Half-yearly Financial Report
at June 30, 2007

_betasystems

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I. REPORT ON THE 1st HALF OF FISCAL YEAR/2nd QUARTER OF 2007

- **Turnaround achieved in the first half of fiscal year 2007**
- **Positive half-yearly earnings before interest and tax (EBIT) for the first time since the company's IPO**

After a successful start to the year 2007, Beta Systems continues to perform well in the second quarter. The Berlin-based software provider had already raised its result considerably by the end of the first half-year, thereby achieving a significant improvement in the result which rose from € -19.0 to € 0.2 million and which marks the turnaround. Accordingly, Beta Systems posted a positive half-yearly EBIT, for the first time since its IPO. This success is all the more remarkable as revenue in the second half of the year is usually the strongest and, up until now, profit is generally generated towards the end of the year. This positive trend was attributable to the growth of around 14% in the profitable license business and almost 30% in the services segment as well as to the ongoing optimization of the cost structure. This trend will be supported in future by 'Beta 4Agility', the new product and sales strategy, which enables a more agile IT for large companies and providers of IT and financial services.

Key Financial Data in the First Half of 2007

- EBIT improves significantly to € 0.2 million (Q1-Q2/2006: € -19.0 million)
- License revenues advances by 13.9% to € 11.3 million (Q1-Q2/2006: € 9.9 million)
- Services revenues grows 29.3% to € 7.6 million (Q1-Q2/2006: € 5.9 million)
- Great changes to the product and services mix with deliberate foregoing of the low-margin hardware business has led to the level of total revenue falling, as planned, to € 41.9 million (Q1-Q2/2006: € 45.3 million)
- Cash flow from operating activities of € 5.3 million remains at a high level (Q1-Q2/2006: € 1.7 million)
- Half-yearly result of € 0.0 million/€ 0.00 per share marks breakeven (Q1-Q2/2006: € -10.9 million/€ -1.25 per share)

Key Financial Data in the Second Quarter of 2007

- EBIT climbs to € 0.9 million (Q2/2006: € -15.4 million)
- License revenues remains stable at € 5.4 million (Q2/2006: € 5.5 million) and services revenues posts an increase of 39.8% to € 4.0 million (Q2/2006: € 2.8 million)




- Due to the scaling back of the low-margin hardware business (-85.1% year-on-year to € 0.5 million), total revenue has declined to € 20.9 million (Q2/2006: € 23.5 million)
- Quarterly result increases to € 0.9 million/€ 0.10 per share (Q2/2006: € -9.4 million/€ -1.08 per share)

Statement by the Chief Executive Officer

“Also in the second quarter of 2007, our company has delivered impressive proof of its successful new strategy. We have therefore achieved double-digit growth rates in the first half of 2007 through the consistent implementation of measures in our sales operations in our profitable license and services business and have put our turnaround on a firm footing. Numerous medium-size orders and a number of major projects underscore the positive response to and greater confidence of our customers in our focused offer of comprehensive solutions for data and document processing and IT security and compliance”, commented **Kamyar Niroumand, Chief Executive Officer** of Beta Systems Software AG.

He added the following statement: “In tandem with this enormous restructuring success, we are looking to our future and recently announced an initiative called ’Beta 4Agility’ to our customers and shareholders. This initiative is intended to bolster our positive development further in future. **Gernot Sagl, Chief Financial Officer** of Beta Systems Software AG, added the following: “In passing the breakeven threshold as early as the first half of 2007 we have reached an important commercial and financial milestone. We are confident that, with the optimized cost structure and our ’Beta 4Agility’ growth program, we have paved the way for future profitable growth by leveraging our own strength.”

Outlook for the Financial Year 2007 reaffirmed

Breakeven attained in the first half-year affirms the forecast released at the start of 2007 for a significant improvement in profit, with a single-digit EBIT margin for the financial year as a whole. The steady implementation of measures in the company’s sales operations, in conjunction with the optimized cost structure, affirms the Management Board’s assumption that sales will rise slightly and profits improve significantly in the current financial year. In this context, management expects growth to persist in the software license and services business and the share of revenue from hardware to decline further.

Key Operational Highlights

- The Annual General Meeting of Shareholders of Beta Systems Software AG resolves a capital increase
- With 'Beta 4Agility', Beta Systems offers large companies new integration products to enhance agility in IT and business processes
- Beta Systems Customer Conference 2007:
  Under the auspices of innovation and ongoing strategic development
- Beta Systems is part of the IBM SOA Specialty Program
- Beta Systems offers comprehensive solution for image-supported cheque collection (ISE)
- Beta Systems becomes business partner to ASDIS
- Beta Systems integrates technology of Eurekify for role model engineering and management
- New study confirms the identity management path of Beta Systems Software AG

The Annual General Meeting of Shareholders of Beta Systems Software AG resolves a capital increase

The Annual General Meeting Beta Systems Software AG resolved on May 23, 2007, that the share capital of the company be raised against cash contribution, as proposed. The share capital of the company is to be raised from € 11,517,058.80 by up to € 5,758,529.40 to up to € 17,275,588.20 through the issuing of up to 4,429,638 bearer shares. The new shares are to be offered to the shareholders by way of indirect subscription right in a ratio of 2:1 at a subscription price of between € 2.00 and € 2.50 per share. Further details on the subscription offer will be determined by the Management Board, pending approval by the Supervisory Board, and published as part of the subscription offer. Legal action, however, was brought against this shareholder resolution, which is the reason why the capital increase has not yet been registered.

With 'Beta 4Agility', Beta Systems offers large companies new integration products to enhance agility in IT and business processes

Under the motto "more agility for large customers, IT and financial services providers", Beta Systems Software AG has launched its new product and sales strategy under the name of 'Beta 4Agility'. The Berlin-based software supplier has brought its 'Beta 4Agility Suite' to the market with the aim of enabling the company's customers to react swiftly to new, complex IT tasks while boosting productivity and growth. This suite comprises four integration products from Beta Systems core business segments: document processing and IT user management, data processing in computer centers and compliance solutions. The business process-oriented




products link applications and systems and provide standard functions via web services. The new products will be introduced gradually into the market under the brand names Beta Agilizer 4 Document Processing, Beta Agilizer 4 Security, Beta Agilizer 4 Data Processing and Beta Agilizer 4 Compliance over the period from fall 2007 to mid-2008.

Beta Systems Customer Conference 2007:
Under the auspices of innovation and ongoing strategic development

On June 14 and 15, 2007, Beta Systems Software AG held the international Beta Systems Customer Conference 2007 in Berlin. Almost 300 participants from Germany and abroad followed this year's invitation of the Berlin-based IT provider which offered users a platform for the direct exchange of experience and for information on the latest products and solution developments. In a series of expert and customer presentations, the guests were informed about what is new and interesting in the three core segments of "Enterprise Content Management", "Identity Management" and "Data Center Infrastructure" High-profile customers, experts and partners presented projects realized with Beta Systems and gave lectures on the commercial and technical advantages of the solutions of Beta Systems.

Beta Systems is part of the IBM SOA Specialty Program

In June 2007, Beta Systems Software AG was admitted to the IBM SOA Specialty Program and thus fulfils the technological and business requirements with the Web Enabler application. As an integration layer between the end user and the output management solutions of Beta Systems, the Beta Web Enabler is compatible with the software and SOA strategy of IBM.

The Web Enabler application of Beta Systems is designed to make critical information available to thousands of users at the lowest Total-Cost-of-Ownership (TCO) possible. Conformity with the SOA standards enables a direct link between the Web Enabler solution and all data sources and applications compatible with SOA. The technology of Beta Systems can thus be effortlessly integrated into third-party portals and applications of process management.

Beta Systems offers comprehensive solution for image-supported cheque collection (ISE)

Beta Systems Software AG offers a comprehensive solution for the image-supported cheque collection (ISE) procedure for cheques over € 6,000 which is to be used as from September 3, 2007. In the Sparkassen Informatik, which is the central IT provider to the German savings banks, and the Volksbank Mittelhessen it already has already won two customers for its comprehensive solution. After September physical cheques required for settlement will be replaced in future by the transmission of electronic images. With immediate effect, Beta Systems supports credit institutions through a comprehensive solution for processing incoming and outgoing electronic cheques.

