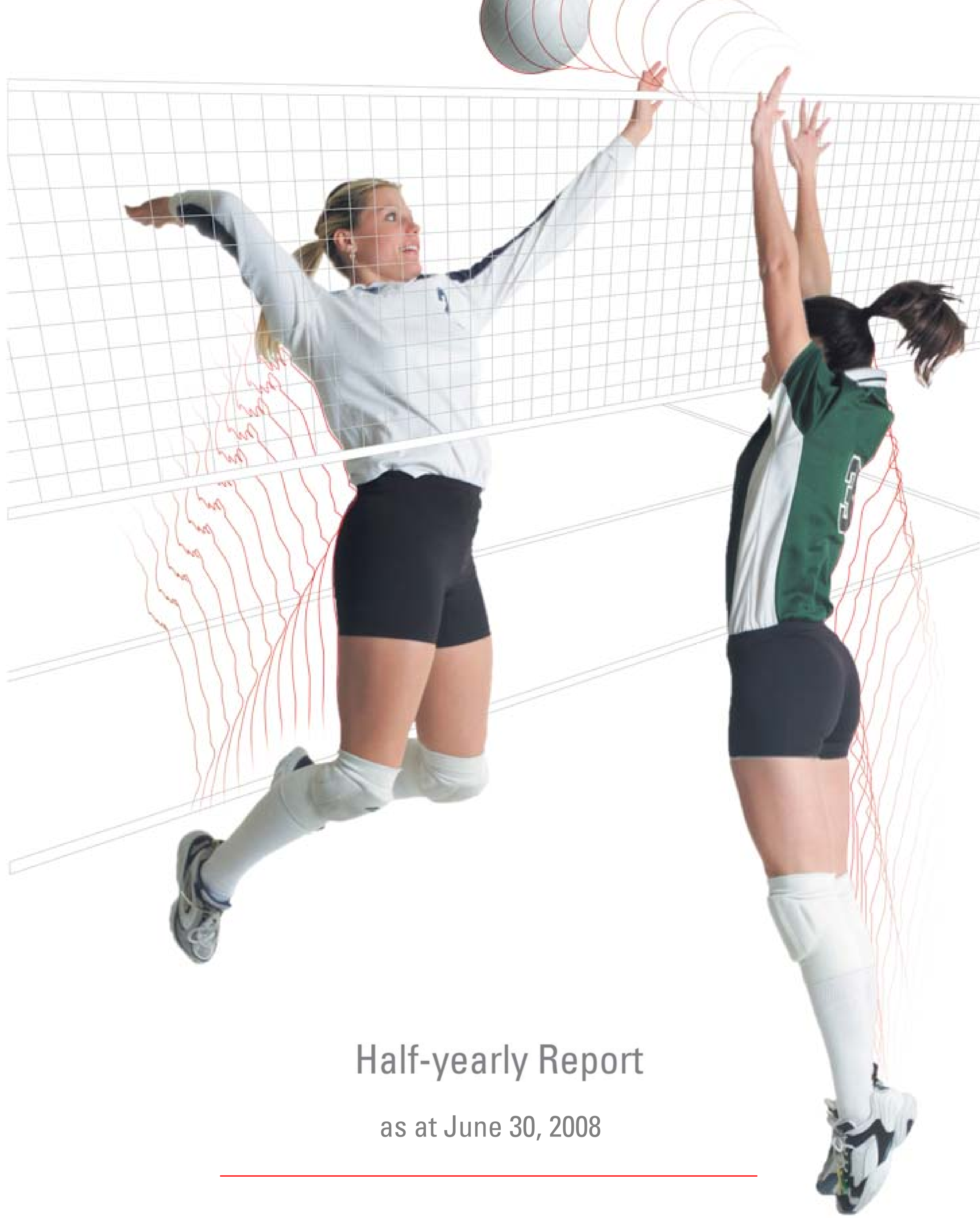

Half-yearly Report

as at June 30, 2008

_betasystems

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I. REPORT AS AT JUNE 30/HALF-YEAR 2008

- **Despite a difficult market environment, Beta Systems achieves important sales success in all its business segments**
- **Revenues from software licenses rose significantly by 42.8% in the second quarter of 2008 (at the end of six months, by 12.6%)**
- **Total revenues climbed 7.7% in the second quarter of 2008**
- **Earnings before interest and tax (EBIT), earnings before interest, tax, depreciation and amortization (EBITDA) and earnings before tax (EBT) improved considerably**
- **Growth forecast for the year as a whole affirmed**

After a successful initial quarter in 2008, Beta Systems Software AG (BSS, ISIN DE0005224406) had achieved significant improvements in revenues and profit by the end of six months as well. Accordingly, the Company recorded major sales successes in all three segments, raising its high-margin sales of software licenses by 42.8% in the second quarter and, at the end of the first six months of 2008, by 12.6%. In this process, the Berlin-based software supplier acquired customers first and foremost from the banking and insurance sectors. From the standpoint of the Company, this is a very gratifying trend as its sales success was achieved against the backdrop of a cooling economy dampened by the global crisis still persisting in the international capital and financial markets.

The most important successes included the signing of a contract with one of Europe's largest IT providers which is now to use products from Beta Systems' DCI portfolio throughout Europe. In the IdM segment, contracts with one of the world's largest airlines and a major European bank were renewed, with the result that a long-standing customer relationship was deepened and the existing installation basis of the respective customer was strengthened. In the ECM segment, a long-term, large-volume contract was signed with one of Germany's most important service providers in the payments business. This contract in the ECM segment is, at the same time, the largest single contract signed in the history of the Company. With a total volume of several million euros, it has boosted orders in hand significantly and forms an important basis for achieving the other targets set for the fiscal year 2008. The first contracts signed for the new Agilizer product solutions (including automated monitoring of compliance in large corporations) also further the achieving of the annual targets.

At the end of the first six months of 2008, total revenues had edged up to € 42.5 million (Q1-Q2/2007: € 41.9 million). Revenues in the services segment contributed € 6.9 million (Q1-Q2/2007: € 7.6 million) and maintenance revenues posted € 19.7 million (Q1-Q2/2007: € 21.3 million) over the same period. Revenues from scanner hardware climbed to € 3.2 million (Q1-Q2/2007: € 1.7 million). As before, Beta Systems is concentrating on business with software licenses and services. It nonetheless continues to realize profitable revenue from scanner hardware in new systems as part of customer-oriented total solutions for hard- and software (above all, in the banking sector).

At the end of six months, EBIT had improved to € 0.6 million (Q1-Q2/2007: € 0.4 million) and EBITDA to € 2.6 million (Q1-Q2/2007: € 2.2 million). Particularly pleasing was EBT which rose to € 0.8 million (Q1-Q2/2007: € 0.1 million). The result for the business period, which came to € 0.3 million, was also clearly positive (Q1-Q2/2007: € 0.0 million). At the end of six months, the costs of revenues had fallen 8.1% to € 18.7 million, down from € 20.3 million and, as a result, gross profit rose 10.7%, from € 21.6 million to € 23.9 million. The cash flow from operating activities increased by 38.3% to € 7.3 million in tandem with the improved cost and profit situation (Q1-Q2/2007: € 5.3 million).

Key Financial Data for the first six months of 2008 at a Glance

- Software license revenues advance significantly by 12.6% to € 12.8 million (Q1-Q2/2007: € 11.3 million)
- Total revenues rise by 1.6% to post € 42.5 million (Q1-Q2/2007: € 41.9 million)
- EBIT improves to € 0.6 million (Q1-Q2/2007: € 0.4 million), EBITDA to € 2.6 million (Q1-Q2/2007: € 2.2 million) and EBT to € 0.8 million (Q1-Q2/2007: € 0.1 million)
- The cash flow from operating activities climbs by 38.3% to € 7.3 million (Q1-Q2/2007: € 5.3 million)
- Maintenance revenues fall in line with expectations to € 19.7 million (Q1-Q2/2007: € 21.3 million) owing to the decline in low-margin hardware maintenance contracts
- Services revenues decline to € 6.9 million (Q1-Q2/2007: € 7.6 million)

Key Financial Data for Q2/2008 at a Glance

- Software license revenues soar 42.8% to € 7.7 million (Q2/2007: € 5.4 million)
- Total revenues climb by 7.7% to € 22.5 million (Q2/2007: € 20.9 million)
- EBIT improves marginally to € 1.2 million (Q2/2007: € 1.1 million)
- Maintenance revenues fall in line with expectations to € 9.6 million (Q2/2007: € 11.0 million) owing to the decline in low-margin hardware maintenance contracts
- Services revenues decline to € 3.9 million (Q2/2007: € 4.0 million)

Statement by the Chief Executive Officer

Kamyar Niroumand, CEO of Beta Systems Software AG, commented as follows: “After a good start to fiscal 2008, we have achieved important sales successes in all three of our business segments despite the tense situation in the financial sector. This is all the more remarkable if one considers the current cooling of the economy. I am particularly happy about the first contracts signed for the new Agilizer products which we recorded only a few months after having presented our new solutions to the market. Based on these outstanding sales successes and our high-margin business with software licenses, we are convinced that we are still on the right track towards achieving our ambitious targets for the EBIT margin and revenue growth in fiscal 2008 and herewith affirm our positive outlook for the year.”

