2012

ATOSS

ATOSS ANNUAL REPORT 2012

“We are operating in a market that is
at the beginning of its evolution, and offers
a lot of potential for the future.“

Andreas F.J. Obereder
Founder and Chief Executive Officer
ATOSS Software AG

ATOSS in Figures

CONSOLIDATED OVERVIEW ACCORDING TO IFRS: 12 MONTH COMPARISON IN TEUR PER 31.12.

	01.01.2012 - 31.12.2012	Proportion of total sales	01.01.2011 - 31.12.2011	Proportion of total sales	Change 2012 to 2011
Total Sales	**33,005**	**100%**	**31,575**	**100%**	**5%**
Software	20,143	61%	18,821	60%	7%
Licenses	6,987	21%	6,686	21%	5%
Maintenance	13,156	40%	12,135	38%	8%
Consulting	8,716	26%	8,382	27%	4%
Hardware	2,663	8%	2,806	9%	-5%
Others	1,483	4%	1,566	5%	-5%
EBITDA	8,191	25%	7,794	25%	5%
EBIT	**7,620**	**23%**	**7,308**	**23%**	**4%**
EBT	8,528	26%	8,411	27%	1%
Net profit	**5,760**	**17%**	**5,675**	**18%**	**1%**
Cash flow	3,355	10%	5,318	17%	-37%
Liquidity (1/2)	25,444		24,851		2%
EPS (in EUR)	1.45		1.43		1%
Employees (3)	276		269		3%

CONSOLIDATED OVERVIEW ACCORDING TO IFRS: QUARTERLY COMPARISON IN TEUR

	Q4/12	Q3/12	Q2/12	Q1/12	Q4/11
Total Sales	**8,490**	**8,242**	**8,437**	**7,836**	**8,229**
Software	5,292	4,977	5,017	4,857	4,891
Licenses	1,931	1,655	1,745	1,656	1,772
Maintenance	3,361	3,322	3,272	3,201	3,119
Consulting	2,182	2,048	2,248	2,238	2,145
Hardware	600	851	665	547	607
Others	416	366	507	194	586
EBITDA	1,851	2,028	2,207	2,105	1,894
EBIT	**1,702**	**1,881**	**2,070**	**1,967**	**1,766**
EBIT margin in %	20%	23%	25%	25%	21%
EBT	1,772	2,283	2,147	2,326	1,812
Net profit	**1,197**	**1,551**	**1,465**	**1,547**	**1,199**
Cash flow	-1,945	3,143	-1,001	3,158	-1,642
Liquidity (1/2)	25,444	28,657	24,615	28,496	24,851
EPS (in EUR)	0.30	0.39	0.37	0.39	0.30
Employees (3)	276	270	266	265	269

(1) Cash and cash equivalents, current and non-current financial assets (e.g. gold, equities)
(2) Dividend of EUR 0.71 per share on 23.04.2012 (TEUR 2,823), previous year EUR 0.60 per share (TEUR 2,386)
(3) At the end of the year/quarter

Developments over seven record years from 2006 to 2012

+62%	TOTAL SALES
+75%	SOFTWARE LICENCES SALES
+76%	CONSULTING SALES
+75%	CAPITAL INVESTMENT ON R&D
+1,254%	EBIT
1,287	NEW CUSTOMERS

ATOSS Annual Report 2012

Contents

A reflection of working time.

Dear readers,

For ATOSS, the year 2012 stands for a quarter of a century of workforce management, 13 successful years of stock market listing, as well as 7 consecutive years of record economic performance. In the last 25 years, the world of work has changed dramatically – driven by advancing globalization, significant technology leaps and the highly dynamic growth of the internet and social networks. Our performance figures underscore the fact that workforce management is now well understood as a strategic value creation instrument. This is not surprising in view of the fact that demand-optimized, flexible personnel deployment achieves sustained and quantifiable efficiency and productivity gains within a short period of time.

The economic developments reflect the tremendous degree of complexity and integration the global markets have attained in the meantime. We can well assume that the positive and negative market swings will become even more frequent and more pronounced in future. At the same time, it is increasingly difficult to forecast these fluctuations. The management challenge is to be capable of adequate process and cost-optimized response at all times. According to a study by Signium International on companies in the year 2030, in times of dynamic change, rapid response organizations will be more crucial than ever before. Agility in processes – especially in human resource processes – and flexible scope for action in terms of working hours, are essential preconditions. Germany's flagship automotive, mechanical and plant engineering sectors are pointing the way: they have created a set of personnel policy tools that enable them to manage order fluctuations in the region of 20 to 30 percent for longer periods of time – partially up to more than 12 months – without having to cut back on staff. This incredible flexibility has elicited surprise as well as admiration worldwide, and kept Germany strong and competitive in times of crisis.

Volatile markets, short innovation cycles and strong demand fluctuations will add momentum to flexibilization issues. New forms of cooperation will arise on all levels of employment. According to demand, core workforces will be extended across the borders of countries and time zones – especially in the area of highly qualified staff. Work concepts such as temporary and project work, virtual teams, external flex pools and all the way through to cloud working will become more significant. Coworking, especially in the creative area, will establish itself as a new form of working.

The increasing shortage of human labor on the one hand, and longer working lives on the other, will become a permanent challenge for HR management. New potentials must be tapped on the labor markets, while the existing resources must be integrated intelligently. The right framework conditions must be created for part time work for senior employees, the compatibility of family and vocational life, as well as the integration of foreign workers – also with due consideration given to intercultural aspects.

Information has become entirely independent of time and space. Realtime communication is possible at all times, while digital natives and digital nomads are conquering today's working worlds. These developments are paving the way to new organizational and work models. Conventional nine to five jobs and the associated culture of physical presence are becoming obsolete. Instead of rigidly defined general conditions, mobile workplaces and flowing processes are arising that are determined by personal life phases and by entrepreneurial necessities. Individualization is characterizing tomorrow's working worlds, and diversity is replacing conventional structures and mindsets. A wide range of highly diverging life and work styles are arising. Work-life balance concepts are becoming a key component for employee motivation and employer branding.

The challenge of mastering the complexity and dynamics revolving around working times and workforce management with the help of innovative IT solutions is an exciting challenge that we address each and every day. Now and in future, our vision of a human economy will drive us to contribute to the transformation of working worlds to the benefit of companies, employees and societies alike.

Yours sincerely,

A. Obereder

Andreas F.J. Obereder
Chief Executive Officer

25 years ATOSS

We shape working environments.

Productivity is the ultimate benchmark, whether in industrial countries or emerging markets. In many instances, it can only be boosted where the most valuable and increasingly scarce resource is concerned: people, and related processes. Optimal utilization of the available workforce's potential is a critical success factor. Every day, ATOSS Workforce Management solutions make significant contributions to the value creation and increased competitive strengths of around 4,500 customers – especially in volatile international markets. At the same time, our solutions ensure more job satisfaction, resulting in stronger staff retention and lower employee turnover rates. Today, we rank as one of the key players in our market in Europe. As a pioneer and innovator we will continue to contribute to shaping future working environments – as we have over the last 25 years.

Managing shortages.

The number of working-age people will almost halve by 2060. We at ATOSS are not satisfied with 50 percent performance, however. What matters is that available workforces are deployed as efficiently as possible, and attractive working environments are structured to meet family and intergenerational needs. This is where we support our customers. The Ingolstadt Clinical Center anticipated the current situation on the labor market. The hospital has been operating optimized duty scheduling for its 3,000 employees, including 1,450 doctors and care staff, for several years. 'Risk management' is how Managing Director Heribert Fastenmeier refers to this strategy: "Demographic trends require us to rethink our entrepreneurial strategy. Innovative and sustainable personnel management is the catalyst in this change process. And workforce management plays a significant role." More productivity, less downtime, and working time models that are viable for the future – workforce management is the appropriate tool to stay competitive in connection with contracting labor resources and changing workforce structures. And this is precisely where we excel.

Image: ATOSS customer **PLAYMOBIL®**


POLIZEI

Navigating safely.