Beta Systems becomes business partner to ASDIS

In June 2007, Beta Systems Software AG became partner to ASDIS Software AG (ASDIS for short), an established provider of solutions for systems distributed for software configuration management. In line with its plans, the Berlin-based software supplier has therefore thus broadened its technical cooperations to day to include sales activities. As from now, Beta Systems will be selling ASDIS products in the European market, thereby extending its software offering to include solutions for the highly efficient management of decentrally distributed systems.

Beta Systems integrates technology of Eurekify for role model engineering and management

Beta Systems has signed an OEM agreement with Eurekify, a leading producer of role model engineering and management. Under this agreement, “SAM Role Modeler”, a new product of Beta Systems, will access and use functions of Eurekify’s Software Sage Enterprise Role Management. Within the SAM Identity Management Suite, the SAM Role Modeler will replace the SAM Role Miner module and, with immediate effect, will offer more comprehensive and complex functions for role engineering and the management of role models. The combination of the new SAM Role Modeler and SAM Jupiter, Beta Systems’ provisioning product, is the most multi-function and comprehensive solution for the role-based management of access rights on the market. It enables companies to adopt a holistic approach, thereby reducing the effort involved in defining and managing roles, as well as automating provisioning and guaranteeing compliance with regulations and directives.

New study confirms the identity management path of Beta Systems Software AG

Beta Systems Software AG is one of the companies which supported the current study by the Aberdeen Group entitled ’Identity Management and Access Management Critical to Operations and Security’. The study, which was published in March 2007, is based on an on-line survey conducted on more than 120 companies in various sectors. Companies were asked how they implement and use IdM/IAM solutions, and what the response of users was. According to the report, higher productivity and better compliance, i.e. conformity with security-related regulations, are two of the most important reasons for companies to introduce identity and access management.

Beta Systems Software AG sees the current study of the Aberdeen Group as proof that its solution strategy is the right one for the global market. It supports companies throughout the world in the automation of user-critical management processes and in their compliance with enterprise-wide security regulations. In SAM Jupiter, Beta Systems offers an identity management suite which enables cost-effective management of users and access rights, based on the SAM concept combined with Provisioning Policies and role-based security administration.

II. INTERIM MANAGEMENT REPORT

1. Foreword

Beta Systems Software AG has drawn up this Interim Management Report as at June 30, 2007 in accordance with the provisions set forth under Section 37w of the German Securities Trading Act (WpHG). The reporting period is the first half of fiscal 2007. The Interim Management Report is to be read in conjunction with the Interim Consolidated Financial Statements as at June 30, 2007.

All forward-looking statements relate to the period up until December 31, 2007. In observance of the statutory provisions, this Interim Management Report does not claim to be a fully informative stand-alone communication medium but is to be taken in context with the Management Report on the Group and the Company of December 31, 2006. The forward-looking statements are an update of the those made on December 31, 2006.

The Interim Consolidated Financial Statements for the half year ending on June 30, 2007, were drawn up in accordance with the generally accepted International Financial Reporting Standards (IFRS), as applicable within the European Union. The information set out below relates to the consolidated results of the Beta Systems Group. Segment reporting is carried out in line with the corporate structure in the business segments of Identity Management (IdM), Enterprise Content Management (ECM) and Data Center Infrastructure (DCI).



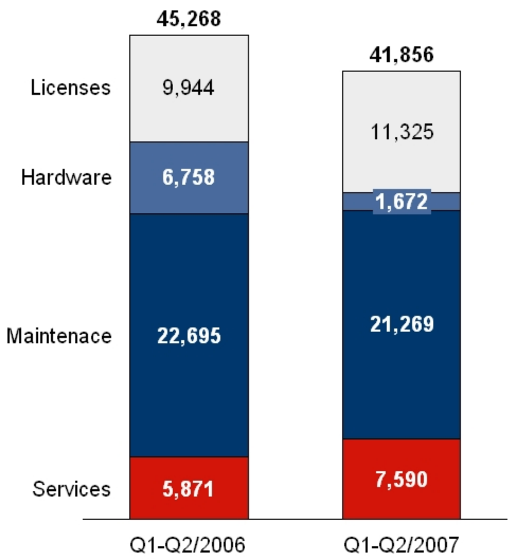

2. Report on the Financial Performance, Asset- and Financial Position

2.1. Financial Performance of the Beta Systems Group

Development of Revenues

As a supplier of complex IT corporate solutions, Beta Systems generates revenues from the components of software licenses, maintenance and services. This is supplemented by revenues for hardware in the form of scanner systems.

Development of Revenues
In Thousand €



In the first half-year of 2007, total revenues of € 41.9 million was achieved. Despite a decline of 7.5% in comparison to the prior year period (Q1-Q2/2006: € 45.3 million), breakeven was achieved (Q1-Q2/2006: € -10.9 million).

This trend is the result of an improved gross operating margin through a better services and product mix, restructuring expenses no longer being incurred and lower operating costs as a result of restructuring.

A close look at the sales shows a clear shift away from the low-margin hardware business in favor of profitable license revenue:

Revenues from <u>software licenses</u> rose overall by 13.9% to € 11.3 million (Q1-Q2/2006: € 9.9 million), caused by a considerable increase in license sales in Germany, Belgium and France. In this business, Beta Systems is reaping the benefit from the drive towards outsourcing IT, especially in the Identity Management segment.

Revenues generated by <u>hardware</u> fell by € 5.1 million to € 1.7 million in 2007 in line with expectations. This was caused by revenues in the same period in 2006 being based more on hardware with a number of major customers in Hungary (Magyar Posta), Germany (Deutsche Telekom, AMB Generali) and Croatia (Zagrebacka Banka) (Q1-Q2/2006: € 6.8 million). This development accords with the strategic realignment of the Group which includes the scaling back of revenue from hardware in future.

Maintenance revenues declined 6.3% to € 21.3 million (Q1-Q2/2006: € 22.7 million) due to contractual consolidation in the large customer segment brought about by the concentration process which banks and computer centers are undergoing.

Revenues from services rose 29.3% to € 7.6 million (Q1-Q2/2006: € 5.9 million), with contributing factors being a higher volume of orders in hand in the IdM segment and large orders in ECM.

Development of Gross Profit

The cost of revenues fell in the first half of 2007 to € 20.1 million (Q1-Q2/2006: € 31.8 million). The positive development of the revenue mix, an improvement of cost of revenues as a result of personnel measures carried out in recent years, and the elimination of the special effects of the previous year lifted gross profit to € 21.7 million (Q1-Q2/2006: € 13.5 million) in the period under review.

In order to facilitate comparison of the results of the first half of 2007 with those of 2006 it is necessary to eliminate expenses for restructuring and risk optimization in the second quarter of 2006 which are included in the cost of revenues.

All in all, one-off special expenses amounting to € 6.2 million were included in the cost of revenues in the second quarter of 2006.
Taking account of the pro-rata non-recurring expenses comprised by the cost of revenues in 2006 and eliminating them accordingly, these costs would have come to € 25.6 million in the first half of 2006 and, accordingly, resulted in a gross profit margin of 43.5%.

The now greatly improved gross profit margin of 51.9% achieved in the first half of 2007 is attributable to the positive effect of the revenue mix, specifically to a decline in the low-margin hardware business and an increase in the profitable license business.

The operating decline in adjusted cost of revenues is the result of lower expenses mainly for acquired services (down € 0.7 million), cost of materials (down € 2.5 million), maintenance (down € 1.5 million) and services (down € 0.4 million).