Gernot Sagl, Chief Financial Officer of Beta Systems Software AG, added the following: “The sales successes in the first half of 2008 have had a very positive impact on profit. Being profitable two years in a row as early as at the end of the first half-year is not something one can take for granted in the case of an IT software company but this is what Beta Systems has done. Our extremely sound financial position and our positive interest income meant that we were able to raise EBT to almost € 1 million.”

Outlook for the Fiscal Year 2008

At the end of the first six months of 2008, the Management Board retains its forecast, drawn up at the start of the year, for the current fiscal year and has planned for an EBIT margin in the upper single digit range and a double digit EBITDA margin with a slight growth in sales. The prerequisite for this is that all three business segments are profitable. The Management Board assumes that the goals of sustained profit improvement through the concentration on business with software licenses and services, the building up of customer relationships, above all in the financial services sector and industry at large, the expansion of the global partner business and the ongoing implementation of the Beta 4Agility product and sales strategy will be achieved.




Key Operational Highlights

- **Beta Systems successfully completes the acquisition of SI Software Innovation GmbH**
- **Beta Systems Software and rubin Software GmbH agree a cooperation**
- **Berlin's St. Joseph Krankenhaus successfully handles large volumes of incoming invoices using FrontCollect Invoice by Beta Systems**
- **Beta Systems and Intergraph realize geoportal for a population census in Nigeria**
- **Beta Systems share performs well**

Beta Systems successfully completes the acquisition of SI Software Innovation GmbH

On February 18, 2008, Beta Systems Software AG announced the successful completion of its takeover of all the shares in SI Software Innovation GmbH (SI GmbH) headquartered in Neustadt. The company will continue to operate as an independent company with limited liability (GmbH) under German law under new management. With immediate effect, the company's business will be managed by Harald Podzuweit, head of Beta Systems' Data Center Infrastructure (DCI) and Identity Management segments, and by Richard Racs, SI GmbH's managing director to date.

Similar to Beta Systems, SI GmbH, a company with over 20 years of experience in the market, has long-standing customer relationships with a large number of major enterprises and customers in the financial services sector. Beta Systems will supplement its existing product portfolio by including SI GmbH's Large Documents Management System (LDMS), thereby strengthening its mainframe business in particular. In this process, LDMS will be treated as an individual product line in its own right which, at the same time, will underscore Beta System's long-term commitment to the Neustadt location.

Through its acquisition of SI GmbH, Beta Systems has raised its market share in computer centers in Germany's financial services sector while at the same time reinforcing its profile as a strategic IT supplier to the German savings banks and the retail banks. At the same time, the former customers of SI GmbH, as well as those of Beta Systems Software AG, will benefit from extensive support with a broad solutions portfolio for data processing in data processing centers. In addition, they can drawn on the premium support and range of services of Beta Systems.

Beta Systems Software and rubin Software GmbH agree a cooperation

Beta Systems Software AG and rubin Software GmbH are to concentrate their experience in the security of computer centers. rubin Software will sell Beta Systems security solutions across all sectors, thereby extending its offer of high-grade security solutions for data processing centers. Through their combined strength, existing customer relationships can now be jointly promoted and deepened through concentrated activities and new market potential developed.

In future, rubin Software GmbH will sell Beta Systems Software AG's security products as a value added reseller and will implement customized solutions. Companies will be able to set in place a secure and

efficient user management for all their IT users. Users can be managed cost effectively and will be allocated their access rights in accordance with the customer's business processes.
Beta Systems security solutions enable companies to integrate all identity management aspects in a holistic fashion. This will allow cross-departmental and cross-company identity management to be implemented and a central integration platform for solutions in a large company to be made available.

Berlin's St. Joseph Krankenhaus successfully handles large volumes of incoming invoices using FrontCollect Invoice by Beta Systems
The St. Joseph Krankenhaus in Berlin has opted for automation in the processing of its incoming invoices. With the aid the invoice reader FrontCollect Invoice of Berlin-based Beta Systems Software AG, the effort involved in processing is to be reduced by 60 percent when measured against manual procedures. At the same time, it is expected that processing time per incoming invoice will be accelerated by 50 percent. The new solution makes it possible to handle the steadily rising volume of incoming invoices with optimized deployment of personnel.

Beta Systems and Intergraph realize geoportal for a population census in Nigeria
Beta Systems Software AG and Intergraph (Deutschland) GmbH were awarded the contract which involves preparing the data of the last population consensus conducted in Nigeria. Evaluation having been completed for the most part, the transmission of the census data to a central database is currently taking place. The final figures of the Nigerian consensus are to be published shortly. The European Union is promoting this EU project which is the largest individual project in Africa via the development aid program EuropeAid. In the population consensus, Beta Systems processed more than 50 million double-sided DIN A4 sheets with its FrontCollect document management solution - under the most difficult social, structural and geographical conditions. The data read for the consensus are now being transmitted to a central database, linked with geo coordinates and incorporated into an extensive IT environment from Geographical Information System (GIS). At the end of the project, decision makers will have significant planning instruments specific to the population which can be used to promote the economy.

Beta Systems share performs well
The price of the Beta share in Xetra trading started at € 4.90 on January 2, 2008, and had risen to € 4.99 by the end of March (closing price on March 31, 2008). At the end of six months, it had climbed to € 5.25 (closing price on June 30, 2008), thus recording an increase of 7.1% since the start of the year. Despite the rising pressure induced by very volatile financial and capital markets, it had achieved this pleasing performance within a period of six months.




II. INTERIM MANAGEMENT REPORT

1. Foreword

Beta Systems Software AG has drawn up this Interim Management Report as at June 30, 2008, in accordance with the legal requirements. The reporting period covers the first six months of 2008. The Interim Management Report is to be read in conjunction with the Interim Consolidated Financial Statements as at June 30, 2008.

All forward-looking statements relate to the period up until December 31, 2008. In observance of the legal provisions, this Interim Management Report is not an instrument of information in its own right but constitutes material changes to the statements made in the Combined Management Report on the Group an on the Parent Company as per December 31, 2007 and must therefore be read in conjunction with the latter. In respect of the forward-looking statements, these are also an update on those made on December 31, 2007.

The following information relates to the consolidated results of the Beta Systems Group. The Segment Reporting has been prepared in accordance with the structure of the Company and is divided into the following business segments: Data Center Infrastructure (DCI), Identity Management (IdM), and Enterprise Content Management (ECM).

All amounts cited in the Interim Management Report and information derived therefrom (e.g. percentage figures) are figures fully rounded up to thousands of euros as presented in the Interim Consolidated Financial Statements.

The Interim Consolidated Financial Statements as at June 30, 2008 and the Interim Management Report were neither audited by the external auditor nor were they subject to a review by the external auditor.



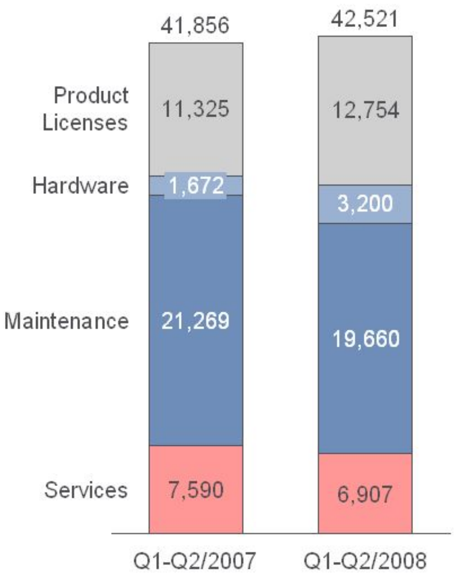

2. Report on the Financial Performance, Assets and Financial Position

2.1. Financial Performance of the Beta Systems Group

Development of Revenues

As a supplier of complex corporate IT solutions, Beta Systems generates revenues from the components of software licenses, maintenance and services. An additional source of revenue comes from hardware in the form of scanner systems.