Turbulent times demand agile companies. From storm to calm and back has long been business as usual in manufacturing. Sharp fluctuations in capacity utilization and the business cycle have made the just-in-time principle the number 1 success factor in the face of international competition. And such fluctuations also need to be navigated safely – as at our customer BENE. Every single item this successful office furniture manufacturer produces goes straight into the transportation container, to pinpoint precision, dispensing with product warehousing. BENE relies on high precision logistics matched by flexibility in its working hours. In the automotive industry, too, workforce management creates the necessary room for maneuver in both good and bad times. This severely challenged industry has learned a great deal from the last crisis, and has created a set of flexibility tools ranging from working time accounts through to short-time working models. Working time accounts of around 300 hours plus or minus are no longer a rarity. The necessary operating, collective bargaining and technical conditions are being optimized continuously – allowing to manage demand shortfalls over extended periods without the need to lay off staff. At customers such as Allgaier Group, Bridgestone Germany, Dyneon, MAGNA STEYR and Schmitz Cargobull, ATOSS solutions contribute to greater flexibility, transparency and competitiveness. Whether a light breeze is blowing, or the storms are whipping up.

Image: ATOSS customer **MAGNA STEYR**
MINI Countryman production line

Top employer.

Generation Y is conquering the labor market. Qualified, self-confident and demanding, Millenials are replacing the Baby boomers who have had such an impact on culture to date, and they will soon account for every one in two employees world-wide. Globally oriented and technically adept, they expect exciting projects, good salaries and rapid promotion. Work-life balance stands right at the top of their wish lists, often ahead of money and career. The ability to combine career and leisure is becoming a benchmark of good employer branding. Companies need to adapt their cultures, values and processes to accommodate this. At our customer BUDNI, the flexible and employee-friendly organization of working time is part of corporate policy. Year after year, this successful Hamburg-based drugstore chain operator is voted among Hamburg's top ten employers. The family-run company actively involves its 1,950 staff at a total of 165 branches in the planning processes. Which has a positive impact on service – because satisfied employees simply make better employees. Many of our customers such as Deutsche Bahn, Lufthansa and Uponor are convinced of this. They're pushing full steam ahead in creating innovative working environments, and in granting their workforces a high degree of self-determination. Employees working preferential hours is already standard practice at Saarbrücken Clinical Center. Every full-time staff member has the option to reduce collectively bargained working hours by twenty percent, for either a limited or unlimited period, whether for personal, family or health reasons. HR Director Edwin Pinkawa refers to this as a "personnel policy oriented to life phases" – an approach that sounds driven by social and welfare considerations, but is in fact an urgent economic necessity. In the competition for qualified specialist staff, attractively positioned employers will emerge as the winners.

Image: ATOSS customer **Uponor**


REGISTERED
TRADEMARK

Full impact.

In a world dominated by plagiarism, good products and services are no longer enough to secure a company's long-term future. By contrast with products, processes cannot be copied, which makes them indispensable for differentiation. Add to this increasing market volatility forcing managers to make constant adjustments and react swiftly. Companies must continuously optimize and renew their processes if they are to remain successful in the face of global competition over the long term. Ultimately, managing complexity and change is also a staff issue. Personnel processes should not act as brakes, but instead enable and support the implementation of necessary adjustments. Metaphorically speaking, processes must be elastic. The optimization of working environments and the associated process worlds takes on an entirely new significance. In many of our projects such as at CHRIST, Douglas, Kastner & Öhler, RITTER SPORT and Starbucks Germany, a detailed analysis of processes and requirements forms the starting point – so it's clear from the outset where optimization is needed. Together with our customers, we model processes that are viable for the future, and then assist in their implementation. Only if the foundation is sound can workforce management unleash its full effects.

Image: ATOSS customer **Ringier AG**


Blick

Behind and in front of the scenes.

In retailing, service comprises a decisive differentiating criterion, and guarantees additional sales turnover. Whether in online shopping or bricks-and-mortar retailing – ATOSS solutions help retailers negotiate the difficult balancing act between desired service quality and optimized personnel costs. If staff are on the shop floor when customers need them, conversion rates rise, rather than personnel costs – as long as they're planned on a demand-optimized basis. If online shopping products are available immediately, and can be shipped rapidly, customers gladly return. And this is exactly why companies such as CHRIST, Dodenhof, EDEKA, engelhorn, Gebr. Heinemann and mail-order company Walz rely on the efficient planning and managing of their staff in their goods logistics operations. Richard Kessler, HR Divisional Head at Walz, notes: "Our solution helps us reduce administration and planning costs, and respond more rapidly to customer requirements." Only smoothly functioning supply chains will result in a satisfactory shopping experience – which is where ATOSS steps in. Today, over 500 retail companies from small to xxlarge place their trust in ATOSS solutions.

Image: ATOSS customer **Benetton**

A brilliant shopping experience.

The success concept of Germany's number 1 jeweler comprises first-class quality, exclusive brands and designer collections, over 200 attractive businesses as well as a modern online shop. As part of the DOUGLAS Group, CHRIST values top notch quality, excellent service, expert advice and that all important extra bit of time for its customers. Our solution ensures that customer footfall and staff presence are even better coordinated, while keeping the supply chain running smoothly in the background. Customer satisfaction at the POS enjoys top priority at this long-established company, with its around 2,300 employees. "We always focus on the customer – which is why our timing needs to be just right, both customer-facing and behind the scenes. We consistently orientate our staff deployment to meet actual needs. On the shop floor, this is the customer, whereas in logistics, it's our goods flow. We aim to generate measurable added value", as Melanie Thomann-Bopp, Commercial Director at CHRIST outlines. Europe's leading perfume store chain operator, Douglas, with its 450 stores in Germany, also stands for enthusiastic customers, service-orientation and operational excellence. The team's expertise, motivation and service-orientation play a decisive role here – which is why the company consistently invests in efficient workforce management and customer footfall measurement at its branches. And that's why other companies of the DOUGLAS Group such as AppelrathCüpper, Thalia.at and Thalia.ch also opt for ATOSS – so that premium stays premium.

Image: ATOSS customer **CHRIST**


TONI GARD JETTE
AL CORO GELLNER
BUNZ
ERWIN R


füssli mein Buch
KUNDENDIENST
AMERICAN
MASERATI

Picture-book productivity.