Development of Costs and Expenses

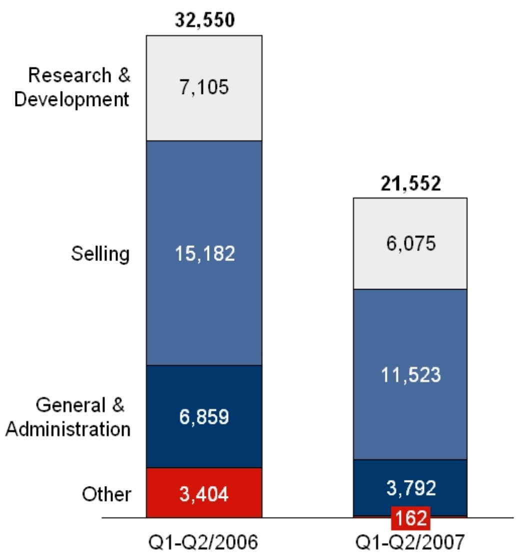
Selling expenses fell 24.1% to € 11.5 million (Q1-Q2/2006: € 15.2 million) due to enhanced efficiency in marketing and sales operations.

Whereas, in the first half of 2006 there were non-recurring expenses of € 1.4 million for one-off ex-gratia payments and € 0.2 million for termination of a rental contract, the operating selling costs in the first half-year were reduced by an additional € 0.9 million for lower external sales commission, by € 0.6 million for lower sales overhead, by € 0.4 million for lower personnel costs and by € 0.2 million in reduced marketing expenses.

General and administration expenses fell 44.7% to € 3.8 million (Q1-Q2/2006: € 6.9 million).This decline was primarily due to non-recurring restructuring costs of € 1.7 million in total which were incurred in the first half of 2006; of these € 0.8 million were incurred by consultancy and € 0.9 million in connection with the sale of the Kleindienst Scanner GmbH. Other factors easing the cost burden in the first half of fiscal 2007 resulted especially from lower personnel costs achieved by restructuring in 2006.

Development of Expenses

In Thousand €



Research and development expenses fell 14.5% to € 6.1 million (Q1-Q2/2006: € 7.1 million) owing mainly to reduced operating costs for personnel (€ 0.8 million) resulting from restructuring measures.

Amortization of intangible assets has declined to € 0.16 million (Q1-Q2/2006: € 0.25 million). The reason for this was an update of the estimate of certain acquisition costs on December 31, 2006, which resulted in lower amortization requirements for 2007.

Other income/expenditure climbed € 0.3 million to € 0.2 million (Q1-Q2/2006: € -0.1 million), mainly due to the charging off of liabilities for reason of lapse of time in the first half of 2007.

The financing result declined to € -0.3 million (Q1-Q2/2006: € -0.1 million) owing to higher interest payments. The rise in interest payments was caused by a higher base rate and a higher company-specific risk premium.

Net income before income taxes comes to € 0.1 million (Q1-Q2/2006: € -19.3 million).

Taking account of the non-capitalization of deferred taxes on loss carryforwards, the tax credit for deferred taxes of € -8.4 million in the first half of 2006 has declined to € 0.1 million in the first six months of 2007. The tax expenses disclosed of € 0.1 million relate to current taxes of foreign subsidiaries of the Group.

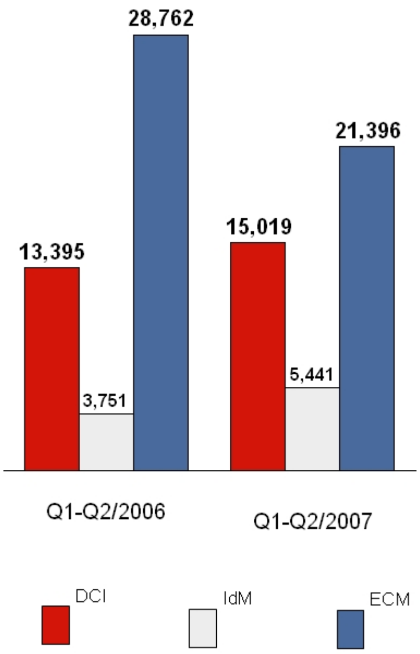
Accordingly, this results in breakeven after tax of € 0.00 million in the first half of fiscal 2007.



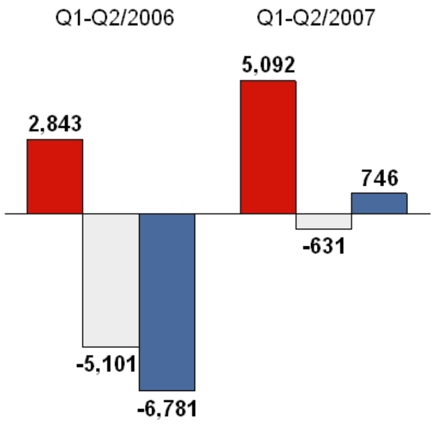

Development of Revenues by Segments

In Thousand €

Segment Revenues



Segment Result



Revenues in the **DCI** segment in the first half of 2007 advanced by 12.3% to € 15.0 million (Q1-Q2/2006: € 13.4 million), in particular due to the increase in the software license business. This high-margin revenue growth pushed up the operating result by 79.1% to € 5.1 million (Q1-Q2/2006: € 2.8 million).

Revenues in the **IdM** segment climbed 46.5% to € 5.5 million (Q1-Q2/ 2006: € 3.8 million). In this segment, the increase in software licenses and services sales and active cost management raised the result by € 4.5 million to € -0.6 million (Q1-Q2/2006: € -5.1 million).

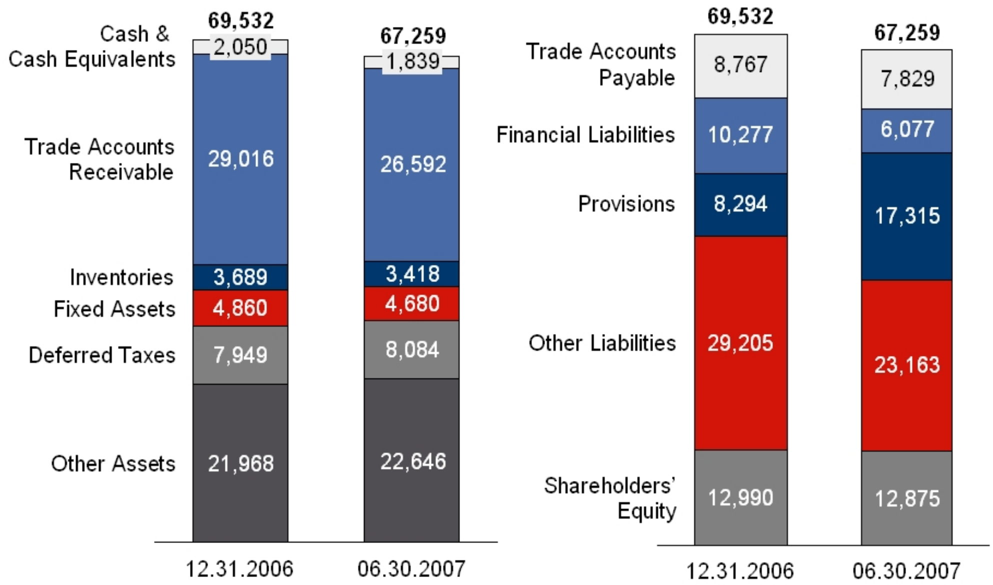
In the first six months of 2007, the **ECM** segment saw revenues decline to € 21.4 million (Q1-Q2/2006: € 28.8 million). Sales fell owing to the aforementioned downsizing of the hardware business which exclusively affects the ECM segment. The decline was in the ECM segment in the first quarter of 2007 was not fully compensated through the corresponding software license sales. Operating profit advanced to € 0.7 million (Q1-Q2/ 2006: € -6.8 million).

Human Resources

The number of employees in the Beta Systems Group had fallen from 645 at the end of the financial year 2006 to 617 by the end of the first half of fiscal 2007, due in the main to the personnel measures which took effect as compared with the previous year. In a year-on-year comparison, the number of employees was 685 on June 30, 2006.

2.2. Asset- and Financial Position of the Beta Systems Group

In Thousand €



Total assets declined to € 67.3 million in the first half of 2007, down from € 69.5 million. A closer look at the balance sheet shows the following development:

On June 30, 2007, Beta Systems disclosed cash and cash equivalents in the amount of € 1.8 million (12.31.2006: € 2.1 million). At the same time, short-term finance and finance leases fell from € 10.3 million to € 6.1 million. Disbursements for investments came to € 0.1 million (Q1-Q2/2006: € 0.5 million).