Development of Revenues
Amounts in T€



Total revenues climbed 7.7% to € 22.5 million (Q2/2007: € 20.9 million) in the second quarter of 2008. At the end of the first six months of 2008, revenues stood at € 42.5 million, thus posting an increase of 1.6% in comparison to the previous year's figure of € 41.9 million. Reflected in this result is the sharp growth in license revenues which more than compensated for the decline in the maintenance business.

Software license revenues soared in the second quarter by 42.8% to € 7.7 million in the second quarter of 2008 (Q2/2007: € 5.4 million) and, at the end of six months, had climbed 12.6% to € 12.8 million (Q1-Q2/2007: € 11.3 million). This development was attributable to the notable increase in license revenues in Germany, Italy and France, where Beta Systems continued to benefit from the dynamic trend in IT outsourcing.

The **hardware business** with scanners rose to € 1.3 million (Q2/2007: € 0.5 million) in the second quarter and, at the end of the first six months of 2008, had advanced from € 1.7 million to € 3.2 million. As before, Beta Systems is concentrating on business with software licenses and services. It nonetheless continues to realize profitable revenue from scanner hardware in new systems as part of customer-oriented total solutions for hard- and software (above all, in the banking sector).

Maintenance revenues declined 13.1%, from € 11.0 million to € 9.6 million, in the second quarter, and had fallen 7.6% to € 19.7 million, down from € 21.3 million, by the end of the six month period. This development is the result contractual consolidation in the large customer segment owing to the concentration process which banks and computer centers are currently undergoing.

Services revenues dropped from € 4.0 million to € 3.9 million in the second quarter, and had declined from € 7.6 million to € 6.9 million by the end of June 2008.

Development of Gross Profit

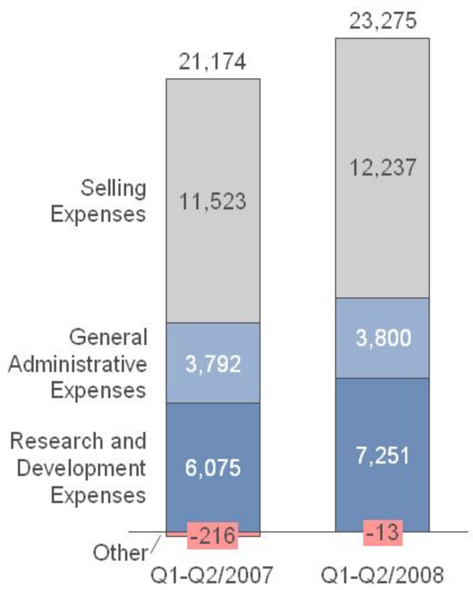
In the reporting period, there was another considerable reduction in the **cost of revenues** which fell from € 20.3 million to € 18.7 million in a year-on-year comparison. This effect was primarily due to another decline in personnel expenses. A comparison between the second quarters of 2007 and 2008 shows an increase of € 0.4 million, from € 9.4 million in 2007 to € 9.8 million in 2008, which was caused by greater use of materials.

At the end of six months, **gross profit margin** had risen to € 23.9 million (Q1-Q2/2007: € 21.6 million) owing to the positive effect of the sales mix and an improvement in the cost of revenues resulting from the personnel measures implemented in previous years. In the second quarter of 2008, gross profit had edged up to € 12.7 million (Q2/2007: € 11.6 million).

Development of Costs and Expenses

Development of Costs and Expenses

Amounts in T€



Operating expenses climbed by 10.9% to € 11.6 million in the second quarter of 2008 (Q2/2007: € 10.4 million) and by 9.9% to € 23.3 million at the end of six months as against the previous year's figure of € 21.2 million. This development was caused by higher selling expenses owing to greater activity by partner sales channel and higher research and development expenses.

Selling expenses rose by 13.8% to € 6.6 million in the second quarter of 2008 (Q2/2007: € 5.8 million) and had climbed 6.2% to € 12.2 million by the end of six months (Q1-Q2/2007: € 11.5 million).

General administrative expenses remained more or less unchanged in the second quarter and in the first six months of 2008 and posted € 1.7 million (Q2/2007: € 1.9 million) and € 3.8 million (Q1-Q2/2007: € 3.8 million) respectively.

Research and development expenses grew by 17.0% to € 3.5 million, up from € 3.0 million in the second quarter of 2008 and by 19.4% to € 7.3 million, up from € 6.1 million in the first half year of 2008. This trend was mainly driven by the implementation of the Beta4Agility strategy.

Measured against revenues, operating expenses had risen to 54.7% by the end of the first six months of 2008 (Q1-Q2/2007: 50.6%).

EBITDA, defined as the operating result (EBIT, including Sundry income and Other expenses) plus depreciation and amortization, came to € 2.6 million and was clearly up on the previous year (Q1-Q2/2007: € 2.2 million).

In the first six months of 2008, the **finance result** climbed from € -0.3 million to € 0.3 million owing to positive interest-related effects from the discounting of trade receivables and the lower level of finance expenses.

The **result before income taxes** improved notably and, at the end of the reporting period, stood at € 0.8 million (Q1-Q2/2007: € 0.1 million).

Taking account of the non-capitalization of deferred tax on loss carryforwards, the tax result fell to € -0.5 million in the first half of the fiscal year 2008. Tax expenses disclosed pertain mainly to **income tax** levied on foreign subsidiaries.

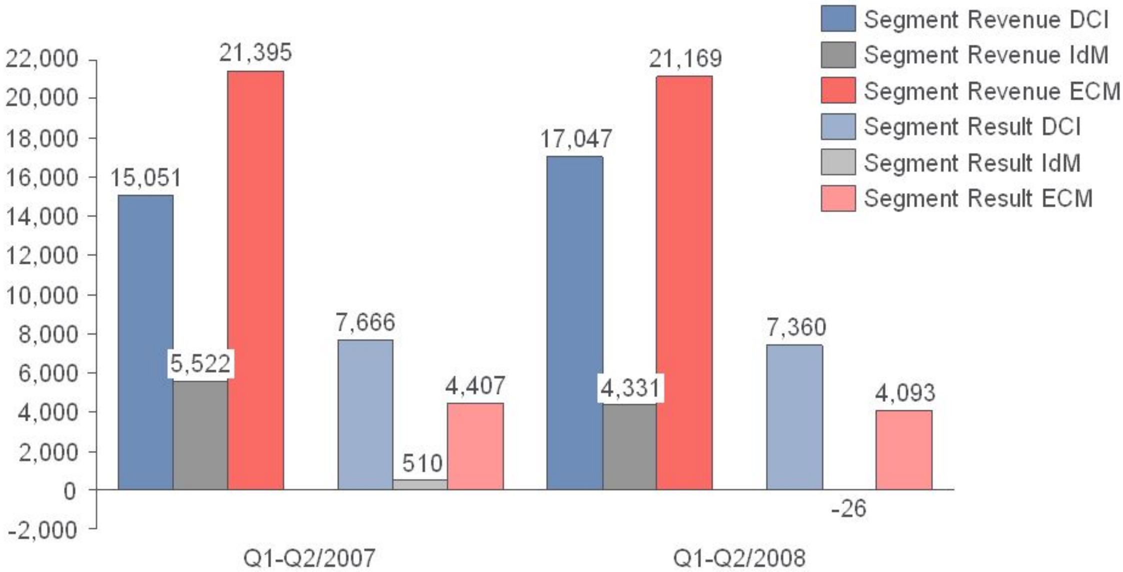
Accordingly, the **result after income taxes** came to € 0.3 million in the first half-year of 2008 as compared with the year-earlier figure of € 0.0 million.

Earnings per share thus improved to € 0.03 (Q1/2007: € 0.00), and the weighted average number of shares outstanding at the end of the first six months of 2008 came to 13,168,304 shares.