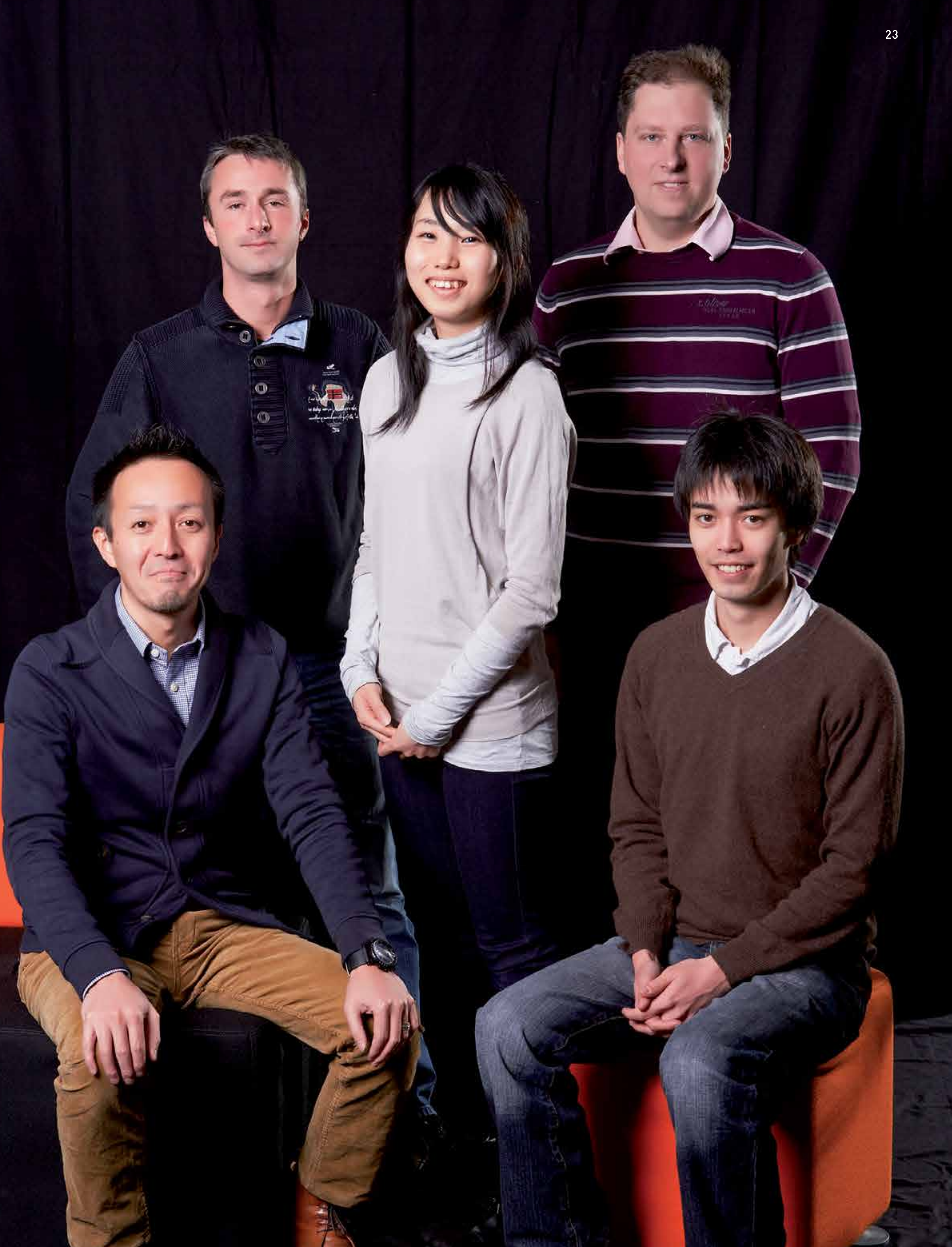
Margins are low, and competition high. Bricks-and-mortar bookshops face stiff competition from online retailers – which is why Swiss book retailer Orell Füssli focuses on differentiating itself through the service it offers. The company, steeped in tradition, was founded half a millennium ago. Today the company employs some 700 people and comprises 14 large-scale bookshops, specialist bookshops and railway book retail outlets in Switzerland, as well as the online shop www.books.ch. Orell Füssli succeeds in differentiating itself by offering competent advice. Despite the intensive deployment of staff, personnel costs must make economic and financial sense. Enthusiastic customers, an innovative product range policy and competitive cost structures are success factors at our customer OSIANDER, too. This retail bookseller – which ranks among the top 5 in Germany – has boosted its 400 employees´ productivity by 48 percent with ATOSS Retail Solution, while cutting the share of its personnel costs by more than 13 percent at the same time. Thalia.ch, too, consistently bases the deployment of its around 570 staff on customer footfall. Reinhard Zuber, responsible for corporate development, comments: "It was clear to everyone involved, whether sales, HR or top management, that personnel management must form part of the value chain in the future."

Image: ATOSS customer **Orell Füssli**

The Japanese way.

Konnichiwa! The ATOSS Retail Solution is now fluent in Japanese – at all 57 branches of fashion label Eddie Bauer Japan Inc. Our solution was adapted in record time to reflect Japanese legislation, corporate agreements and Japanese characters and was launched in the company's stores within just five months. A visit to ATOSS reference customer SportScheck in Munich proved particularly persuasive to Eddie Bauer Japan's management team. A detailed process analysis at Eddie Bauer in Tokyo was then conducted to ensure the software would also generate the desired benefits in the Asian region. "We looked in vain on the Asian market for workforce management software that would suit us. With the ATOSS solution, especially the automatic duty plan and the interface to our POS system, we can immediately optimize workforce deployment in our stores, and offer our customers even better service. I'm particularly pleased with the personnel transparency we've gained, and the opportunities it offers us", comments Managing Director Matthias Engel. Productivity knows no frontiers. ATOSS solutions are already at work in 26 countries and eight language versions today. The tasks that international workforce management must cope with due to legislation alone are just as varied and complex as the countries and languages involved. This is a challenge that can be readily mastered with our solutions and experienced consultants, many of whom are internationally certified project managers.

Image: The project team of **Eddie Bauer Japan Inc.**
from left to right: Takahiro Sasaki, Thomas Neumeier, Mizuki Koyanagi, Alexander Zeilner, Jun Kunz




MPREIS
1.-
1.99
1.29
2,49

Fresh service.

Today's customers expect product diversity, fresh produce, the best prices and friendly service. Specifically, this means well-stocked shelves, sufficient cash tills in operation, and minimal waiting periods at fresh food counters. Renowned companies such as ALDI SÜD, Bünting, Combi, coop, EDEKA, famila, Feneberg and MPREIS opt for our solutions to standardize personnel processes both before and behind the scenes, and to manage their staff on a demand-optimized basis. We manage the working hours of more than 30,000 staff at EDEKA Minden-Hannover. EDEKA's North, Rhine-Ruhr, South Bavaria and South-West regional companies have also long ranked as our customers. Workforce management is of groupwide relevance to Germany's largest grocery chain store operator, which also integrates its sales network into this strategy for its varied store formats such as E-Center, E-Neukauf and E-Aktivmarkt. Consequently, many independent retailers such as EDEKA Paschmann and subsidiary companies active at Marktkauf, NP Discount, Bauerngut, Dallmeyers Backhus, Schäfer's or trinkgut have joined our ranks of customers – because efficient workforce management and customer proximity take very high priority in the EDEKA Group sales network.

Image: ATOSS customer **MPREIS**

In style.

We feel at home in the world of global fashion brands. And we go where our customers go, 365 days in the year. After all, fashion is a business that never stands still. Whether fast fashion, copycat or designer brands – rapid changes of collections, trendy styles, swift deliveries meeting immediate sales demands, and consistent customer-orientation are what count. This also entails perfect service at the POS, and having the right number of staff with the right skills available on the shop floor exactly in line with business requirements. The international luxury fashion brand Wolford is no exception. This company opted for efficient time and attendance management for staff at its shops in Austria, Germany, Switzerland, the Benelux, Slovenia, Italy and France. Ensuring that specific national regulations and labor agreements are elegantly integrated into the application is a "must have" for us – which is why the Tommy Hilfiger fashion and lifestyle company decided on ATOSS for its pan-European workforce management. Our solution is also ensuring best service at PUMA shops in Germany and Spain. Whether at ADLER, AppelrathCüpper, Benetton, Eddie Bauer Japan, Kastner & Öhler, LANDS' END, Marc Cain, MUSTANG, s.Oliver, RUNNERS POINT, Strenesse or WÖHRL – the ATOSS Retail Solution is clearly en vogue.

Image: ATOSS customer **Wolford**

Check-in to paradise.

Exclusive service and discreet attention are the hallmarks of high-end hotel management. For guests, their stay should quite simply be perfect – whether at an international chain, a business hotel, a luxury resort or a boutique hotel. Which means tremendous effort and input in terms of personnel resources, time and costs. In the international hotel industry, demand- and cost-optimized workforce management decides on profit and loss as in virtually no other market. ATOSS Hospitality Solution facilitates customer-oriented personnel management, ensuring service quality and economic efficiency, as well as including employees' interests in planning. In order to provide service with a smile – 24/7 and 365 days a year. Top hotel sector names such as Hotel Bareiss, the Grand Hotel Esplanade Berlin, the MARITIM Hotel Kaiserhof Usedom and A-ROSA Resorts & Hideaways opt for workforce management to offer their customers first-class service matched by optimized costs. The A-ROSA Scharmützelsee has a striking motto: "Savoring each individual second at a place where time doesn't matter." Which is precisely what matters to us: superb service for guests, and competitive costs for our customers. We help bring this paradise just a little bit closer.