The operating cash flow of the first six months of 2007 came to € 5.3 million (Q1-Q2/ 2006: € 1.7 million) and comprises amounts of € 2.8 million for severance payments and restructuring measures (Q1-Q2/2006: € -2.1 million).

The cash flow from financing activities stood at € -5.3 million (Q1-Q2/2006: € -0.1 million).

Along with the repayment of short-term liabilities of € 4.2 million (Q1-Q2/2006: € 2.6 million), long-term liabilities were reduced by € 1.0 million.

Trade accounts receivable posted € 26.6 million (12.31.2006: € 29.0 million), work in process project orders (POC) and inventories (net of deductions of prepayments received) stood at € 9.6 million (12.31.2006: € 7.4 million).
This reflects the seasonally-induced lower volume of orders invoiced and higher incoming payments in comparison to the year-end business as well as the counter-trend of the higher volume of work in process project orders.

Other current receivables were reduced to € 0.6 million (12.31.2006: € 2.6 million) owing to the payment of receivables.

With the lower investment ratio planned, non-current assets fell mainly due to scheduled depreciation, to € 25.9 million (12.31.2006: € 26.5 million).

Short-term liabilities declined to € 42.8 million as per June 30, 2007, down from € 44.5 million on December 31, 2006, especially through the effect of reduced obligations from restructuring measures.

Long-term liabilities were also reduced, from € 12.1 million to € 11.5 million. Along with the repayment of the purchase price of € 1.0 million for Kleindienst AG, the liabilities rose due to the concluding of a finance lease agreement worth € 0.7 million for a mainframe computer.

By June 30, 2007, the equity ratio of the Beta Systems Group had climbed to 19.1% (12.31.2006: 18.7%).




3. Forecast

In respect of the end of the year 2007, the Management Board confirms the forecast as per December 31, 2006 published in its Report on the Group and the Company.

4. Opportunity and Risk Report

The opportunity and risk report is an update of the assumptions made in the Management Report on the Group and the Company as per December 31, 2006. The report is therefore to be read in conjunction with these statements. Major changes in the current financial year have occurred in relation to the following opportunities and risks:

Restructuring

The upbeat performance in the first half of 2007 is a reflection of the success, particularly evident in the cost trend, from the restructuring process and the effectiveness of the measures implemented in recent years. In as much, following the reassessment of the risk position in 2006, the risk situation has improved and the restructuring process, which has been concluded for the most part, harbors fewer risks than in the previous financial year.

Market and Product Portfolio

With its “Beta 4Agility“ growth program, initiated in the second quarter of 2007, Beta Systems is taking the opportunity of improving its market position on a sustained basis with the aim of releasing additional revenue and earnings potential through an improved and market-oriented product and solution offer and an enhanced uniform presence market in the market. This incurs the customary risks identified in the last Management Report on the Group associated with introducing new products in the market.

Financing

As per June 30, 2007, Beta Systems Software AG had current account credit lines of € 9.5 million (12.31.2006: € 12.5 million) and, as per the reporting date on June 30, 2007, the company had made drawdowns of € 3.9 million.
This secures financing for the fiscal year. The financing commitments of banks are tied to the company’s achieving certain financial ratios. Despite the fact that the company has not currently fully achieved these financial ratios, the banks have renewed their financial commitments for the customary term until February 28, 2008.




At the same time, the Annual General Meeting of Beta Systems resolved that the share capital of the company be raised against cash contribution. Legal action, however, was brought against this shareholder resolution, which is the reason why the capital increase has not yet been registered.

Equity Position of the Parent Company

In the financial statements of the parent company, drawn up under the German Commerial Code (HGB) as per the reporting date of June 30, 2007, the equity capital of Beta Systems Software AG came to € 6.2 million (12.31.2006: € 6.6 million). Based on business performance in the first half of 2007, the management of Beta Systems assumes as before that the equity ratio will not fall below 50% of the share capital which is a current € 11.5 million. This statement, however, depends to a great extent on whether the revenue development of Beta Systems AG and its subsidiaries remains positive. If this is not the case, the Management Board would be obliged under Section 92 of the German Stock Corporation Act (AktG) to convene a General Meeting of Shareholders without delay and disclose the loss amounting to half of the share capital. The increase in share capital resolved in the Annual General Meeting of Shareholders of May 23, 2007, planned for the third quarter of 2007, is also intended for the purpose of strengthening the equity ratio.

Shareholders’ Compensation Claim

Kleindienst Datentechnik AG and Beta Systems Software AG concluded a merger agreement on April 27, 2005. Under this contract, Kleindienst Datentechnik AG was to be integrated into Beta Systems through dissolution without liquidation by way of integration by assigning the entire assets against granting of shares of Beta Systems. The exchange ratio was set at three Beta shares for five Kleindienst shares. A number of former shareholders of Kleindienst Datentechnik AG do not consider the exchange ratio appropriate and have therefore filed an application for a shareholders’ compensation claim.

Beta Systems is attempting to bring about an out-of-court settlement with these applicant shareholders. In the period under review, the out-of-court settlement was pursued further and, in agreement with the applicants claiming shareholders’ compensation, a draft of a settlement has been drawn up. This draft of a settlement for the shareholders’ compensation claim was approved through the required majority at the Annual General Meeting of Shareholders of Beta Systems held on May 23, 2007. The company is now striving to bring about swift agreement with all applicants and a conclusion to the settlement under the law on the basis of the draft. Funds in the amount of approximately € 0.4 for shares outstanding at the time of the merger can be expected to be disbursed, including costs of litigation and legal advice incurred by then. Following an initial analysis, this disbursement would not affect income but would be capitalized under goodwill.




Dependency on Qualified Personnel

The success of the company is dependent to a great extent on having qualified employees and available specialized knowledge. Accordingly, preventing highly qualified employees from leaving the company and winning additional new personnel is a decisive factor for the company's future earnings, asset and financial position. The current dearth of qualified personnel on the labor market incurs a risk that positions open through fluctuation or growth of the company cannot be filled with suitable personnel - or only with a delay.

5. Report on Material Transactions with Related Parties

Material transactions with related parties did not take place during the reporting period.




III. SUMMARIZED CONSOLITATED FINANCIAL STATEMENTS AS AT JUNE 30, 2007

1. Beta Systems Software AG and Subsidiaries
Consolidated Income Statement
(According to IFRS; in Thousand €, except share data)

	Q1-Q2/2006 (unaudited)	Q1-Q2/2007 (unaudited)
Revenues	**45,268**	**41,856**
Product Licenses	9,944	11,325
Hardware	6,758	1,672
Maintenance	22,695	21,269
Services	5,871	7,590
Cost of Revenues	**31,758**	**20,131**
Gross Profit	**13,510**	**21,725**
Operating Expenses	**32,550**	**21,552**
Selling Expenses	15,182	11,523
General and Administrative Expenses	6,859	3,792
Research and Development Expenses	7,105	6,075
Amortization of Intangible Assets	249	162
Severance Payments and Restructuring Costs	3,155	-
Operating Result from Continuing Operations, before Other Income (Expenses)	**(19,040)**	**173**
Other Income (Expenses)	(114)	216
Operating Result from Continuing Operations, including Other Income (Expenses)	**(19,154)**	**389**
Financing Result	**(126)**	**(265)**
Interest Income	32	18
Interest Expenses	(158)	(283)
Result before Income Taxes	**(19,280)**	**124**
Income Taxes (Income Tax Benefit)	(8,372)	116
Net Income (Loss) for the Fiscal Period	**(10,908)**	**8**
Earnings per Ordinary Share		
Basic and Diluted	**(1.25)**	**0.00**
Weighted Average Number of Shares Outstanding used to compute Earnings per Ordinary Share		
Basic and Diluted	**8,738,666**	**8,738,666**

See accompanying Notes to the Consolidated Financial Statements

Beta Systems Software AG and Subsidiaries

1. Consolidated Income Statement

(According to IFRS; in Thousand €, except share data)