Despite the global crisis in the financial markets, demand in the core market of Europe came primarily from the banking and insurance sectors. In the first six months of 2008, the companies of the Beta Systems Group signed a series of contracts worldwide with renowned customers in all of its three business segments. In the DCI segment, contracts were concluded with GIE SILCA (financial services provider, France), Allianz Shared Infrastructure Services (IT service provider, Germany), Bancaja (financial services provider, Spain), SIA-SSB (financial services provider, Italy), Nordea Capital Market, (financial services provider, Denmark) and IBM Global Services (IT service provider, USA). In the IdM segment, sales successes included contracts signed with Credit Suisse (financial services provider, Switzerland), Lufthansa Systems Infratec (IT service provider, Germany) and T Rowe (financial services provider, USA). In the ECM segment, new contracts in the first six months of 2008 included those signed with the Central Bank of Nigeria (financial services provider, Nigeria), National Planning Commission (government administration, Nigeria), Sparkassen Informatik (financial services provider, Germany), F. Hoffmann-LaRoche (pharmaceuticals company, Switzerland) and UniCredit Global (financial services provider, Italy).

Performance of the Business Segments

Amounts in T€



At the end of six months, the revenues of the **DCI** segment had grown by 13.3% to € 17.0 million, up from € 15.1 million. The segment thus held the high revenue level of the previous year and was able to build on it with a revenue contribution of € 2.1 million through the acquisition of SI Software Innovation GmbH. Operating profit, which came to € 7.4 million, remained virtually unchanged from the previous year (Q1-Q2/2007: € 7.7 million). SI GmbH's contribution to profit was € 0.3 million.

The **IdM** segment saw revenues fall from € 5.5 million in the first six months of 2007 to € 4.3 million by the end of the first half of 2008, in particular owing to the fact that there was no repeat of a major order in the IT outsourcing business this year. Active cost management compensated for effect of the decline on profit, bringing it to € 0.0 million (Q1-Q2/2007: € 0.5 million).

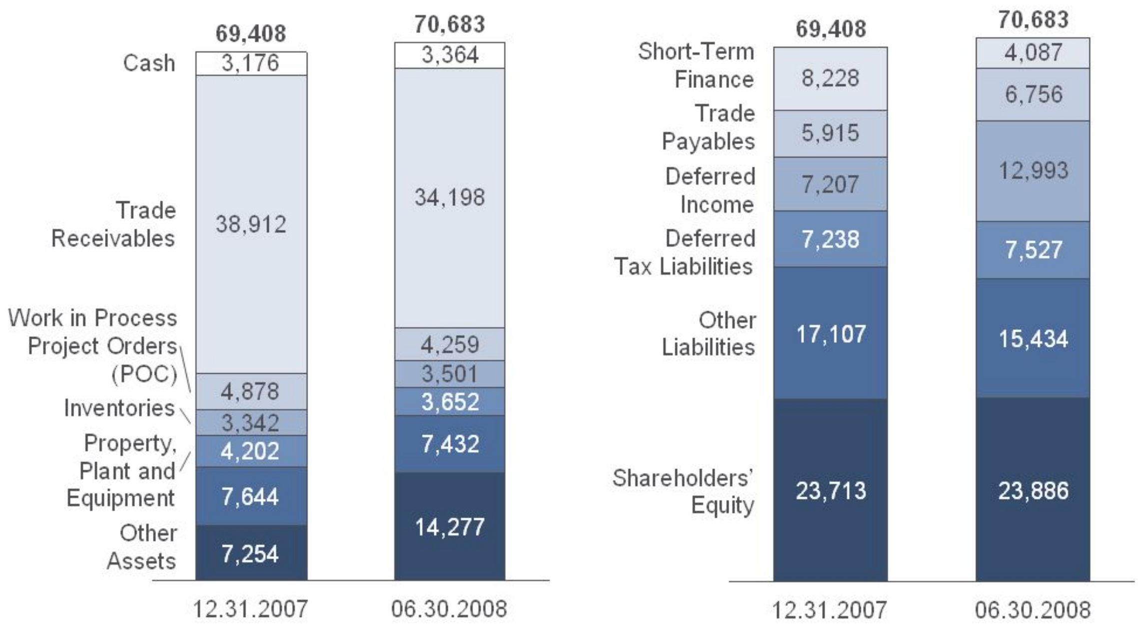
The business volume of the **ECM** segment, which posted revenues of € 21.2 million (Q1-Q2/2007: € 21.4 million), remained at the previous year's level. In particular, the increase in the costs of partner compensation, which came to € 4.1 million, caused the result to decline marginally in comparison with the year-earlier figure of € 4.4 million.

Human Resource Development

The number of employees in the Beta Systems Group rose to 628 in the first six months of 2008, up from 617 in the previous year's period. This figure includes 35 employees from SI Software Innovation GmbH, a company acquired in the first quarter of 2008. Adjusted for this acquisition, employee numbers have declined by 24 persons.

2.2. Assets and Financial Position of the Beta Systems Group

Amounts in T€



On June 30, 2008, Beta Systems disclosed **cash** amounting to € 3.4 million compared with € 3.2 million on December 31, 2007.

The **cash flow from operating activities** increased to € 7.3 million in tandem with the improved cost and profit situation (Q1-Q2/2007: € 5.3 million).

The acquisition of SI Software Innovation GmbH (€ -2.6 million) raised the **cash flow from investing activities** from € -0.1 million to € -2.9 million.

Due to effects associated with the reporting date, **trade receivables** had fallen from € 38.9 million on December 31, 2007, to € 34.2 million by June 30, 2008.

Work in process project orders (POC), minus project-related advances received, dropped to € 4.3 million (December 31, 2007: € 4.6 million), owing in particular to the completion of a large project in Nigeria in June 2008.

Assets held for sale posted € 2.4 million (December 31, 2007: € 0.0 million) through a property bought as part of the acquisition of SI Software Innovation GmbH.

Other intangible assets rose through the acquisition of SI Software Innovation GmbH, from € 0.8 million to € 3.0 million**.**

Acquired software product rights climbed from € 1.6 million to € 2.4 million through the rights to Software Large Documents Management System (LDMS) purchased as part of the acquisition of SI Software Innovation GmbH**.**

Short-term finance had declined from € 8.2 million on December 31, 2007, to € 4.1 million by June 30, 2008.

Deferred income stood at € 13.0 million (December 31, 2007: € 7.2 million) and included maintenance revenues invoiced at the start of the year for the corresponding provision of services and recognition of revenues in the course of the year in accordance with the accruals concept.

Liabilities held for sale stood at € 1.3 million (December 31, 2007: € 0.0 million) through the property bought as part of the acquisition of SI Software Innovation GmbH.

On June 30, 2008, **shareholders' equity** remained posted € 23.9 million (December 31, 2007: € 23.7 million).The **equity ratio** stood at 33.8% as against 34.2% at year-end 2007.

3. Outlook

In respect of the end of the fiscal year 2008, the Management Board confirms its outlook as per December 31, 2007 published in its Combined Management Report on the Group and the Parent Company.

4. Opportunities and Risk Report

The opportunities and risk report is an update of the assumptions made in the Combined Management Report on the Group and the Parent Company as per December 31, 2007. 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:

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.

Through the acquisition of the rights of SI Software Innovation GmbH to the Large Documents Management System (LDMS) product, Beta Systems is currently extending its existing product portfolio in the mainframe business. In this process, LDMS will be treated as an individual product line in its own right. Beta Systems assumes that the synergies released from combined product portfolio can be used successfully in data processing centers.

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 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 430,905 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.

Current Situation in the International Financial Markets

The persistently tense situation in the international financial markets is accelerating the consolidation process in the financial services sector and, at the same time, causing increasing pressure from the cost side in the sector. On the one hand, this favors the development of the new software solutions of Beta Systems which are focused on the adjustment of business processes, IT systems and organization as part of consolidation. On the other, however, there is the risk in the short term that investments may be shelved owing to liquidity management.

5. Report on Material Transactions with related Parties

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




III. AFFIRMATION BY THE LEGALLY AUTHORIZED REPRESENTATIVES

To the best of our knowledge, and in accordance with the applicable reporting principles for interim reporting, the 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 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 during the remaining financial year.

Berlin, in August 2008

Kamyar Niroumand Chief Executive Officer	Gernot Sagl Chief Financial Officer

Final Statements/Disclaimer

This Half-yearly Report contains forward-looking statements which are based on assumptions and estimates made by the management of Beta Systems Software AG. Although the expectations inherent in these forward-looking statements are assumed to be realistic, no guarantee can be undertaken that these expectations prove to be correct. The assumptions may harbor risks and uncertainties which may lead to actual results diverging significantly from the forward-looking statements. The factors which may cause such divergences have been described in the Outlook report of the Combined Management Report on the Group and the Parent Company 2007 and elsewhere. An update of these forward-looking statements by Beta Systems is neither planned nor does management undertake any obligation to do so. All company, product and service brand names and logos used here are the property of the respective company.