Image: ATOSS customer **A-ROSA Scharmützelsee**

24/7 customer service.

ReiseBank is one of the largest providers of travel currency in Europe, and one of Germany's leading precious metal dealers. This specialty bank has a network of some 100 branches, located mainly at train stations and airports. Despite, or particularly because of, long opening hours and fluctuating customer visits, good service accompanied by optimized personnel costs is a must. Workforce management solutions should contribute to reducing planning costs, and creating more flexible processes and greater transparency for both staff and management. The results are evident even just a short time after full operations start: more efficient workflows, 700 hours less administrative input per month, greater planning quality, a fairer allocation of shifts, and the potential to save millions of euros in the medium term. Staff are actively included in the organization of working hours through the Employee & Manager Self-Service – which motivates them and promotes a sense of individual responsibility. In this way, workforce management creates a productive and service-oriented working climate at ReiseBank. Small and agile or large and established? Streamlined processes and cost-optimized working time management are what matters – which is why more than 200 financial services providers currently opt for ATOSS solutions – including AirPlus International, Comdirect Bank, Deutsche Postbank and Zurich Insurance Group.

Image: ATOSS customer **ReiseBank**


Bank
Change
JONAS
TABAK
Bank
WESTERN UNION

Pleased to assist you.

The HUK-COBURG insurance group operates 41 offices across Germany. Every day, around 9,000 staff ensure that their approximately 10 million customers are looked after efficiently. Managing such high data volumes demands high security standards – which is why data protection at HUK-COBURG begins already with extensive access control. Around 700 access terminals and 120 authorization areas reflect the project's size. Workforce management also entails big numbers: almost 2,500 full- and part-time working models are integrated into the organization of working hours. HUK-COBURG relies on ATOSS for almost 20 years to manage this complex time and access solution. In addition, ATOSS Call Center Solution is deployed at 10 customer service centers. Around 1,500 staff are managed on a demand-optimized basis and with down-to-the-minute precision depending on call volumes – because top service and rapid response times are especially important in direct customer contacts. Here, HUK-COBURG relies on automatic duty scheduling which integrates employees' preferences into its processes. A high degree of individual responsibility and flexibility forms part of this insurer's strategy. "Employee satisfaction is very important to us. As a service provider, we define ourselves through our team's commitment and willingness to perform and deliver", as Uwe Keller, Head of Personnel notes.

Image: ATOSS customer **HUK-COBURG**
from left to right: Frank Bernhardt, Eva Schönfelder,
Marina Herbst-Böhm, Uwe Keller, Alexandra Engels, Torsten Bittorf


Kantonalbank
Agentur
Schweiz. Nationalbank
Sparkonto
Einmal säen,
zweimal ernten
Luzerner
Kantonalbank
Türöffner

A safe bank.

Competition in the financial sector has intensified considerably in recent years. The Luzerner Kantonalbank is successfully meeting these challenges. It ranks among Switzerland's top 10 banks with its 1,000 employees and 26 offices. Expertise, performance, security and customer proximity position this bank as the preferred partner for 60 percent of private individuals and 50 percent of companies in the canton of Lucerne. Sustainable human resource management forms a cornerstone of the philosophy of Luzerner Kantonalbank, which is one of the largest employers and training institutions in Central Switzerland. Efficient personnel processes and flexible working hours create the basis for commercial efficiency and customer proximity, as well as an attractive working environment. It is in this context that we support Luzerner Kantonalbank with innovative time and access management. Dr. Jürg Stadelmann, Head of Personnel, explains: "We set high standards for ourselves and our partners. Our migration to ATOSS Staff Efficiency Suite 8 in 2012 confirmed that opting for ATOSS was the right decision. The quality of product and project management have convinced us whole-heartedly." We're very pleased by this praise because good service is a paramount concern for us. We are highly committed to service, and strive for continuous improvement, year after year. In an independent survey, our customers awarded our hotline team an excellent rating of 1.8 in 2012 – on a scale from 1 to 6. This is a powerful incentive, and motivates us all the more.

Image: ATOSS customer **Luzerner Kantonalbank**

Citizen satisfaction.

Civil service institutions are obligated to pursue the common good, but are nevertheless increasingly called on to think in more entrepreneurial ways to satisfy the many demands: extended service offerings, stronger citizen orientation, less bureaucracy and lower budgets. And this is a manageable task for the City of Würzburg, with its 2,800 public servants. "We decided in favor of workforce management nine years ago, and we've started to use an increasing number of its application options since then. More streamlined processes and more time for our citizens are the result", notes Claus Erlenbach, responsible for working time management at the City of Würzburg. For the employees of the City of Würzburg, this means more autonomy and self-responsibility, while the administration benefits from transparency and efficiency gains, as well as time savings. The municipality is currently launching ATOSS Mobile Workforce Management for part of its municipal cleaning and gardening operations. The challenge at the Vienna City Administration is similar. With its 30,000 employees, the dimensions are quite different, however. Here too, we help to ensure that the various agencies deliver their services smoothly and that sufficient staff are always at hand – so that the citizens of Vienna receive top service – from the supply of drinking water to refuse collection, and from kindergartens to schools and rescue services. Our solutions also help to provide better service quality at the cities of Regensburg and Rosenheim, the Ville de Luxembourg, the Vienna Social Fund, the North Rhine Association of Statutory Health Insurance Physicians, and Rostock Public Services.

Image: ATOSS customer **City of Würzburg**

Focus on process costs.

Hospitals and nursing institutions are feeling the pressure of demographic and economic changes to a quite particular degree. Patient numbers are increasing against a background of challenging personnel markets and rising cost constraints. To master the challenges, the Leverkusen Clinical Center has opted for demand-optimized duty scheduling and continuous process optimization. The company is harnessing the transparency generated by ATOSS Medical Solution to scrutinize uneconomic working procedures. Handovers at shift changes now run significantly more efficiently as a result, for example. The time saved benefits patients. In the administration and controlling area, too, more streamlined and faster processes allow more resources to be released for value-creating activities. Our new task management module meanwhile manages training sessions and regular qualifications, including work safety or patient reanimation, for example. This tool also manages operational reintegration processes following prolonged illnesses. And ATOSS Employee & Manager Self Service ensures that around 2,500 staff are always kept up-to-date about their working hours. Lean processes, more efficient staff deployment and the highest level of care quality will continue to top the management agenda in the future at Leverkusen Clinical Center. As Detlef Odendahl, Divisional Head of HR, Legal Affairs and Clinical Functions, comments: "We focus strictly on process optimization. Accounting for 70 percent of total hospital costs, personnel processes offer tremendous potential for tapping additional efficiency gains. Based on our most recent experience, we anticipate process costs savings over the medium term in the high six digit range – every year."

Image: ATOSS team at the **Leverkusen Clinical Center**
front row from left to right: Detlef Odendahl, Wolfgang Welling
back row from left to right: Udo Hersel, Daniel Glatt

Around the clock.

Nowadays, patients expect medical care around the clock, and at each and every location. At the Bavarian Red Cross Blood Donor Service, 21 interdisciplinary teams, each consisting of between four and twelve staff members, need to be managed for their around 5,000 blood donor sessions entailing approximately 550,000 blood donations. Many factors come into play: fluctuating blood donation levels, unpredictable demand, working shifts, collectively bargained pay scales, differing qualifications and billing modalities. ATOSS gets to the heart of the highly complex requirements for more than 700 staff and 200 fee-based physicians. "We need to schedule our staff sensibly, both economically and medically. This requires maximum transparency, flexibility and availability. The ATOSS solution enables us to calculate demand linked to donors, and to plan staffing on a cost-optimized basis. At the same time, employees can be more strongly involved in the organization of working time", explains HR Director Christina Greif. The business intelligence tool that is integrated into the ATOSS solution creates the basis for meaningful analysis. The highest availability levels and optimal deployment of the almost 7,000 staff also enjoys top priority at the German kidney care foundation KfH Kuratorium für Dialyse und Nieren Transplantation e.V. An analysis of heterogeneous working time processes in its more than 200 kidney centers across Germany formed the basis for its cooperation with ATOSS. Thanks to ATOSS Medical Solution, KfH staff will gain more time in the future for what really matters – their 18,000 dialysis patients per year.