	Q2/2006 (unaudited)	Q2/2007 (unaudited)
Revenues	**23,457**	**20,904**
Product Licenses	5,468	5,389
Hardware	3,556	531
Maintenance	11,606	11,032
Services	2,827	3,952
Cost of Revenues	**19,143**	**9,285**
Gross Profit	**4,314**	**11,619**
Operating Expenses	**19,731**	**10,706**
Selling Expenses	8,684	5,762
General and Administrative Expenses	4,562	1,893
Research and Development Expenses	4,001	2,970
Amortization of Intangible Assets	124	81
Severance Payments and Restructuring Costs	2,360	-
Operating Result from Continuing Operations, before Other Income (Expenses)	**(15,417)**	**913**
Other Income (Expenses)	(836)	197
Operating Result from Continuing Operations, including Other Income (Expenses)	**(16,253)**	**1,110**
Financing Result	**(120)**	**(154)**
Interest Income	12	2
Interest Expenses	(132)	(156)
Result before Income Taxes	**(16,373)**	**956**
Income Taxes (Income Tax Benefit)	(6,969)	41
Net Income (Loss) for the Fiscal Period	**(9,404)**	**915**
Earnings per Ordinary Share		
Basic and Diluted	**(1.08)**	**0.10**
Weighted Average Number of Shares Outstanding used to compute Earnings per Ordinary Share		
Basic and Diluted	**8,738,666**	**8,738,666**

See accompanying Notes to the Consolidated Financial Statements




2. Beta Systems Software AG and Subsidiaries
Consolidated Balance Sheet
(According to IFRS; in Thousand €, except share data)

	12.31.2006 (audited)	06.30.2007 (unaudited)
Current Assets	**43,055**	**41,399**
Cash and Cash Equivalents	2,050	1,839
Trade Accounts Receivable	29,016	26,592
Work in Process Project Orders (POC)	3,780	6,147
Inventories	3,689	3,418
Prepaid Expenses and Deferred Charges	1,360	2,531
Other Current Assets	2,614	619
Current Income Taxes	546	253
Non-Current Assets	**26,477**	**25,860**
Fixed Assets	4,860	4,680
Goodwill	1,522	1,522
Other Intangible Assets	1,087	925
Acquired Software Development Costs	2,836	2,220
Deferred Tax Assets	7,949	8,084
Other Non-Current Assets	8,223	8,429
Total Assets	**69,532**	**67,259**
Current Liabilities	**44,468**	**42,842**
Short-Term Finance and Current Installments of Long-Term Borrowings and Finance Leases	10,277	6,077
Trade Accounts Payable	8,767	7,829
Deferred Revenues	8,294	17,315
Current Income Taxes	1,142	840
Provisions	2,638	412
Other Current Liabilties	13,350	10,369
Non-Current Liabilities	**12,074**	**11,542**
Long-Term Borrowings and Finance Leases	2,094	1,776
Pension Obligations	2,028	2,090
Deferred Tax Liabilities	5,793	5,587
Other Non-Current Liabilities	2,159	2,089
Total Liabilities	**56,542**	**54,384**
Shareholders' Equity	**12,990**	**12,875**
Ordinary Shares: € 1.30 Nominal Value per Ordinary Share	11,517	11,517
Additional Paid-In Capital	7,985	7,985
Accumulated Loss	(7,260)	(7,252)
Accumulated Other Comprehensive Income	1,167	1,044
Treasury Stock at Cost: 120,610 Ordinary Shares	(419)	(419)
Total Liabilities and Shareholders' Equity	**69,532**	**67,259**

See accompanying Notes to the Consolidated Financial Statements




Beta Systems Software AG and Subsidiaries
3. Consolidated Statement of Cash Flows
(According to IFRS; in Thousand €, except share data)

	Q1-Q2/2006 (unaudited)	Q1-Q2/2007 (unaudited)
Net Cash provided by Operating Activities	**1,735**	**5,300**
Net Income (Loss) for the Fiscal Period	(10,908)	8
Reconcilation between Net Income (Loss) for the Fiscal Period and Net Cash provided by Operating Activities:		
Depreciation and Amortization	2,287	1,808
(Gain) Loss on the Disposal of Fixed Assets	(13)	23
Interest Expenses	158	283
Interest Income	(32)	(18)
Current Tax Expenses (Benefit)	481	(9)
Deferred Tax Benefit	(8,763)	(342)
Income Taxes Paid	(75)	(377)
Foreign Currency Losses (Gains)	(172)	410
Changes in Assets and Liabilities:		
- Decrease in Trade Accounts Receivable	9,343	2,424
- Increase (Decrease) in Trade Accounts Payable	1,972	(938)
- Increase in Deferred Revenues	8,154	9,022
Changes in other Assets and Liabilities	(697)	(6,994)
Net Cash used in Investing Activities	**(530)**	**(106)**
Purchase of Fixed Assets	(576)	(162)
Proceeds from the Disposals of Fixed Assets	46	56
Net Cash used in Financing Activities	**(143)**	**(5,282)**
Net Change in Short-Term Finance	2,583	(4,200)
Change in Long-Term Borrowings and Finance Leases	(2,582)	(1,035)
Interest Paid	(144)	(52)
Interest Received	-	5
Effect of Exchange Rate Changes on Cash and Cash Equivalents	**(134)**	**(123)**
Increase (Decrease) in Cash and Cash Equivalents	**928**	**(211)**
Cash and Cash Equivalents at the Beginning of the Fiscal Period	4,383	2,050
Cash and Cash Equivalents at the End of the Fiscal Period	**5,311**	**1,839**

See accompanying Notes to the Consolidated Financial Statements

4. **Beta Systems Software AG and Subsidiaries - Consolidated Statement of Changes in Shareholders' Equity and Other Comprehensive Income**
(According to IFRS; in Thousand €, except share data)
At June 30, 2007 (unaudited)

	Ordinary Shares						Treasury Stock		
	Number of Shares Issued	Nominal Amount	Additional Paid-In Capital	Other Comprehensive Income (Loss)	Accumulated Income (Loss)	Net Income (Loss) including Other Comprehensive Income (Loss)	Number of Ordinary Shares	Amount at Cost	**Total Shareholders' Equity**
Balance at January 1, 2006	**8,859,276**	**11,324**	**8,178**	**1,279**	**11,130**		**(120,610)**	**(419)**	**31,492**
Issuance of Ordinary Shares	-	-	-	-	-		-	-	-
Cost of Increase in Paid-In Capital	-	193	(193)	-	-		-	-	-
Net Loss for the Fiscal Period	-	-	-	-	(10,908)	(10,908)	-	-	**(10,908)**
Other Comprehensive Loss, less Income Taxes									
Currency Translation Adjustments	-	-	-	(134)	-	(134)	-	-	-
Other Comprehensive Loss	-	-	-	-	-	(134)	-	-	**(134)**
Net Loss, including Other Comprehensive Loss						(11,042)			
Balance at June 30, 2006	**8,859,276**	**11,517**	**7,985**	**1,145**	**222**		**(120,610)**	**(419)**	**20,450**
Balance at January 1, 2007	**8,859,276**	**11,517**	**7,985**	**1,167**	**(7,260)**		**(120,610)**	**(419)**	**12,990**
Issuance of Ordinary Shares	-	-	-	-	-		-	-	-
Cost of Increase in Paid-In Capital	-	-	-	-	-		-	-	-
Net Income for the Fiscal Period	-	-	-	-	8	8	-	-	**8**
Other Comprehensive Loss, less Income Taxes									
Currency Translation Adjustments	-	-	-	(123)	-	(123)	-	-	-
Other Comprehensive Loss	-	-	-	-	-	(123)	-	-	**(123)**
Net Loss, including Other Comprehensive Loss						(115)			
Balance at June 30, 2007	**8,859,276**	**11,517**	**7,985**	**1,044**	**(7,252)**		**(120,610)**	**(419)**	**12,875**

See accompanying Notes to the Consolidated Financial Statements




5. Beta Systems Software AG and subsidiaries
Notes to the Consolidated Financial Statements according to IFRS
(In Thousand €, except share data)
Interim Consolidated Financial Statements at June 30, 2007 (unaudited)

PRESENTATION OF THE SIGNIFICANT ACCOUNTING POLICIES AND VALUATION METHODS

Description of the Business Activity

Beta Systems Software AG, with its principal office at Alt-Moabit 90d, D-10559 Berlin, Germany, together with its subsidiaries comprises the Group ("Beta Systems" or "the Company") for which the subsequent Interim Consolidated Financial Statements at June 30, 2007 were compiled in accordance with IFRS Standards.