BETA SYSTEMS SOFTWARE AG AND SUBSIDIARIES
CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT JUNE 30, 2008 (UNAUDITED)

CONSOLIDATED STATEMENT OF INCOME

(Thousand €, except share data in € viz. in number of shares)	Q1-Q2/2007 (unaudited)	Q1-Q2/2008 (unaudited)
Revenues	**41,856**	**42,521**
Product Licenses	11,325	12,754
Hardware	1,672	3,200
Maintenance	21,269	19,660
Services	7,590	6,907
Cost of Revenues	**20,293**	**18,654**
Gross Profit	**21,563**	**23,867**
Operating Expenses	**21,174**	**23,275**
Selling Expenses	11,523	12,237
General Administrative Expenses	3,792	3,800
Research and Development Expenses	6,075	7,251
Sundry Income	(443)	(277)
Other Expenses	227	264
Operating Result	**389**	**592**
Finance Result	**(265)**	**255**
Interest Income	18	382
Interest Expenses	(283)	(127)
Result before Income Taxes	**124**	**847**
Income Taxes	(116)	(507)
Result for the Fiscal Period	**8**	**340**
Earnings per Ordinary Share		
Basic and Diluted	**0.00**	**0.03**
Weighted Average Number of Shares Outstanding used to compute Earnings per Ordinary Share		
Basic and Diluted	**8,738,666**	**13,168,304**

See accompanying Notes to the Consolidated Financial Statements




CONSOLIDATED STATEMENT OF INCOME

(Thousand €, except share data in € viz. in number of shares)	Q2/2007 (unaudited)	Q2/2008 (unaudited)
Revenues	**20,904**	**22,517**
Product Licenses	5,389	7,698
Hardware	531	1,333
Maintenance	11,032	9,583
Services	3,952	3,903
Cost of Revenues	**9,366**	**9,801**
Gross Profit	**11,538**	**12,716**
Operating Expenses	**10,428**	**11,560**
Selling Expenses	5,762	6,558
General Administrative Expenses	1,893	1,653
Research and Development Expenses	2,970	3,475
Sundry Income	(447)	(143)
Other Expenses	250	17
Operating Result	**1,110**	**1,156**
Finance Result	**(154)**	**72**
Interest Income	2	141
Interest Expenses	(156)	(69)
Result before Income Taxes	**956**	**1,228**
Income Taxes	(41)	(308)
Result for the Fiscal Period	**915**	**920**
Earnings per Ordinary Share		
Basic and Diluted	**0.10**	**0.07**
Weighted Average Number of Shares Outstanding used to compute Earnings per Ordinary Share		
Basic and Diluted	**8,738,666**	**13,168,304**

See accompanying Notes to the Consolidated Financial Statements




CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Thousand €)	12.31.2007 (audited)	06.30.2008 (unaudited)
Current Assets	**52,494**	**51,269**
Cash	3,176	3,364
Trade Receivables	38,912	34,198
Work in Process Project Orders (POC)	4,878	4,259
Inventories	3,342	3,501
Other Current Assets	2,186	3,547
Current Income Taxes	-	-
Assets Held for Sale	-	2,400
Non-Current Assets	**16,914**	**19,414**
Property, Plant & Equipment	4,202	3,652
Goodwill	1,522	2,044
Other Intangible Assets	768	2,981
Acquired Software Product Rights	1,599	2,390
Deferred Tax Assets	7,644	7,432
Other Non-Current Assets	1,179	915
Total Assets	**69,408**	**70,683**
Current Liabilities	**33,990**	**35,314**
Short-Term Finance and Finance Leasing	8,228	4,087
Trade Payables	5,915	6,756
Deferred Income	7,207	12,993
Current Income Taxes	202	317
Advance Payments Received (POC)	290	-
Provisions	368	359
Other Current Liabilties	11,779	9,551
Liabilities Held for Sale	-	1,251
Non-Current Liabilities	**11,705**	**11,483**
Employee Benefits	2,921	2,910
Deferred Tax Liabilities	7,238	7,527
Other Non-Current Liabilities	1,546	1,046
Total Liabilities	**45,695**	**46,797**
Shareholders' Equity	**23,713**	**23,886**
Share Capital	17,276	17,276
Capital Reserve	10,709	10,709
Retained Losses	(4,950)	(4,610)
Other Comprehensive Income	1,097	930
Treasury Shares	(419)	(419)
Total Liabilities and Shareholders' Equity	**69,408**	**70,683**

See accompanying Notes to the Consolidated Financial Statements




CONSOLIDATED STATEMENT OF CASH FLOWS

(Thousand €)	Q1-Q2/2007 (unaudited)	Q1-Q2/2008 (unaudited)
Net Cash from Operating Activities	**5,300**	**7,329**
Profit for the Fiscal Period	8	340
Reconciliation from Profit for the Fiscal Period to Net Cash from Operating Activities:		
Depreciation and Amortization	1,808	2,039
(Gain) Loss on the Disposal of Property, Plant & Equipment, net	23	(31)
Finance Result, net	265	(255)
Current Tax (Benefit) Expenses	(9)	115
Deferred Tax Benefit	(342)	(587)
Income Taxes Paid	(377)	(35)
Foreign Currency Gains, net	410	169
Changes in Assets and Liabilities:		
- Decrease in Trade Receivables	2,424	4,714
- Increase (Decrease) in Trade Payables	(938)	696
- Increase in Deferred Revenues	9,022	5,260
- Changes in other Assets and Liabilities	(6,994)	(5,096)
Net Cash used in Investing Activities	**(101)**	**(2,874)**
Acquisition of Property, Plant & Equipment	(162)	(299)
Proceeds from the Disposals of Property, Plant & Equipment	56	-
Interest Received	5	35
Cash Paid for Investments, net of Acquired Cash	-	(2,610)
Net Cash used in Financing Activities	**(5,286)**	**(4,267)**
Net Change in Short-Term Finance and Finance Leasing	(4,200)	(4,140)
Repayment of Long-Term Borrowings	(1,035)	-
Interest Paid	(52)	(127)
Increase in Cash	**(88)**	**188**
Effect of Exchange Rate Fluctuations on Cash	(123)	-
Cash at the Beginning of the Fiscal Period	2,050	3,176
Cash at the End of the Fiscal Period	**1,839**	**3,364**

See accompanying Notes to the Consolidated Financial Statements




CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Q1-Q2/2008 (unaudited)	Ordinary Shares						Treasury Shares		
(Thousand €, except share data in number of shares)	Number of Shares	Value	Capital Reserve	Retained Earnings	Other Comprehensive	Net Income (Loss) including Other Comprehensive	Number of Ordinary	Value	Total Shareholders' Equity
Balance at January 1, 2007	**8,859,276**	**11,517**	**7,985**	**(7,260)**	**1,167**		**(120,610)**	**(419)**	**12,990**
Share Capital Increase	4,429,638	5,759	3,322	-	-		-	-	**9,081**
Cost of Increase in Share Capital, net of Tax Effects	-	-	(598)	-	-		-	-	**(598)**
Net Profit for the Year	-	-	-	2,310	-	2,310	-	-	**2,310**
Other Comprehensive Loss, net of Tax Effects									
Currency Translation Adjustments	-	-	-	-	(70)	(70)	-	-	-
Other Comprehensive Loss	-	-	-	-	-	(70)	-	-	**(70)**
Net Profit for the Year, including Other Comprehensive Loss						2,240			
Balance as at December 31, 2007	**13,288,914**	**17,276**	**10,709**	**(4,950)**	**1,097**		**(120,610)**	**(419)**	**23,713**
Net Profit for the Fiscal Period	-	-	-	340	-	340	-	-	**340**
Other Comprehensive Loss, net of Tax Effects									
Currency Translation Adjustments	-	-	-	-	(167)	(167)	-	-	-
Other Comprehensive Loss	-	-	-	-	-	(167)	-	-	**(167)**
Net Profit for the Fiscal Period, including Other Comprehensive Loss						173			
Balance as at June 30, 2008	**13,288,914**	**17,276**	**10,709**	**(4,610)**	**930**		**(120,610)**	**(419)**	**23,886**

See accompanying Notes to the Consolidated Financial Statements




BETA SYSTEMS SOFTWARE AG AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT JUNE 30, 2008 (UNAUDITED)

GENERAL INFORMATION

Beta Systems Software AG with registered office in Germany comprises together with its subsidiaries, the Group ("Beta Systems" or "the Company") for which the subsequent Consolidated Interim Financial Statements for the fiscal period to June 30, 2008 were compiled in accordance with IFRS standards.