Image: ATOSS customer

Bavarian Red Cross Blood Donor Service

Encouraging diagnosis.

In many hospitals, personnel processes also count as "patients". Given the right treatment, however, they stand a good chance of making a recovery. The Ingolstadt Clinical Center is focusing consistently on essential medical processes, for example. Staff, working time models and skills are deployed on an interdisciplinary and highly flexible basis to keep costs down while maintaining high care quality. A total of 1,450 doctors and care staff enjoy almost complete independence in coordinating their duties. "We need to get away from a 'clock-watching' mentality if we are to be well-positioned for the future. I regard innovative working time management that takes staff considerations into account, and treats them on a basis of trust, as something we urgently need. With transparent workforce scheduling and largely predictable working hours that factor in family circumstances, as well as more self-determination for our staff, we're breaking new ground in successfully addressing economic and demographic changes", explains Karin Burtscher, who heads up HR for the around 2,800 staff at Schwarzwald-Baar Clinical Center. Cost-optimized processes and high availability levels are also the order of the day at MEDGATE, Switzerland's leading Center for Telemedicine. Here a team of 180 doctors, assistants and agents provide advice 24/7 on health questions by telephone, internet and video as a precursor to treatment. MEDGATE's guiding principle is "doc around the clock". ATOSS Workforce Management helps to put this principle into daily practice.

Image: ATOSS customer **MEDGATE**

Dedicated to excellence.

Highly-qualified medical care, competitive research, first-class teaching – the expectations of university clinics are high. At the same time, they must find an answer to growing cost pressure, demographic change and rising patient numbers. The University Medical Center of the Johannes Gutenberg University Mainz, with its 7,500 staff in more than 60 clinics, institutes and departments has introduced ATOSS Medical Solution. As part of its IT strategy, the university needed to ensure that ATOSS Medical Solution is integrated into its existing SAP® Human Capital Management System in order to protect its existing investments. "We now plan our duty scheduling on a demand-optimized basis, and in real time. The next step is the roll-out in other clinical and medical technology areas," comments Project Manager Anja Appenheimer. The Frankfurt University Hospital, the Medical Center of the Ruhr University Bochum, and the University Hospital Salzburg rely as well on ATOSS Medical Solution. As result, they benefit from greater scope for their core tasks: optimal patient care and outstanding research results.

Image: ATOSS team at the **Mainz University Medical Center** front row from left to right: Anja Appenheimer, Michael Berges | back row from left to right: Mounir Baouch, Silke Wettengel

Welcome on board.

More than 100 million air passengers rely on Lufthansa every year – also because things run smoothly on the ground. Efficient ground operations represent a genuine challenge given the large number of flights, and great pressure in terms of costs and time. Staff need to be available on a just-in-time basis – around the clock, with the right skills, and on a cost-optimized basis. These factors are critical for customer satisfaction, profit margins and, not least, future viability. The Lufthansa Group manages some 35,000 staff in its various divisions using ATOSS Workforce Management. Two topics currently form a focus at Lufthansa Passenger Airlines: process optimization and staff loyalty – prompting the company in 2012 to add preferred duty planning along with a shift exchange platform to its existing workforce scheduling. "This underscores our focus on our employees. We want to give our staff a greater say in how they structure their working time in the future, allowing them more self-determination in their working lives. This boosts individual responsibility, and ultimately motivation and staff retention", explains Eva-Maria Danner, Project Manager ePlan at Lufthansa's hub in Munich. In addition, the new ATOSS Dashboard module was launched to bring even greater efficiency to the planning process. This software provides a visual overview of all key figures of relevance for planning and scheduling, making it a cockpit for demand-optimized planning which takes employees' interests into account. Austrian Airlines, LuxairGroup and SWISS are also ready for takeoff with our expertise and solutions – keeping a satisfied crew on board, while freight and passengers arrive on time.

Image: ATOSS customer **Lufthansa**


Lufthansa

Downtimes? No thanks!

Consistent specialization is the success principle at the international HOYER Group. This approach has allowed HOYER to develop from a company into a global group of enterprises generating billions of euros of sales since its foundation in 1946. Today, HOYER is positioned as one of the worldwide market leaders in moving liquids by road, rail and sea, employing 5,200 staff in 80 countries. Its Petrolog division supplies fuel and lubricants to the filling station networks of international groups, and uses ATOSS solutions to plan and manage its drivers and their equipment in Germany, Denmark, the Netherlands and the United Kingdom. Expensive tank truck empty runs and downtimes must be avoided, while at the same time complying with drivers' statutory driving and rest periods. Planning also needs to integrate factors such as qualifications, differing target working periods, shift cycles ranging from between 2 and 13 weeks, multi-shift operations, availability periods, travel times and various compensation systems. In short: planning and scheduling drivers and tankers is a highly complex undertaking. Together, we developed the principle of mobile work places. In other words, drivers, vehicles and trailers can be planned and scheduled separately, and combined on a cost-optimized basis – allowing HOYER to remain competitive in a tough and extremely price-sensitive market.

Image: ATOSS customer **HOYER GROUP**


VANHOOL
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HOYER
International Logistics
GROUP
HOYER
EL 683HE
AE 52729
DAF


MAERSK
MAERSK SEALAND

Logistics under control.

Logistics companies need to be able to handle extreme fluctuations in order situations and capacity utilization. The same counts for workforce scheduling. Just-in-time is the principle put into practice. At ports, for example, the teams on the job change almost by the hour depending on the necessary skills needed, and the project. This situation requires an agile and process-oriented organization with rapid response times and highly flexible workforce management. Our customer North Sea Terminal Bremerhaven (NTB) is also challenged with managing complexity. With about 740 employees, and a turnaround of more than three million container units per year, the NTB terminal is an important harbor in Northern Europe, connecting Bremerhaven with more than 130 ports. "We have to handle strong capacity fluctuations, and react quickly – 24/7 and 360 days a year. Flexibility in personnel planning is a critical success factor for us. We couldn't handle it without a high-end IT-solution", explains NTB's Head of HR Kay Entholt.

Image: ATOSS customer **North Sea Terminal Bremerhaven**


PARIS EST
ICE

On schedule.

Deutsche Bahn AG, the world's second largest logistics company, has been relying on us and our enterprise solution ATOSS Staff Efficiency Suite since 1992. With more than 60 clients, the company manages the deployment of approximately 70,000 employees at various subsidiaries. The individual requirements of specific areas have been mapped to widely varying degrees of intensity. Up to 1,200 time management officers, dispatchers and system administrators access ATOSS Staff Efficiency Suite at the same time. "Deutsche Bahn is one of the largest employers and corporate training centers in Germany. Advanced human resource management forms an integral part of our corporate strategy – which also includes efficient workforce management", as Farid Haschem, Group Personnel Systems Head at Deutsche Bahn AG, explains. This approach will also help address the challenges demographic change is presenting. For instance, through working time models oriented to employees' life phases. Whether it's more flexible working time models, such as part-time employment, trainee arrangements, allowing concurrent studies, or reduced working hours for senior staff to retire gradually. Employee satisfaction is a strategic success factor at Deutsche Bahn, too – which is aiming to be one of Germany's ten most popular employers by 2020.

Image: ATOSS customer **Deutsche Bahn**

Saluti !