The Company develops, market, implements and supports high-class automation software products and -solutions for the safe and efficient processing of large data volumes for use by enterprises, public administration as well as industry- and trade organizations for application on mainframe computers and other hardware in Mainframe-, Unix-, Linux- and Windows environments. The Company's products are designed to increase the productivity of voluminous data processing transactions in data centers by means of the cost saving automation of manual tasks and the qualitative optimization of the use of hardware resources. Highest safety standards in critical business processes with sensitive data and the observance of legal regulations form the fundamental structure of the products. The Company's products feature a common comprehensive architecture which facilitates the development and integration of the Company's products across platforms, independent of the application. The software products and -solutions of the Lines of Business ("LoBs") Identity Management ("IdM"), Enterprise Content Management ("ECM") and Data Center Infrastructure ("DCI") of Beta Systems Software AG support the Company's customers in the automation, safeguarding and transparency of their IT-supported business processes.

The Company's principal office is located in Berlin, Germany. The subsidiaries are located in Europe, Africa and North America.

The Management Board has approved the Interim Consolidated Financial Statements for the fiscal period to June 30, 2007 on July 27, 2007.




Declaration of Conformity

These Interim Consolidated Financial Statements for Beta Systems Software AG were prepared in compliance with the International Financial Reporting Standards (IFRS) for interim financial reports (IAS 34), as they are required to be applied within the European Union. Accordingly they do not include all of the information and notes required by the International Financial Reporting Standards (IFRS) for Consolidated Annual Financial Statements, and should be read in conjunction with the Annual Consolidated Financial Statements for the fiscal year 2006 and footnotes thereto.

In the opinion of the Management Board, all adjustments considered necessary for fair presentation (normal recurring provisions) are included. Operating results for the period to June 30, 2007 are not necessarily indicative of the results which may be expected for the fiscal year 2007.

Financial Reporting Principles

The financial statements of the fully consolidated companies included in the interim consolidated financial statements are based on the same accounting policies and valuation methods.

The Interim Consolidated Financial Statements are prepared in Euro Thousand (T€). Due to the utilization of electronic data processing devices differences in the addition of rounded values and percentages may arise.

Basis of Consolidation and Consolidation Methods

Beta Systems Software AG is the parent company. All companies which are subject to a controlling interest by the parent company ("subsidiaries") were included in the interim consolidated financial statements by means of full consolidation. A controlling influence exists when the parent company is in the position to influence, directly or indirectly, the financial and business policies of the company.

Inter-company revenues and expenses, accounts receivable, accounts payable, inter-company operating results and inter-company dividend payments were eliminated.

ACCOUNTING POLICIES AND VALUATION METHODS

Revenue Recognition

Software license revenue, consisting of new product licenses and CPU upgrades, is recognized when persuasive evidence of an arrangement exists, when delivery has occurred, the fee is fixed or determinable and collectibility is probable. According to IFRS, regulations for the allocation of the purchase price for multiple element license contracts do not exist. If a licensing agreement includes multiple elements, revenues are allocated to those elements on the basis of their fair value. Maintenance revenue is recognized pro rata temporis over the maintenance service period.

Service revenue consists of services for installation and training and is recognized, on the basis of contractually agreed prices, at the time when the services are delivered. Revenues from consulting are similarly realized at the time of performance of the services and are recognized on the basis of the service time performed.

In addition to the existing standard software products for infrastructure software, the Company also offers products designed to meet the individual requirements and technological resources of customers in the form of customized project solutions and individual support. On the one side these construction contracts comprise the creation of made-to-order software through modification or further development of existing standard products and on the other hand project orders which comprise the combination of hardware, software licensing, maintenance and various services. Revenues from these construction contracts are recognized in compliance with IAS 11 according to the progress of the performance in accordance with the percentage-of-completion method, a method making reference to the degree of completion of the project and requiring the following criteria to be satisfied for revenue recognition: the amount of the revenue must be able to be determined reliably, the economic gain resulting from the delivery of the service must be probable, the percentage of completion at reporting date must be reliably measurable and the total projected costs of the contract must be able to be determined dependably. The Company uses the cost-to-cost method to determine the degree of completion of the progress for construction contracts.

Apart from the revenue categories referred to additional revenues are realized in the LoB Enterprise Content Management (ECM) from sales of hardware (scanner systems) and from the sale of trading goods (PC workstations and servers).

Research and Development Costs

In-house research and development projects by the Company, which result in the construction of new software products or in the substantial enhancements to existing software products, proceed without being able to be clearly differentiated into a research and a development phase. Due to the lack of conformity with the recognition criteria an allocation of the costs to the particular phases is thus not possible. All software development costs are therefore recognized as research costs in the consolidated income statement in the period of their accrual in accordance with the principles of IAS 38.52 and IAS 38.53.

Earnings per Ordinary Share

The earnings per ordinary share were calculated by dividing the net gain (loss) by the weighted average number of ordinary shares in circulation during the fiscal period. No option rights to the purchase of new ordinary shares, which would influence the net earnings per ordinary share, existed.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash at banks callable without notice.

In Process Project Orders (POC)

The project order contracts comprise the manufacture of customized - and continuing across various accounting periods - made-to-order project solutions designed to meet the individual requirements of customers. On the one side these construction contracts comprise the construction of made-to-order software through modification or further development of existing standard products and on the other hand project orders which comprise a combination of hardware, software licensing and various services.

The nature and the extent of the goods and services to be delivered are in compliance with the respective contract terms; usually these are construction contracts for which the extent of the contractually agreed performance is provided at a fixed fee.
The allocation of the revenues and expenses to the respective accounting periods is determined on the basis of application of the realized progress of the total project by applying the percentage-of-completion method for each of the respective construction contracts. The Company uses the cost-to-cost method to determine the degree of completion of the project, whereby the actual costs accrued for the performance already completed at reporting date are set in ratio to the estimated total project costs at that time.

Project costs comprise costs both directly allocable to the project as well as general production overhead costs indirectly allocable and possible other proportionately allocable administration costs.
During the construction phase the construction costs including margin are activated in the balance sheet as In Process Project Orders (POC).

Inventories

Inventories are stated at the lower value of the average acquisition- or production costs and the net realizable value at the reporting date. In the case of commercial inventories the net realizable value is based on the current market price while the value determined from projected income less estimated production costs is used as a basis for the other inventories. Inventory risks resulting

from storage, slow-moving-, obsolete- and damaged goods are taken into consideration by accounting for appropriate valuation adjustments.

Fixed Assets

Property and equipment is valued at acquisition cost less systematic allocation of straight-line depreciation amounts.

The systematic depreciation of the depreciable assets is based on the assets' expected useful lives. The following useful lives are uniformly applied across the Group:

Technical Plant and Machinery,	
Computer Equipment	3 - 5
Leasehold Improvements	5 - 10
Facilities and Office Equipment	3 - 13

Goodwill and Other Intangible Assets

Acquired intangible assets, including goodwill, are valued in the balance sheet at acquisition cost.

Intangible assets, excluding goodwill, are subject to systematic allocation of straight-line amortization. For the systematic amortization of the intangible assets a useful life of five years is uniformly applied across the Group.

Acquired Software Development Costs

Acquired capitalized software development costs are recognized in the balance sheet in the amount of the acquisition costs, less the systematic allocation of amortization and the possible unscheduled impairment losses.

For each reporting period the costs are amortized according to the straight-line method over the estimated useful life of the software (five years).
At each reporting date, the unamortized, acquired and capitalized software development costs are compared to the net realizable values of those products, in order to determine whether any impairment of value exists. If an impairment of value has occurred, the amount by which the unamortized capitalized software development costs exceeds the net realizable value of that asset (the present value of future estimated sales of the products less cost of sales and selling costs) is written off.

