rates at consolidated companies	40,187	19,847
Actual group tax charge	-1,112,303	-1,003,696

12. Earnings per share

The figure for earnings per share is arrived at by dividing the result for the period in the amount of EUR 2,372,592 by the weighted average number of shares outstanding. From January 01 to June 30, 2010 there were an average of 3,961,275 shares in circulation. Thus earnings per share for this period amounted to EUR 0.60, in comparison with EUR 0.52 in the first six months of the preceding year.

In order to calculate diluted earnings per share, the result for the period must be adjusted to allow for the interest cost relating to convertible bonds in the amount of EUR 153 (previous year: EUR 247). In addition the average number of shares outstanding is increased with the inclusion of shares potentially issued as a result of convertible bonds. From January 01 to June 30, 2010 there were an average of 15,293 convertible bonds in circulation. Thus the diluted earnings per share for this period amounted to EUR 0.60, in comparison with EUR 0.52 in the preceding year.

13. Segment reporting

The company has only one uniform business segment which comprises the creation, sale and implementation of software solutions directed towards the efficient deployment of personnel.

The individual software solutions comprise:

ATOSS Staff Efficiency Suite (ASES) and ATOSS Startup Edition (ASE):

ASES and ASE are working time management and personnel resource planning solutions for customers of all sizes in all industries. These software solutions are generally accompanied by other services covering implementation and training. In addition, consulting services are rendered with the object of making meaningful use of the available scope and developing optimum solutions for the efficient deployment of personnel under specific operating conditions and in consideration of works agreements and industry-wide pay deals. The company also sells hardware components for time recording and access control purposes. ASES/ASE software is used in conjunction with all major standard system platforms and databases. Moreover thanks to the extensive facility to define customer-specific parameters, these solutions are capable of satisfying even the most sophisticated requirements of customers of all sizes in all industries.

ATOSS Time Control (ATC):

ATC offers a software solution to working time management and personnel resource planning for small and medium-sized customers, as well as large but decentrally organized clients. Likewise, in conjunction with ATC, ATOSS offers software implementation and training as well as consulting services. Merchandise including hardware and recording media is also available. ATC software is installed on the Microsoft Windows system platform in association with standard SQL databases and is particularly user-friendly and convenient for small to medium-sized customers as well as large decentralized organizations.

EUR	01.01.2010 - 30.06.2010	01.01.2009 - 30.06.2009
Sales revenues		
ATOSS Staff Efficiency Suite (ASES) and ATOSS Startup Edition (ASE)	13,124,662	13,194,679
ATOSS Time Control (ATC)	1,140,785	962,749
Total sales revenues	14,265,447	14,157,428
Operating result (EBIT)		
ATOSS Staff Efficiency Suite (ASES) and ATOSS Startup Edition (ASE)	3,347,146	2,841,259
ATOSS Time Control (ATC)	95,163	84,421
Total operating result (EBIT)	3,442,309	2,925,680

14. Employees

On June 30, 2010 the company had 242 employees.

	30.06.2010	30.06.2009
Development	105	91
Consulting	70	64
Sales and marketing	31	35
Administration	36	34
Total	242	224

15. Board of Management

The company's Management Board continued to comprise two members:

Andreas F.J. Obereder	Chief Executive Officer
Christof Leiber	Member of the Board of Management

16. Supervisory Board

The company's Supervisory Board as of June 30, 2010 comprised three members:

Peter Kirn	Chairman
Fritz Fleischmann	Deputy Chairman
Rolf Baron Vielhauer von Hohenhau	Member of the Supervisory Board

17. Shares held by board members

On the reporting date of June 30, 2010 board members held the following numbers of ATOSS shares:

	30.06.2010	31.03.2010	31.12.2009	30.09.2009	30.06.2009
Andreas F.J. Obereder	1,981,184	1,981,184	1,981,184	1,981,184	1,981,184
Peter Kirn	19,760	19,760	19,760	19,760	29,760

18. Convertible bonds held by board members

On June 30, 2010 board members held the following number of bonds convertible into ATOSS shares:

	30.06.2010	31.03.2010	31.12.2009	30.09.2009	30.06.2009
Christof Leiber	0	0	0	0	5.000

19. Convertible bonds

In the first half of the financial year 2010, 1,000 convertible bonds were exercised. As of June 30, 2010 there were 15,000 convertible bonds outstanding.

Details of outstanding convertible bonds held by board members and employees are summarized in the following table:

	Exercise price in EUR	Outstanding options	Contractual validity in years	Possible rights remaining to be exercised as of 30.06.2010
Employees				
	3.52	4,000	0.2	4,000
	3.97	2,000	1.4	2,000
	6.18	9,000	1.0	9,000
Total		15,000		15,000

20. Notifiable participating interests

In the first six months of financial year 2010 the following notifiable securities transactions pursuant to §§ 21 ff. of the German Securities Trading Act came to the company's attention:

On June 21, 2010 MainFirst SICAF of Luxembourg acquired shares in excess of the voting rights threshold of 3 percent of nominal capital; MainFirst SICAF now has a holding of 3.1 percent.

21. Business transactions with closely related persons

Payment in the amount of EUR 2,050,000 plus ancillary costs was made in January 2010 for the purchase of the real estate property acquired in the preceding year from the wife of the Chief Executive Officer. An expert report was obtained to ascertain the value of the property. The purchase of this property and the resulting positive impact on results were discussed at a meeting of the Supervisory Board on December 1, 2010. The Supervisory Board passed a resolution approving the purchase. Ownership and liability transferred to the company on January 1, 2010 at which point in time the lease came to an end.

Moreover the wife of the Chief Executive Officer provides services to the company. In the first six months of the financial year 2010 the value of these services amounted to EUR 2,236 (previous year: EUR 4,368).

The company is satisfied that the terms agreed for these transactions are standard market terms.

22. Events after the reporting period

There have been no reportable events of particular significance since June 30, 2010.



Declaration by the Legal Representatives

We hereby give an assurance to the best of our knowledge and belief that in accordance with the applicable interim reporting standards these interim consolidated financial statements convey an impression of the net assets, financial position and earnings situation of the Group which accords with the true facts; and that the development in business including the results and the situation of the Group are so described in the interim consolidated management report as to convey an impression which likewise accords with the true facts; and that the essential opportunities and risks associated with the anticipated development of the Group in the remainder of the financial year are so described.

Munich, August 13, 2010



Andreas F.J. Obereder
Chief Executive Officer



Christof Leiber
Member of the Board
of Management

Disclaimer

This report contains forward-looking statements that are based on the conviction of the Management Board of ATOSS Software AG and reflect current assumptions and estimations. These forward-looking statements are subject to risks and uncertainties. Many facts that cannot currently be predicted may cause the actual performance and earnings of ATOSS Software AG to develop in a different manner. This could for example include the non-acceptance of newly introduced products or services, changes in the general economic and business climate, a failure to achieve efficiency and cost-reduction targets or changes in business strategy.

The Management Board is firmly convinced that the expectations embodied in these forward-looking statements are sound and realistic. Should, however, the above-mentioned or other unforeseeable risks materialize, ATOSS Software AG cannot guarantee that the expressed expectations will prove to be correct.

Corporate Calendar

- 25.10.2010** — Press release announcing the 9-monthly statements
- 15.11.2010** — Publication of the 9-monthly financial statements
- 03.05.2011** — Annual General Meeting

Imprint

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