Today's manufacturing industry exploits every potential for optimization. This involves scrutinizing all processes – including the human resources management. As at BERLIN-CHEMIE, German subsidiary of the international MENARINI Group. This long-established and research-driven pharmaceutical company, with its more than 5,000 staff active across 30 European countries, specializes in cardiovascular disease and diabetes indications. It opted for ATOSS Workforce Management to utilize a more flexible organization to support its dynamic growth. The system was fully operational after less than six months. And even anchored itself under its own name in the German-Italian corporate culture. "Saluti" is how BERLIN-CHEMIE calls the new solution, which means "Greetings!". And Saluti is an appropriate name since in-house acceptance is very high. A total of 31 workflows ranging from basic holiday requests through to complex overtime applications make work significantly more efficient for around 2,000 in-house and field staff, as well as the HR department. In German, English and in the near future also in a Russian language version – with the integration of colleagues at the Kaluga production site soon up and running. "Our time and attendance management has become much simpler and more transparent. Company and staff benefit equally. We gain time for what matters, and we're less occupied with routine activities", notes Britta Fink, Head of Payroll, and responsible manager for the project. Companies such as CIBA VISION, W.L. Gore & Associates and Vetter Pharma also optimize their workforce management with ATOSS solutions.

Image: ATOSS customer **BERLIN-CHEMIE**


Ritter
SPORT
BUNTE SCHOKOWELT
24

On the sweet side.

With around 30 different types of chocolate, 99 percent brand recognition in Germany, and sales in more than 90 countries, RITTER SPORT is a strong brand. These strengths are backed by decades of experience in chocolate making, top notch quality, state-of-the-art production and optimized time-to-market. Freshness is the key factor in the taste experience. In order to optimize personnel and production costs at its Waldenbuch site, this long-established company conducted an intensive process analysis together with ATOSS. The potential that was identified, especially the opportunities to make working hours flexible, proved persuasive to the management. Today, RITTER SPORT prepares its staff deployment plans on a cost-optimized basis, taking into account demand fluctuations linked to seasons and types of chocolate. Employees are actively integrated into workforce management using the Employee & Manager Self Service, while absence and approval workflows are processed online. And the integrated business intelligence tool provides meaningful analyses for management. The new "Work on Call" concept ensures the requisite amount of extra flexibility: a regional pool of up to 50 qualified specialist staff are available to handle work peaks without incurring quality losses. With its 900 employees, this family company can now respond rapidly and flexibly to production fluctuations. The winners are customers, the company and its staff! Some facts? Productive working hours up by 4 percent among flexibly-employed staff, production planning costs down 70 percent, and 80 percent fewer queries submitted to the HR department. Or to put it another way: around 9,750 hours of capacity freed up every year for more value-creation, and even tastier chocolate.

Image: ATOSS customer **RITTER SPORT**

Connecting worlds.

WITRON plans, implements and operates highly dynamic logistics and commissioning systems for retailers and industry. The company, headquartered at Parkstein in Germany's Upper Palatinate region, has realized more than 2,000 projects in its over forty years of corporate history, and is positioned as one of the international market and innovation leaders. WITRON currently employs around 1,650 staff. Many top companies from highly varied industries and sectors in Europe and North America manage their distribution centers using WITRON solutions. Qualified specialist staff need to ensure the highest availability levels 365 days a year for their systems, comprising the more than 520 WITRON employees in the on-site teams working at customers in Germany, Austria, Belgium, England, Finland, the USA and Canada. These on-site teams are scheduled and deployed using ATOSS Workforce Management – in German, English and French language versions. Around the clock, and taking specific national regulations into account. ATOSS Connector, an innovative solution that we developed, ensures smooth data exchange with the existing SAP® Human Capital Management System. We created the connector together with our partner KWP to enable SAP® users to plan on a demand- and cost-optimized basis without technological compromises – allowing worlds to grow together.

Image: ATOSS customer **WITRON**
A joint project of ATOSS and our partner KWP


r@tiodata

The on-demand principle.

Partnerships offering customers clear added value are part of our corporate philosophy. As exemplified by Ratiodata, a GAD Group company. With its more than 400 staff, the firm ranks as one of Germany's largest systems and IT service providers. Ratiodata offers the entire ATOSS Workforce Management portfolio as software-as-a-service at its own data center. Around 200 companies, including many cooperative banks, already opt for this this service. Our products' modular structure and unlimited scalability allow Ratiodata to offer solutions for all sizes of company and highly varied requirements scenarios. Whether classic time and attendance management including absence workflows, complex workforce scheduling, the planning and deployment of trainees and temps, or self services – Ratiodata develops the desired solution together with its customers. Access control and payroll systems are also frequently integrated into projects from the outset. A company with around 1,000 staff can utilize defined functionalities within three to four days. "We currently manage the working hours of around 31,000 employees via a single ATOSS system at our data center – at the push of a button, and precisely when the service is needed", explains Managing Director Klemens Baumgärtel. "Demand for cloud solutions in the HR environment is on the up. With ATOSS software we have a state-of-the-art solution in our portfolio that meets all modern workforce management requirements, and optimally augments our own portfolio. Our customers are the winners."

Image: ATOSS partner **Ratiodata**
from left to right: Klemens Baumgärtel, Markus Nieland,
Mario Voß, Heinz Voss, Thomas Hellweg

Welcome to the club.

Team spirit has made ATOSS successful over the years. Together with our partners, we pursue new paths and consolidate our strong position on the markets – allowing us to bundle resources and competences in order to provide our customers with the best solutions. Whether sector, IT or process know-how, complementary software or innovative security concepts – we have the right partners in our network that speak the language of both our customers and our software. Following this guiding principle, we have created a high-performing ecosystem in our market over the last years comprising more than 50 partnerships and alliances. An international sales cooperation venture in the retail market segment connects us with Wincor Nixdorf, for example. Bosch Security Systems have opted over many years to sell ATOSS Workforce Management solutions across the whole of Germany. And together with established SAP® partner KWP, we have developed the ATOSS Connector which opens up the world of ATOSS functionality for SAP® users. Many joint projects reflect the high level of interest in this unique solution. Our aim is to tap the workforce management market of the future even more intensively – both nationally and internationally – which is why we consistently pursue cooperation ventures and alliances with companies that offer us a good fit. Our partners benefit from state-of-the-art products, topics and issues holding a great deal of future potential, a powerful network, and the investment security a stock market listed company is able to provide. Together, we create added value for our customers.

Image: ATOSS customer **BENE**


LEITNER

Good to know.

25 years of experience in the topic of workforce management, and around 4,500 successful projects – that is intellectual property of which we are proud. Powerful know-how for our customers. Over ten years ago, we developed an extremely high-performing algorithm to automatically optimize staff demand forecasting and scheduling, and today it forms the core of our software. A total of around 900 developer years are embedded in our software, along with the experience we have gained from our project and consulting work. The results are forecasts and plans that are significantly more precise than usually available on the market. This makes a decisive difference in day-to-day business because it is simply impossible to manage the complex requirements of demand and cost-optimized planning, with their many influencing variables, without extremely powerful IT support. Our solutions enable our customers to master this growing complexity. And we never stop improving ourselves. Over the last five years, we have implemented over 3,000 functions and extensions in our enterprise solution ATOSS Staff Efficiency Suite. Our mission: cutting-edge technology and value-creating functionality consistently oriented to market requirements. Every day, 130 R&D and product management employees work at ATOSS to create solutions that are viable for the future. Agile development processes ensure rapid transition into practice. When it comes to workforce management, we are always one step ahead of the game. And that is what gives us a critical advantage.

Image: ATOSS customer **LEITNER ropeways**

We invest.

High-end software development demands continuous commitment – which is why we invest around 20 percent of our sales revenues in R&D every year. Specifically, this means an investment of around 74 million euros in our product suites, making us one of Germany's top 15 software companies in terms of investment, according to a study produced by the EU Industrial R&D Investment Scoreboard (2012). Which is not surprising, given that we are firmly convinced our software must always be state-of-the-art, both functionally and technologically. Some examples, perhaps? The ATOSS Mobile Workforce Management App allows staff to be integrated via smartphones and tablets into personnel processes, regardless of location and time – which creates even more flexible and efficient working conditions. Connecting via GPS data generates further useful application scenarios that we will make available to our customers. A further milestone: we have opened up our solutions to the world of SAP® users. The ATOSS Connector enables companies that utilize SAP® Time and Attendance to integrate high-end planning tools into their existing IT landscapes without technological compromises. We also have an answer to the topic of "transparency for management". The new ATOSS BI-Connector enables the seamless integration of workforce management data into standard business intelligence tools – making the flood of data manageable, and creating the best preconditions for in-depth analysis of working time and deployment planning. What drives us? The commitment to secure our customers' long-term competitiveness with advanced workforce management solutions. And for us, "good enough" is just not good enough.