The Company's principal place of business is located at Alt-Moabit 90d, D-10559 Berlin, Germany. The subsidiaries are located in Europe, Africa and North America.

Description of the Business Operations

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") Data Center Infrastructure ("DCI"), Identity Management ("IdM") and Enterprise Content Management ("ECM") of Beta Systems support the Company's customers in the automation, safeguarding and transparency of their IT supported business processes.

Statement of Compliance

These Consolidated Interim 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 2007 and footnotes thereto.

In the opinion of the Management Board, all adjustments considered necessary for a fair presentation (normal recurring provisions) are included. The results for the period to June 30, 2008 are not necessarily indicative of the results which may be expected for the fiscal year 2008.




Financial Reporting Principles and Measurement

The Consolidated Financial Statements were in principal prepared on the historical cost basis, and for the following financial and non-financial assets and liabilities on the basis of their fair value:

- Cash
- Trade Receivables and Trade Payables
- Short-Term Finance and Finance Leasing
- Long-Term Borrowings
- Derivative Financial Instruments

The methods and assumptions used in determining fair values are discussed under the heading “Accounting Policies and Valuation Methods” in the notes specific to these assets and liabilities.

The accounting policies and valuation methods set out below were applied consistently to all periods presented in the Consolidated Financial Statements and by all Group entities.

Functional Currency

The Consolidated Financial Statements are prepared in euro thousand (T€). All amounts are commercially rounded to full T€. The euro is the parent company’s functional currency. Due to the utilization of electronic data processing devices differences in the addition of rounded values and percentages may arise.

Use of Accounting Estimates and Discretionary Decisions

The preparation of financial statements in conformity with IFRS 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. Subsequent actual results could differ from those estimates.

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 Consolidated Interim Financial Statements by means of full consolidation. A controlling influence exists when a parent company is in the position to influence, directly or indirectly, the financial and business policies of the company.

The financial statements of the fully consolidated companies included in the Consolidated Interim Financial Statements are based on the same accounting policies and valuation methods. Inter-company revenues and expenses, accounts receivable, accounts payable, inter-company operating results and inter-company dividend payments were eliminated.




Acquisition of SI Software Innovation GmbH, Neustadt an der Weinstraße

Effective January 1, 2008, Beta Systems Software AG has acquired 100% of the shares in SI Software Innovation GmbH, Neustadt an der Weinstraße („SI GmbH"). With more than 20 years market expertise, SI GmbH calls on proven customer relationships with a number of large corporations. The financial services sector constitutes a focal point. Here the two central IT service providers of the Volksbanken- und Raiffeisen-association, the GAD eG and the FIDUCIA IT AG and their more than 900 affiliated institutes belong to the entity's customer base. SI GmbH's product, Large Documents Management System („LDMS"), is a central archiving system for document-based business processes as well as digital records, and is based on IBM's current zServer technology (mainframe). The business combination is allocated to the business segment Data Center Infrastructure (DCI), under the portfolio of which the LDMS-suite will be integrated as a separate product in future.

The purchase price amounts to T€ 3,000, plus transaction costs in the amount of T€ 19. A further valuable consideration exists in the form of a variable purchase price component. The SI GmbH is owner of an immovable property designated as held for sale. In this way the purchase price increases, depending on the selling price of the property, less the repayment of the mortgage over the property and the direct costs related to the sale. Beta Systems Software AG estimates the additional purchase price component to amount to T€ 1,000.

The acquisition date for purposes of initial consolidation was determined to be January 1, 2008. On the basis of a provisional estimate, goodwill in the amount of T€ 522 has been recognized. The allocation of the purchase price detailed in the following table is provisional, as current efforts to determine the market values of certain own-produced intangible assets had not been concluded at balance sheet date. Future adjustments to the purchase price allocation will be recognized retrospectively within 12 months of the purchase date in accordance with IFRS 3:

SI Software Innovation GmbH, Neustadt an der Weinstraße			
Purchase Price Allocation, in T€	**Book Value SI GmbH**	**Revalution**	**Market Value**
Goodwill	-	522	522
Product Rights LDMS	-	1,475	1,475
Customer Base	-	2,589	2,589
Liabilities	-	(245)	(245)
Deferred Tax Liabilities	-	(1,145)	(1,145)
Cash	409	-	409
Property, Plant & Equipment	122	-	122
Current Liabilities	(852)	-	(852)
Assets Held for Sale	2,400	-	2,400
Liabilities Held for Sale	(1,255)	-	(1,255)
Net Assets, including Goodwill	824	3,195	4,019

The value of the goodwill is based on a number of factors, like the value of the staff complement and synergies in the area of procurement. The SI GmbH contributes revenues in the amount of T€ 2,103 in the reporting period, and a net profit in the amount of T€ 348 to the net result.




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 of the software has occurred and the execution key has been provided, the fee is fixed or determinable and receipt of payment is probable. When a licensing agreement includes multiple elements, revenues are allocated to those elements on the basis of their fair value. For revenue recognized from licenses with temporary use, the criteria described in IAS18 App 20 are tested in particular.

Maintenance revenue is recognized pro rata temporis over the maintenance service period.

Service revenue consists of services for consulting, installation and training and is recognized, on the basis of contractually agreed prices, at the time when the services are delivered.

In addition to the existing standard software products for infrastructure software, the Company also offers, in the context of consulting services, 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 as 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 project, whereby the actual costs accrued for the performance already completed as at reporting date are set in ratio to the estimated total project costs at that time.

Apart from the revenue categories referred to additional revenues are realized in the LoB Enterprise Content Management (ECM) from sales of hardware (scanner systems). Revenue is recognized when ownership passes to the buyer, i.e. upon delivery of the goods and acceptance by the buyer.




Research and Development Costs

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 product rights are therefore recognized as research costs in the consolidated Statement of Comprehensive Income in the period of their accrual in accordance with the principles of IAS 38.52 and IAS 38.53.

Acquired Software Product Rights

Acquired capitalized software product rights are recognized in the Statement of Financial Position in the amount of the acquisition costs, less the scheduled allocation of amortization and the possible impairment losses.

For each reporting period the costs are amortized according to the straight-line method over the estimated useful life of the software.

At each reporting date, the unamortized, acquired and capitalized software product rights 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 product rights 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.

Sundry Income / Other Expenses

The sundry income comprises gains on the disposal of fixed assets and gains on financial assets and hedging instruments recognized in profit or loss. The income is recognized as it accrues.

Other expenses comprise losses on the disposal of fixed assets and on financial assets and hedging instruments recognized in profit or loss, as well as impairment losses recognized. These expenses are recognized in the statement of comprehensive income in the accounting period in which they occur.

Foreign currency gains and losses are reported on a net basis.

Finance Result

The finance income comprises all interest income on short-term cash deposits and interest provisions relating to long-term provisions. Interest income is recognized as an income as it accrues in profit and loss, using the effective interest method.

The finance expenses comprise interest expenses on short-tem finance and on long-term borrowings as well as interest provisions relating to long-term trade receivables. All borrowing costs are recognized as an expense in the accounting period in which they occur, using the effective interest method.




Current Income Taxes

Current income taxes are determined based on the amounts of the corporate taxes due viz. receivable which are expected to result from the individual companies' taxable income viz. taxable loss for the current and former reporting periods. They are established under assumption of the tax regulations and tax rates valid for the respective companies as at reporting date and are recognized at that value which is expected to result as tax payment or tax refund. As settlement will be effected on a net basis, current taxes payable and current taxes receivable were offset against each other.

Deferred Income Taxes

Deferred tax assets and liabilities are determined using the liability method according to IAS 12 for all temporary differences between the accounting base of assets and liabilities as recognized in the Consolidated Financial Statements according to IFRS and the corresponding tax base values. In addition, tax gains on future taxable earnings resulting from existing losses carried forward which are likely to be realized are also considered in the calculation. Exceptions from the application of this principle are differences relating to non-deductible goodwill and temporary differences in connection with investments.

Since the year 2008, the German corporate tax rate on undistributed earnings and on distributed earnings is 15.0%. Together with the solidarity surcharge and the trade tax rate a composite tax rate in the amount of 30.53% has since then been applied.