Other Non-Current Assets

Other non-current assets include an investment intended to fund a portion of the Company's

pension obligations. The Company values this investment at cash surrender value. In addition, other non-current assets include receivables from long-term rental- and leasing contracts assessed on the basis of their present value.

Deferred Revenues

Customarily Beta Systems Software AG realizes the deferrals for the maintenance services for the entire year during the first half of the year. This results in a seasonal increase in deferred revenues due to the fact that a periodic deferral of revenues is realized.

Provisions

Provisions are accrued when the Company has a legal or valid obligation towards a third party due to a past event and if it is likely that such obligation will result in an outflow of funds. Such provisions are stated at such value as can be determined at the time the annual financial statements are compiled, on the basis of the best estimate. If the present value of the provision, determined on the basis of customary interest rates, differs substantially from the nominal value, the provision is stated at the present value of the obligation.

Of the provisions accrued for restructuring costs as at December 30, 2006, an amount of T€ 239 was reversed as at June 30, 2007, as the plan was not implemented in its full scope.

Financial Liabilities

Liabilities are stated in the amount of the actual inflow less transaction costs. A difference between the amount received and the repayment amount is distributed over the financing term and is stated in the financing result.

Operating Leasing/Finance Leasing

The classification of leases as finance leasing viz. operating leasing is determined on the basis of the economic content of the lease agreement in accordance with IAS 17.10. When, in the case of leased assets, all essential risks and rewards with respect to such property pass on to the lessee, the lessee capitalizes the asset under non-current assets and the present value of the obligation towards the lessor is carried as a liability. The difference between the present value of the future lease installments and the sum of the discounted lease installments constitutes deferred interest costs which are realized over the term of the agreements proportionate to the total amounts payable.




Pensions Obligations

On the basis of existing contracts, several employees are due to receive pension payments under certain conditions upon their taking retirement. These defined benefit pension commitments are partly covered by the investment in a pension fund reinsurance earmarked for this purpose.

The pension provisions are recognized in the balance sheet in accordance with IAS 19 according to the projected unit-credit method under application of the corridor method. Actuarial gains and losses are recognized in the income statement.

Fair Value of Financial Instruments

Financial instruments of the Company consist of cash and cash equivalents, derivative financial instruments, accounts receivable, accounts payable, provisions and loans, all of which are stated at their fair values in the balance sheet and the changes in valuation for which are recognized at the time of their accrual in the income statement.

The fair value of loans does not vary materially from its carrying value. The carrying value of other financial instruments approximates their fair value because of the short maturity of such instruments.

Foreign Currency Conversion

The assets and liabilities denominated in the balance sheets of foreign subsidiaries were converted to Euro on the basis of the appropriate foreign exchange benchmark rate at the reporting date, while the revenues and expenses in the income statements were translated using the appropriate average foreign exchange benchmark rate during the period.

Cumulative currency translation adjustments resulting from changes not affecting the income statement were reported as a separate component in the shareholders' equity.

Use of Accounting Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent amounts at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Significant projections as well as nature and carrying values of assets with inherent valuation risks are described separately in each case in the Notes to the Interim Consolidated Financial Statements.

1. SEGMENT REPORTING

SEGMENT REPORTING ACCORDING TO BUSINESS UNITS

The segmentation comprises the allocation of reportable data according to the business units of the Company. These are positioned into the three Lines of Business (LoBs) IdM (Identity Management), DCI (Data Center Infrastructure) and ECM (Enterprise Content Management) with individual market-driven strategies for each.

The LoBs constitute the top line in the structure and are oriented towards relevant markets and strategic challenges. For this purpose the Company's products and services are allocated to each LoB on the basis of its strategic business concept. The profit center structure is designed to provide LoB-management with direct, more self-determined operational and financial control, which also incorporates the product development of the allocated products, as well as the production and project management. The marketing-, sales- and service functions previously bundled within the Company are also allocated directly to each particular LoB. The LoB-manager operates as entrepreneur, taking the responsibility for the global success of his business.

All segments derive revenues from sales of product licenses, maintenance and consulting services as well as revenues from construction projects. Hardware sales are also realized in the ECM business segment.

The accounting policies of the operating segments are the same as those described in the "Presentation of the Significant Accounting Policies and Valuation Methods" and were retained unchanged from those applied during the prior year.

Inter-company sales are transacted on the basis of the usual market terms and conditions.




Q2/2006	DCI	IdM	ECM	Elimi-nation	Total Group
Revenues with Customers	6,923	2,047	14,903	(416)	23,457
...Intersegment Revenues	-	-	-	-	-
Total Revenues	6,923	2,047	14,903	(416)	23,457
Cost of Revenues and Operating Expenses of the Business Segments	(5,811)	(4,616)	(22,078)	678	(31,827)
Segment Income (Loss) from Continuing Operations	1,112	(2,569)	(7,175)	262	(8,370)

Q2/2007	DCI	IdM	ECM	Elimi-nation	Total Group
Revenues with Customers	7,859	2,389	10,657	-	20,905
...Intersegment Revenues	10	27	-	(37)	-
Total Revenues	7,869	2,416	10,657	(37)	20,905
Cost of Revenues and Operating Expenses of the Business Segments	(5,296)	(3,060)	(8,872)	(572)	(17,800)
Segment Income (Loss) from Continuing Operations	2,573	(644)	1,785	(609)	3,105

Q1-Q2/2006	DCI	IdM	ECM	Elimi-nation	Total Group
Revenues with Customers	13,395	3,751	28,762	(640)	45,268
...Intersegment Revenues	-	-	-	-	-
Total Revenues	13,395	3,751	28,762	(640)	45,268
Cost of Revenues and Operating Expenses of the Business Segments	(10,552)	(8,852)	(35,543)	902	(54,045)
Segment Income (Loss) from Continuing Operations	2,843	(5,101)	(6,781)	262	(8,777)

Q1-Q2/2007	DCI	IdM	ECM	Elimi-nation	Total Group
Revenues with Customers	15,019	5,441	21,396	-	41,856
...Intersegment Revenues	20	54	-	(74)	-
Total Revenues	15,039	5,495	21,396	(74)	41,856
Cost of Revenues and Operating Expenses of the Business Segments	(9,947)	(6,126)	(20,650)	(789)	(37,512)
Segment Income (Loss) from Continuing Operations	5,092	(631)	746	(863)	4,344

The distribution of the total carrying value of the Company's assets and the liabilities as well as the systematic allocation of depreciation and amortization is allocated in total to the operating business units on a pro rata basis according to the Revenues with Customers.




As for purposes of internal reporting and steering of the Company not all costs are allocated to the Results from Continuing Operations generated by the LoBs - i.e. General Administrative Expenses, Amortization of Intangible Assets and Goodwill, Severance Payments and Restructuring Costs, Other Income (Expenses), Financing Result as well as Income Taxes and Income from Discontinued Operations - a reconciliation of the results of the business segments to the Company's consolidated totals is as follows:

	Q2/2006	Q2/2007
Segment Income (Loss) from Continuing Operations	(8,370)	3,105
Unallocated Overhead Costs	(7,047)	(2,192)
Other Income (Expenses)	(836)	197
Operating Result from Continuing Operations, including Other Income (Expenses)	(16,253)	1,110
Financing Result	(120)	(154)
Result before Income Taxes	(16,373)	956
Income Taxes (Income Tax Benefit)	(6,969)	41
Income (Loss) for the Fiscal Period	(9,403)	915

	Q1-Q2/2006	Q1-Q2/2007
Segment Income (Loss) from Continuing Operations	(8,777)	4,344
Unallocated Overhead Costs	(10,263)	(4,171)
Other Income (Expenses)	(114)	216
Operating Result from Continuing Operations, including Other Income (Expenses)	(19,154)	389
Financing Result	(126)	(265)
Result before Income Taxes	(19,280)	124
Income Taxes (Income Tax Benefit)	(8,372)	116
Income (Loss) for the Fiscal Period	(10,908)	8

For purposes of adjusting the Segment Reporting in the Consolidated Financial Statements as at December 31, 2006, we provide the following information hereunder.