Image: ATOSS customer **MEYER WERFT**


25


25

Just 25!

Helping to design and structure working worlds – a fascinating prospect, a meaningful task and a major responsibility. Our employees accept this responsibility with their expertise and experience, and with enthusiasm – day after day. They use their talent and creativity, discover trends and develop their own – at times unconventional – approaches and solutions. Our customers' satisfaction is what matters to us, and what motivates us. And so our success is primarily our employees' success. Which is why we are making ATOSS an increasingly attractive place to work. We promote individuality, and place a strong emphasis on personal responsibility. We maintain flat hierarchies with short decision-making paths, while offering multifaceted opportunities for employees to take initiative, in connection with excellent prospects in a dynamic working environment. Open and performance-linked compensation schemes ensure that commitment pays off. Our staff can develop themselves both personally and professionally in this environment, enabling them to achieve sustainable success. After all, we've only just turned 25, and we still have a lot on our agenda.

Images: **ATOSS Team**


25

People make a difference.

ATOSS staff and products support our customers in creating solutions for tomorrows working environments. We think and develop – always one step ahead. We set trends and create innovations for our customers day by day anew. We work enthusiastically to put our vision of a human economy into practice. ATOSS solutions currently manage around 3 million employees in 26 countries – and the trend is decidedly rising. This entails a major obligation, but also spurs us on to become even better every day. And the end of the road is not in sight. Our next objective is even greater penetration of international markets. We have put down a solid foundation for this, having successfully completed several thousand projects in an extremely wide range of different sectors, company sizes and degrees of internationalization. Our customers benefit decisively from this vast experience. For every client situation, we are able to offer a solution that has already been successfully implemented. This positions us as the ideal partner where high-end workforce management solutions are concerned.

Images: **ATOSS Team**

In a nutshell.

Demand-driven workforce management is our core competence. We are committed to providing leading-edge technologies. Our customers benefit from higher productivity, greater transparency, leaner processes and enhanced service quality – in connection with controllable personnel costs. At present, some 4,500 companies, from SMEs to major corporations rely on us in managing their most valuable resource, the people who drive their work processes. In 26 countries worldwide, the work of around 2,800,000 employees is being managed by ATOSS solutions. Now and in future, our innovative strengths will create customer value, productivity gains and growth. This is the focus of our work, and the benchmark by which we measure our performance.

Image: ATOSS customer **Mozarteum University Salzburg**

ATOSS Annual Report 2012

Financial Report

"Workforce management is developing into a core topic
on the agenda of top management that is
essential for a long-term, sustained success.
This trend is reflected by our performance figures."

Christof Leiber, Member of the Board of Management

Contents

Letter to Shareholders

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

Dear Shareholders,
Customers, Business Partners and Colleagues,

The 25th year in our company's history was another record year for sales and earnings. This sustained successful development underscores the fact that ATOSS is ideally placed for continuing dynamic growth in the workforce management market.

The name ATOSS Software AG is a byword for innovation and new trends in the rapidly growing global market for workforce management solutions. We shall therefore in future continue the pattern set over the past 25 years and maintain our high level of investment in research & development in order to seize new growth opportunities.

The potential of ATOSS is reflected both in the consistently positive development in sales and earnings that has been sustained for seven years now, as well as in our outstanding balance sheet. Once again in financial year 2012 we have been successful in launching some significant innovations on the market which will sustain the development of ATOSS. As a dependable long-term partner offering excellent investment security and powers of innovation as well as stable growth rates, we are ideally placed to successfully exploit future growth opportunities in the workforce management market. This is our key message to customers and shareholders alike, most especially in economically challenging times.

Workforce management – indispensible for strategic corporate management

Issues of efficient human resources deployment are gaining significance by a disproportionate measure. Economic as well as social factors play a major role in accelerating this development. For example, companies in many sectors are already facing a shortage of skilled employees: Given the aging societies in the industrialized countries of the west, this is a trend that will intensify. What's more, our societies are under pressure from demands for increasingly flexible working hours.

The problem facing companies is further intensified by the dynamic pace of change in our increasingly globalized world. This relentless yet barely predictable process of change necessitates a significant capacity to respond and adapt. Cost pressures are also rising in these economically difficult times. Given that personnel costs are always one of the largest expense items, but also that a company's ability to succeed in the market place is determined by the skills and commitment of its workforce, the implementation of a comprehensive solution to manage employee working hours and scheduling is indispensible for strategic corporate management.

We see a clear trend towards greater flexibility, with rigid structures giving way to responsive organizations that optimally combine the interests of customers and employees. Workforce management is becoming ever more relevant.

We expect to gain an increasing share of the market

The deciding factor in persuading customers to opt for workforce management solutions from ATOSS is the ability of our solutions to deliver concrete, measurable results coupled with rapid amortization of the initial investment.

As part of our verticalization strategy the facility to adapt our solutions to meet our customers' specific requirements creates significant competitive advantages for our customers themselves. This strategy was and is an essential part of our success and has helped us to gain market share. We shall continue to pursue this strategy in order to sustainably expand our share of the market in Germany and abroad.

Our course is determined by our proven strategy

The strategy pursued by ATOSS has proven its worth in facilitating the company's sustained success. We intend to maintain and add to the essential key elements of this strategy, that is to say, sustained investment in research & development, verticalization and the targeted development of successful partnerships.

For ATOSS, research & development take the highest priority. Each year we invest around 20 percent of our revenues in the ongoing technological development of existing products and solutions as well as in new innovations. Some important technological milestones in the recent past for example include the ATOSS Connector which now affords the broad group of SAP® users direct access to the ATOSS personnel resource planning solution, as well as our latest breakthroughs in the fields of mobility and business intelligence. The ATOSS Mobile Workforce Management module allows users to access and process current data via smartphones or tablets. Mobility is one of the dominant issues of the future in the technology sector, with growth rates outstripping most others.

As part of our verticalization strategy we have developed customized solution portfolios for our clients, dedicated to their specific needs. Once again, in 2012, this approach in particular convinced a number of prominent new customers and enabled us to consolidate our relationships with numerous existing clients – in Germany and internationally.

Excellent future prospects

ATOSS stands for sustainability, profitability and reliability – now and in the future. Our portfolio of products and solutions coupled with the opportunities for growth in the market for workforce management give us great confidence. Given our fist-class order book, we therefore anticipate that the positive development in our company's history in recent years will continue without change. In the current financial year while, maintaining our continued investment in sales and marketing and the development of new markets, we expect to see further growth with an EBIT margin securely at 20 percent.

We would like to thank our employees for their commitment to the wellbeing of the company, and to express our appreciation to our customers, shareholders and business partners for the trust they have placed in us. We look forward to continuing our cooperation!