Earnings per Ordinary Share

The basic earnings per ordinary share is calculated by dividing the net income or loss available to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the fiscal period.

Diluted earnings per ordinary share is calculated by dividing the net income or loss available to present and potentially new ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the fiscal period, adjusted for the effects of all dilutive potential ordinary shares. The dilutive effect of outstanding options is reflected by application of the treasury stock method in diluted earnings per ordinary share.

Cash

Cash comprises cash on hand and demand deposits at banks callable without notice.

Trade Receivables

Trade Receivables are stated at their acquisitions cost less valuation allowances for expected uncollectible or doubtful accounts. The carrying amounts of these trade receivables due for payment within twelve months from reporting date approximate their fair values because of their short maturity.

In addition, receivables with long-term settlement terms are included under this position. These are assessed on the basis of the present value of the expected future cash flows.




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.

Project costs comprise both direct costs as well as general production overhead costs in connection with the existing agreements indirectly allocable.

During the construction phase the construction costs including margin are recognized in the Statement of Financial Position as In Process Project Orders (POC). This represents the gross unbilled amount expected to be collected from customers for contract work performed to date, excluding progress payments already received. If advance payments and progress payments received from a customer exceed the recognized profits for a particular In Process Project Order, the net excess is presented in the Statement of Financial Position under the position “Advance Payments Received (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.

Other Current Assets

Other current assets principally comprise prepaid expenses and deferred charges and are valued at their acquisition cost less impairment losses.

Derivative Financial Instruments

In order to limit and control existing financial foreign currency and interest risks, certain derivative financial instruments in the form of foreign currency forwards and interest caps are employed. These do not fulfill the requirements of the Fair Value Hedge in terms of Hedge Accounting.




Foreign currency forwards are stated at acquisition cost at the time of the conclusion of the contract and stated at fair value in the subsequent reporting periods. The fair value of the currency forwards is assessed on the basis of the forward rates ruling on the reporting date.

Fixed interest caps are made use of to cover interest risks. The fair value of the interest caps is principally determined on the basis of the present value of the expected future cash inflows.

The results of the valuation adjustments resulting from the changes in fair value are recognized in the applicable accounting period in the Statement of Comprehensive Income.

Property, Plant & Equipment
Property, Plant & Equipment is valued at historical acquisition cost less accumulated allocation of scheduled straight-line depreciation amounts.

The scheduled depreciation of the depreciable assets is recognized in profit or loss and is based on the assets' expected useful lives. Assets which are subject to a finance leasing arrangement are depreciated over the useful life of the asset.

The following estimated useful economic lives are applied:

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

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

Gains and losses on disposal of assets are determined by comparing the proceeds with the carrying amount of the asset, and are recognized within "Sundry Income" and "Other Expenses" in the Statement of Comprehensive Income respectively.

Goodwill
Goodwill arises on a business combination, and represents the excess of the cost of the acquisition over the Company's interest in the net fair values of the identifiable assets and liabilities of the acquiree. Goodwill is measured at this resulting difference amount, less all accumulated impairment losses resulting from impairment testing conducted in accordance with IAS 36.

Other Intangible Assets and Acquired Software Product Rights
Acquired intangible assets are valued in the Statement of Financial Position at acquisition cost, less scheduled accumulated amortization and accumulated impairment losses (value in use).

Intangible assets are subject to scheduled allocation of straight-line amortization. For the scheduled amortization of the intangible assets, which is recognized in profit or loss, an estimated useful economic life of five years is applied as a general rule.

The realizable value is determined on the basis of the value in use.

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific assets.

Other Non-Current Assets

Other non-current assets include insurance policies intended to fund a portion of the Company‘s pension obligations. The Company values these investments at cash surrender value.

Operating Leasing / Finance Leasing

The classification of leases as finance leases viz. operating leases is determined on the basis of the economic content of the lease agreement in accordance with IAS 17.8. When all essential risks and rewards with respect to such property pass on to the lessee, the lease agreement is classified as a finance lease.

The lessee capitalizes the asset under Property, Plant & Equipment 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.

Other leases are operating leases and are not recognized on the Group’s Statement of Financial Position. Payments made under operating leases are recognized in the Statement of Comprehensive Income over the term of the lease.

Trade Payables

Trade Payables are stated at their net carrying amount; this is equivalent to the repayment value. The carrying amounts of these trade payables due for payment within twelve months from reporting date approximate their fair values because of their short maturity.

Provisions

Provisions are accrued when the Company has legal or valid obligations towards third parties due to past events and if it is likely that such obligations 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 possible 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.

Other Current Liabilities

Other Current Liabilities are stated at their net carrying amount, which is equivalent to the repayment value.

Long-Term Borrowings

Long-Term Borrowings 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 Finance Result.

Retirement Benefits

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 investments in pension fund reinsurances earmarked for this purpose.

The retirement benefit provisions are recognized in the Statement of Financial Position in accordance with IAS 19 according to the projected unit credit method under application of the corridor method and are included in “Employee Benefits”.

The actuarial gains and losses are distributed under application of the corridor method. The disclosure is included in the cost of revenues and in the operating expenses. Recognition of pro rata actuarial gains and losses outside the corridor are recognized for the expected average remaining service period in respect of the employees covered under the plan in the Statement of Comprehensive Income.

Termination Benefits

Employee benefits due in respect of partial retirement plans originating from collective bargaining agreements are also included in the position “Employee Benefits”.

Here included are both benefits due in respect of existing partial retirement employment agreements as well as provisions for the likely future claiming of benefits by potential claimants.

The provisions were calculated according to the actuarial principles in accordance with IAS 19.133 ff.

Fair Value of Financial Instruments

Financial instruments of the Company consist of non-derivative financial instruments including cash, trade receivables and trade payables, short-term finance and finance leasing and long-term borrowings, as well as derivative financial instruments in the form of foreign currency forwards.

Non-derivative financial instruments are recognized initially at fair value plus - for instruments not at fair value through profit or loss - any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described in each case.

Derivative financial instruments are recognized initially at fair value; attributable transaction costs are recognized in profit or loss when incurred. Subsequent measurement is at fair value through profit or loss.

Financial Risk Management
The Group has exposure to the following risk from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk (including currency- and interest risk)

The use of financial instruments and the nature and extent of the risks arising from the financial instruments to which the Company is exposed as at reporting date, as well as the Company's objectives, policies and processes for measuring and managing risk, and the Company's capital are described in full detail under "Outlook" within the „Combined Management Report".

Impairment of Assets
Financial Assets: All the Company's financial assets designated as at fair value through profit or loss, i.e. cash, trade receivables and trade payables and derivative financial instruments are assessed for indications of an impairment of value at each reporting date. Individually significant assets are tested for impairment on an individual basis.

If objective indications are found that one or more events have a negative effect on the estimated future cash flows of that asset, impairment is recorded for that asset. This is calculated as the difference between its carrying amount and the (lower) present value of the estimated and discounted future cash flows. Impairment losses are recognized in profit or loss.

Non-Financial Assets: The carrying amounts of the Company's non-financial assets, i.e. Goodwill, Other Intangible Assets and Acquired Software Product Rights are assessed for indications of an impairment of value at each reporting date. Individually significant assets are tested for impairment on an individual basis.

If such indications are found, the recoverable value of the respective asset is determined as the higher amount of the value in use and the fair value less the selling costs. Should this recoverable value be below the carrying amount for this asset, the carrying amount of the asset is reduced to its net realizable value.

A goodwill acquired in a business combination is principally tested annually for impairment. Impairment losses are recognized in profit or loss.




Foreign Currency Conversion
The assets and liabilities denominated in the Statement of Financial Positions of foreign subsidiaries were converted to euro on the basis of the appropriate foreign exchange benchmark rates at the reporting date, while the revenues and expenses in the Statement of Comprehensive Incomes were translated using the appropriate average monthly foreign exchange benchmark rates.

Cumulative currency translation adjustments resulting from changes not affecting the Statement of Comprehensive Income were reported as a separate component of “Other Comprehensive Loss” in shareholders’ equity.

Shareholders’ Equity
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognized directly in equity, net of any tax effects.

Each Ordinary share entitles the holder to one vote.

When share capital recognized as equity is repurchased, the repurchased shares are classified as treasury shares and the amount paid, net of any tax effects, is recognized as a deduction from equity.

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) DCI (Data Center Infrastructure), IdM (Identity Management) and ECM (Enterprise Content Management) with individual market-driven strategies for each.