SEGMENT REPORTING ACCORDING TO GEOGRAPHIC REGIONS

The analysis of sales revenues according to the geographical location into German, EU-states, American and other markets as well as corresponding disclosures relating to the non-current assets in these regions is as follows:




Q1-Q2/2006	Germany	Europe	America	Other	Total
Total Revenues, as disclosed	34,401	7,945	2,795	127	45,268
Operating Income (Loss) from Continuing Operations	(17,665)	(103)	(1,550)	164	(19,154)
Capital Investment Expenditures for Fixed and Intangible Assets	437	101	36	2	576
Total Carrying Amount of Segment Assets	59,397	13,718	4,826	219	78,160
Segment Liabilities	43,856	10,129	3,563	162	57,710

Q1-Q4/2006	Germany	Europe	America	Other	Total
Total Revenues, as disclosed	71,471	18,966	5,900	284	96,621
Operating Segment Income (Loss) from Continuing Operations	(12,753)	(80)	(2,839)	70	(15,602)
Capital Investment Expenditures for Fixed and Intangible Assets	1,275	338	105	5	1,723
Total Carrying Amount of Segment Assets	51,433	13,649	4,246	204	69,532
Segment Liabilities	41,824	11,099	3,453	166	56,542

Q1-Q2/2007	Germany	Europe	America	Other	Total
Total Revenues, as disclosed	30,946	8,560	2,171	179	41,856
Operating Segment Income (Loss) from Continuing Operations	46	498	(346)	191	389
Capital Investment Expenditures for Fixed and Intangible Assets	685	189	48	4	926
Total Carrying Amount of Segment Assets	49,720	13,748	3,484	307	67,259
Segment Liabilities	40,217	11,116	2,817	234	54,384

2. INCREASE IN SHARE CAPITAL

On April 5, 2007 the Management Board of Beta Systems Software AG decided to make the proposal at the Company’s Annual General Meeting to be held on May 23, 2007 for an increase in the ordinary share capital of the Company by means of a cash contribution. By means of issue of up to 4,429,638 shares in the name of the holder the ordinary share capital of the Company is to be increased by up to € 5,758,529.40 from € 11,517,058.80 up to € 17,275,588.20. The new shares are to be issued at the lowest amount advanced of € 1.30 per ordinary share, and are to partake in the profit distribution from the beginning of that fiscal year for which, at the time of issue, no resolution concerning the appropriation has yet been passed by the Annual General Meeting. The new shares are to be offered to the shareholders in the way of indirect options on new shares in a ratio of 2 : 1 at an exercise price of between € 2.00 and € 2.50 per ordinary share.




3. SHAREHOLDERS COMPENSATION CLAIM

On April 27, 2005, Kleindienst Datentechnik AG and Beta Systems Software AG concluded a merger agreement according to which the Kleindienst Datentechnik AG would be merged by dissolution without liquidation onto the Beta Systems Software AG through incorporation by means of the transfer of the assets in their entirety in return for the issuance of Beta Systems' shares. The share exchange ratio was fixed at three Beta-shares for five Kleindienst-shares. Previous shareholders of the Kleindienst Datentechnik AG did not consider this share exchange ratio for the merger appropriate and initiated a shareholders compensation claim.

Beta Systems endeavors to conclude the settlement of this claim by means of an amicable arrangement with the applicants. During the reporting period this aspired amicable arrangement was further pursued and, in agreement with the applicants of the shareholders compensation claim, a formal settlement proposal was prepared. This proposal for the settlement of the shareholders compensation claim was adopted by the shareholders with the required majority at the Annual General Meeting of Beta Systems Software AG on May 23, 2007. The Company now strives for a swift settlement with all the applicants and a legally binding conclusion of the compensation claim on the basis of the proposal. A cash outflow in the amount of € 0.4 million, plus costs incurred to that date in respect of legal advice and litigation, is estimated to result in respect of the compensation claim covering the outstanding shares held at the time of the merger, i.e. 430,905 shares. According to a first analysis, these expenses would not affect net income but would be allocable to the goodwill in the Company's books.




IV. AFFIRMATION BY LEGALLY AUTHORIZED REPRESENTATIVES

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 assets, liabilities, financial position and profit or loss of the group, and the interim management report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group for the remaining months of the financial year.

Berlin, in August 2007

Kamyar Niroumand	Gernot Sagl
Chief Executive Officer	Chief Financial Officer

Legal Notice

This Half-yearly Financial Report contains forward-looking statements based on underlying assumptions and estimates by the management of Beta Systems Software AG. Although management is of the opinion that these forward-looking statements are realistic, there can be no assurance that the expectations, beliefs or projections are correct, will materialize or be achieved or accomplished. The forward-looking statements and assumptions contained herein may be subject to risks or uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. A number of factors that are deemed to be of relevance as regards such deviations have been outlined in the risk report. Beta Systems disclaims any obligation to update any forward-looking statements to reflect subsequent events or circumstances. All trade names, trademarks, and service marks or logos used in this document are the property of the respective companies.




V. REVIEW REPORT

To Beta Systems Software Aktiengesellschaft, Berlin

We have reviewed the condensed interim consolidated financial statements - comprising the balance sheet, income statement, cash flow statement, statement of changes in equity and selected explanatory notes - and the interim group management report of Beta Systems Software Aktiengesellschaft, Berlin for the period from January 1, to June 30, 2007 which are part of the half year financial reports according to § 37 w WpHG [„Wertpapierhandelsgesetz“: „German Securities Trading Act“]. The preparation of the condensed interim consolidated financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, and of the interim group management report which has been prepared in accordance with the regulations of the German Securities Trading Act applicable to interim group management reports is the responsibility of the Company’s management. Our responsibility is to issue a review report on these condensed interim consolidated financial statements and on the interim group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and conduct the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material aspects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, and that the interim group management report has not been prepared, in material aspects, in accordance with the regulations of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor’s report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the regulations of the German Securities Trading Act applicable to interim group management reports.

Berlin, August 3, 2007

KPMG Deutsche Treuhand-Gesellschaft
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Dr. Kronner Wirtschaftsprüfer (German Public Auditor)	Marquordt Wirtschaftsprüfer (German Public Auditor)

VI. DISCLOSURE OF DIRECTORS' HOLDINGS OF BETA SYSTEMS SOFTWARE AG

As per June 30, 2007	**Shares**
Management Board	
Kamyar Niroumand	19,000
Gernot Sagl	-
Supervisory Board	
Sebastian Leser	-
Dr. Arun Nagwaney	-
Jürgen Dickemann	-
Volker Wöhrle	-
Stefan Hillenbach	4,288
Wilhelm Terhaag	-
Beta Systems Software AG	
Treasury shares	120,610

None of the members of the Supervisory Board or the Management Board currently hold stock option rights or conversion rights to shares of Beta Systems Software AG.




VII. CONTACT

Hotline for Investors, Analysts and Journalists

If you have any questions relating to the results aof the first half of fiscal 2007, please feel free to contact Beta Systems' Investor Relations team: phone:+49 (30) 726 118 -171 or per e-Mail ir@betasystems.com.

Beta Systems Software AG Berlin, Germany

Beta Systems Software AG Berlin (Prime Standard: BSS, ISIN DE0005224406) develops high-profile software products and solutions for the secure and efficient processing of large data volumes. The core businesses of Beta Systems comprise document processing as well as IT user management data processing in data centers and compliance solutions. In addition, the Beta 4Agility suite offers large companies new integration products to enhance their agility in IT and business processes. The products serve to simplify the automation of data and document processing and improve on the security and performance of IT.

Beta Systems, which has been a listed company since 1997, was founded in 1983 and has a workforce of more than 600 employees. The company's principal place of business is Berlin. Beta Systems has Centers of Competence in Augsburg, Cologne and Calgary, as well as 17 subsidiaries worldwide and cooperations with numerous partner companies. With more than 3,000 running installations, it has a customer base of more than 1,300 major companies from the sectors of financial services and IT service providers and industry at large in Germany, Europe and the USA.

More information on the company and its products can be found under www.betasystems.com.

Press Contacts

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