The delimitation of the LoBs is product-oriented in alignment with the business activities. 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. Marketing-, sales- and service functions are also allocated directly to each particular LoB. The LoB-manager operates as entrepreneur, taking the responsibility for the global success of his business. In contrast to the fiscal year 2007, and for the purpose of improving the disclosure of operative budget responsibilities, changes from fiscal year 2008 were implemented to the internal reporting, effectively resulting in only directly attributable costs being allocated to the LoBs. The comparative amounts were adjusted accordingly.

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.

Under the LoB-structure described above the functional areas Sales and Service are directly allocated to the LoBs. Simultaneously the internal cost allocation of the functional areas is in operation - this allows for a “fair according to the input involved” allocation of the costs for the functional areas Sales and Service.

The revenue-relevant settlement of revenues realized between the business segments are allocated, as is shown in the following table in the “Cross Section” column, directly to the LoBs and subsequently eliminated. Inter-segment sales are transacted on the basis of the arm’s length terms and conditions.

Q2/2007	DCI	IdM	ECM	Cross-Section	Total Group
Revenues with Customers	7,880	2,443	10,655	(74)	20,904
...Inter-Segment Revenues	-	-	-	-	-
Total Revenues	7,880	2,443	10,655	(74)	20,904
Cost of Revenues and Operating Expenses of the Business Segments	(3,973)	(2,451)	(7,390)	-	(13,814)
Segment Income (Loss) for the Fiscal Period	3,907	(9)	3,266	(74)	7,090
Q2/2008	**DCI**	**IdM**	**ECM**	**Cross-Section**	**Summe Konzern**
Revenues with Customers	9,000	2,354	11,185	(22)	22,517
...Inter-Segment Revenues	-	-	-	-	-
Total Revenues	9,000	2,354	11,185	(22)	22,517
Cost of Revenues and Operating Expenses of the Business Segments	(5,003)	(2,178)	(9,080)	-	(16,261)
Segment Income (Loss) for the Fiscal Period	3,997	176	2,105	(22)	6,256
Q1-Q2/2007	**DCI**	**IdM**	**ECM**	**Cross-Section**	**Total Group**
Revenues with Customers	15,051	5,522	21,395	(112)	41,856
...Inter-Segment Revenues	-	-	-	-	-
Total Revenues	15,051	5,522	21,395	(112)	41,856
Cost of Revenues and Operating Expenses of the Business Segments	(7,385)	(5,012)	(16,988)	-	(29,385)
Segment Income (Loss) for the Fiscal Period	7,666	510	4,407	(112)	12,471
Q1-Q2/2008	**DCI**	**IdM**	**ECM**	**Cross-Section**	**Total Group**
Revenues with Customers	17,047	4,331	21,169	(26)	42,521
...Inter-Segment Revenues	-	-	-	-	-
Total Revenues	17,047	4,331	21,169	(26)	42,521
Cost of Revenues and Operating Expenses of the Business Segments	(9,687)	(4,357)	(17,076)	-	(31,120)
Segment Income (Loss) for the Fiscal Period	7,360	(26)	4,093	(26)	11,401




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

As for purposes of internal reporting and steering of the Company not all costs are allocated to the net results generated by the LoBs - i.e. general Cost of Revenues, the General Administrative Expenses, general Research and Development Expenses as well as Sundry Income and Other Expenses - a reconciliation of the results of the business segments to the Company's consolidated totals is as follows:

	Q2/2007	Q2/2008
Total Segment Results for the Fiscal Period	7,090	6,256
Unallocated Overhead Costs	(6,177)	(5,226)
Sundry Income	447	143
Other Expenses	(250)	(17)
Operating Result	1,110	1,156
Finance Result	(154)	72
Result before Income Taxes	957	1,228
Income Taxes	(41)	(308)
Income for the Fiscal Period	915	920

	Q1-Q2/2007	Q1-Q2/2008
Total Segment Results for the Fiscal Period	12,471	11,401
Unallocated Overhead Costs	(12,298)	(10,822)
Sundry Income	443	277
Other Expenses	(227)	(264)
Operating Result	389	592
Finance Result	(265)	255
Result before Income Taxes	124	847
Income Taxes	(116)	(507)
Income for the Fiscal Period	8	340

GUARANTEES AND CONTINGENT LIABILITIES

No changes have occurred since December 31, 2007. In particular, the following two positions exist:

During the previous ownership of Datasec GmbH, Siegen, which was sold as at 31 December, 2001, Kleindienst Datentechnik AG had issued an unsecured guarantee in the amount of T€ 333 in favor of Volksbank im Siegerland eG within the terms of providing its share of the security for a long-term loan to Datasec GmbH. The corresponding loan liability at Datasec GmbH is still held in full and expires on November 30, 2009. As a result of shares in Datasec GmbH being sold, Kleindienst Datentechnik AG has the right to release itself from its guarantee obligations or to obtain a right of recourse from the acquirer of the company. The Company is not aware of any evidence that would suggest delivering payment on the guarantee and estimates the fair value of the guarantee at zero. No liability is therefore recorded.

Altogether 11 applicants initiated a shareholders compensation claim against Beta Systems Software AG during the fiscal year 2005 in connection with the merger onto the Kleindienst Datentechnik AG. The shareholders compensation claim aims at a cash adjustment in the sense of § 15 Abs. 1 UmwG. In the case of an adjudging verdict a cash adjustment would become due to all previous shareholders of the Kleindienst Datentechnik AG who became shareholders of the Company as a result of the merger. In the case of a settlement an approximation by the Company's legal consultants estimates payments for a total amount of up to T€ 440. At this stage the final outcome can not be concluded exactly. In the case of a settlement this would increase the purchase price and would be allocable to the goodwill of the LoB ECM in the full amount. No effect to net income would result. In addition, the net realizable value determined pursuant to the impairment test in accordance with IAS 36 conducted as at December 31, 2007 would also cover the carrying amounts inclusive of the estimated cash adjustment.

RELATED PARTY DISCLOSURES

On the basis of their direct equity investment viz. on the basis of the attribution of voting rights the Deutsche Balaton AG, Heidelberg, the Heidelberger Beteiligungsholding AG, Heidelberg and the ABC Beteiligungen, Heidelberg had significant influence on the Company during the interim reporting period. As a result of the relationship of dependence of the Deutsche Balaton AG, Heidelberg, the VV Beteiligungen AG, Heidelberg and the Delphi Unternehmensberatung GmbH, Heidelberg are also related parties of Beta Systems software AG. No business relationships existed with these entities during the interim reporting period.

No other related party business relationships existed.

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

As per June 30, 2008	**Shares**
Management Board	
Kamyar Niroumand	129,377
Gernot Sagl	-
Supervisory Board	
Sebastian Leser	-
Dr. Arun Nagwaney	-
Jürgen Dickemann	-
Volker Wöhrle	-
Stefan Hillenbach	6,432
Wilhelm Terhaag	-
Beta Systems Software AG	
Treasury shares	120,610

Mr Kamyar Niroumand bought 100,000 shares OTC on March 10, 2008, as part of Directors' Dealing. The purchase from the portfolio of an institutional investor is linked to an optional holding period of one year and serves the purpose of promoting long-term loyalty to the Company.

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




VI. CONTACT

Hotline for investors, analysts and journalists

Our Investor Relations team is at your disposal for any questions on the results as per June 30, 2008, under the telephone number +49 (0)30 26 118 -171 or email under 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 business of Beta Systems are 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. These products serve to simplify the automation of data and document processing and enhance the security and performance of IT.

Beta Systems was founded in 1983, is a listed company since 1997, and has a workforce of more than 600 employees. The Company's principal place of business is Berlin. Beta Systems operates through centers of competence in Augsburg, Cologne and Calgary, has 18 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.

Financial Calendar

March 20, 2008
Announcement of the Annual Results 2007
Online Annual Press Conference, Berlin

April 30, 2008
Press Release – First Quarter Results 2008

April 2008
Road Show Frankfurt/Main

May 6, 2008
Publication – First Quarter Results 2008

May 14, 2008
Annual General Meeting 2008, Berlin

July 31, 2008
Press Release – Second Quarter Results 2008

August 6, 2008
Publication – Second Quarter Results 2008
(Half-yearly Report)

October 30, 2008
Press Release – Third Quarter Results 2008

November 4, 2008
Publication – Third Quarter Results 2008

November 10, 2008
Analysts' conference at the German Equity Forum
in Frankfurt/Main

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