Yours truly,

Andreas F.J. Obereder
Chief Executive Officer

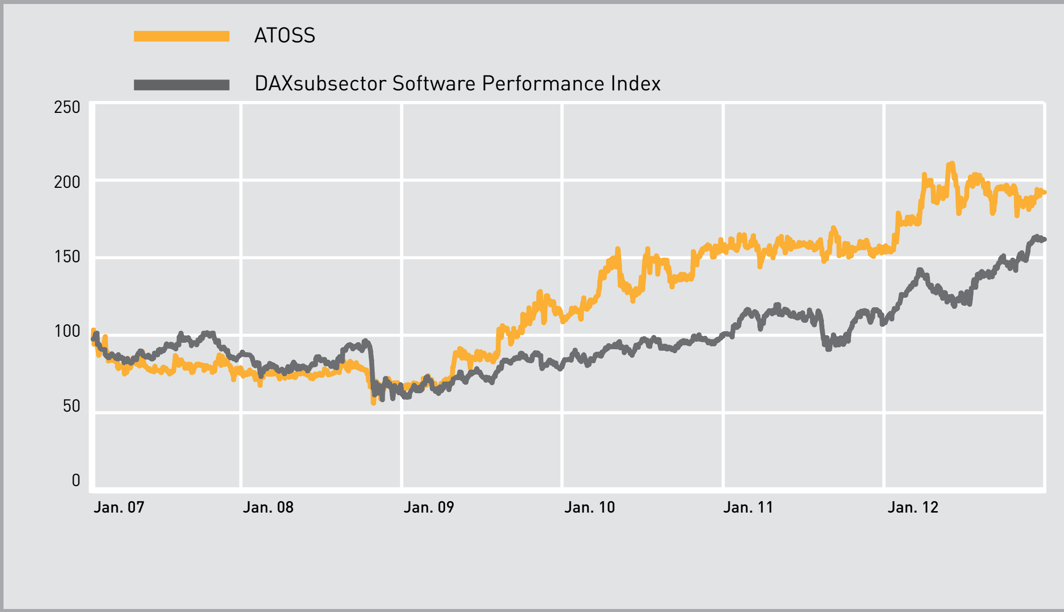
Christof Leiber
Member of the Board of Management

Investor Relations

“Long-term commitment to ATOSS proves rewarding.“

Christof Leiber, Member of the Board of Management

STOCKS FROM 01/2007 TO 12/2012



Positive development on the equity markets

Contrary to many forecasts at the start of the year, 2012 showed itself in a positive light on the stock markets. Having begun the year at 5,900 points, by March the Dax had risen to over 7,000 points before retreating in mid-year to an interim low of below 6,000 points. Thereafter Germany's most important stock market barometer rose continuously, hitting a five-year high on December 19 and ending the year on 28.12.2012 at 7,612 points, representing a year-on-year increase of 29 percent. The FTSE 100 and Dow Jones indices were not quite so buoyant as the DAX, but nevertheless recorded gains. Britain's FTSE 100 put on 6 percent between the beginning of January and the end of December, while America's Dow Jones added 7 percent. The yield on 10-year Bunds declined once again in 2012, standing at 1.32 percent at the year-end. Bonds issued by Germany's SME's yielded an average of 7.3 percent.

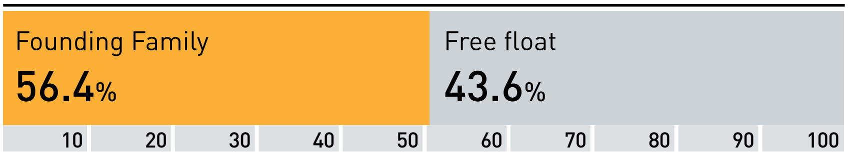
ATOSS shareholders again see substantial growth in asset value

The ATOSS share price once again developed strongly in the course of the past year. After trading in the first half of January at between EUR 16.50 and EUR 17.00, the price trended steeply upwards to reach a level of just under EUR 23.00 by the end of May. In lackluster trading in small-caps as the year continued our shares then fluctuated and though the price slipped back, it never dipped below the EUR 18.00 mark. On December 28, 2012 the shares stood at EUR 20.75, representing an increase of 25 percent relative to the start of the year. Taking into account the dividend of EUR 0.71, the return for shareholders actually amounted to 30 percent.

A look at the development in the share price over time provides impressive confirmation of the rewards of a long-term investment in ATOSS Software AG. Between 2007 and 2012 the share price increased by 99 percent. Whereas in the same period the relative benchmark, the DAXsubsector Performance Index, rose by 67 percent.

This significantly positive development was acknowledged by the journal Börse Online, which in November 2012 compiled its sixth annual list of Germany's 30 strongest high-growth companies. This analysis exclusively covers companies with figures dating back at least to 2004 and which in the period from 2004 to 2013 have never reported losses. Even more stringently, the ranking does not permit of more than two annual profit falls. Apart from profits growth, it was this sustainability factor that proved the most important parameter. In the opinion of the journal's editors, companies that have increased profits during a recession are also likely to be capable of successfully overcoming continuing difficulties in the economic climate. ATOSS was ranked in 14th place among Germany's 30 strongest high-growth companies and was recommended as a buy.

ATOSS Software AG shareholder structure



The founding family continues to hold 56.4 percent of the outstanding shares in ATOSS Software AG. Since December 6, 2012 Mr. Obereder holds 50.0000025 percent of the outstanding shares via AOB Invest GmbH, a company wholly owned by him.

Among the shares in free float, in accordance with voting rights notices received, the following institutional investors hold interests in excess of 3 percent / 5 percent in ATOSS Software AG:

Investor	**Share ownership**	**Treshold exceeded on:**
MainFirst SICAV	5.06%	27.01.2012
IFM Independent Fund Management AG	3.27%	20.03.2012
Investmentgesellschaft für langfristige Investoren TGV	5.83%	15.03.2012

CAPITAL MARKET-ORIENTED FIGURES

	2012	2011
Market price at the financial year-end in EUR	20.75	16.56
Number of shares (31.12.)	3,976,568	4,025,667
Market capitalization in million EUR (30.12.)	82.51	66.67
Earnings per share in EUR	1.45	1.43

As a result of the withdrawal of shares held in treasury, the number of shares outstanding has declined by 49,099 to 3,976,568.

Based on the results for 2012 the average price/earnings ratio amounted to 14.3 with liquidity of EUR 6.40 per share at the year-end. The ratio of operating profit (EBIT) to enterprise value (measured by market capitalization plus liabilities, less liquidity) also once again points to an attractive valuation. At the end of the year the ratio stood at 8.8.

Analysts stress the soundness of ATOSS and see further potential

Analysts rate the impressive solidity of ATOSS Software AG as one of the company's outstanding strengths. As most recently noted by BHF-Bank Aktiengesellschaft in December, from a risk-reward perspective the stock may be regarded as a very worthwhile investment. In the analysts' opinion ATOSS has an excellent business model which is generating high single-digit growth rates. Also worth mentioning is the fact that ATOSS has no long-term borrowings and carries no capitalized works or goodwill. Given that the number of repeat sales at 40 percent is very high, revenues are stable and should afford the company protection in economically difficult times. The high level of liquidity is also a positive factor. Since 2006 the CAGR (compound annual growth rate) in sales amounts to seven percent. Provided that ATOSS can maintain this order of growth and continue to offer a dividend yield of 3.5 percent, the analysts all by various valuation methods see further upside potential. As a result the company's yield is entirely comparable with that offered by small business bonds, albeit with the big difference that ATOSS shares represent a far more positive risk-reward ratio, whereas the default risk among SME bond issuers is in some cases quite high due to their low credit ratings.

The analysts at Warburg Research have regularly commented on the development of ATOSS Software AG following publication of the annual and quarterly figures. The complete analyses by Warburg Research are available on the Internet at http://www.atoss.com/unternehmen/investor-relations/aktie/analystenberichte/index-2012.

DEVELOPMENT IN EARNINGS, DIVIDENDS AND DISTRIBUTION PER SHARE IN EUR

Year	2005	2006	2007	2008	2009	2010	2011	2012
Earnings per share	0.12	0.48	0.63	0.88	1.00	1.21	1.43	1.45
Dividend per share	0.11	0.24	0.31	0.44	0.50	0.60	0.71	0.72*
Special distribution per share	-	5.50	-	-	-	-	-	2.90*

*As proposed to the AGM on 26.04.2013

ATOSS Software AG has set a new record with earnings per share of EUR 1.45. In line with its proposed appropriation of net income, the Management Board has submitted a proposal to the Supervisory Board for a dividend of EUR 3.62 per share. In adherence to the company's policy which as a matter of principle foresees a distribution of between 30 and 50 percent of Group earnings, this figure includes a dividend of EUR 0.72 per share for financial year 2012 as well as a special dividend of EUR 2.90 per share. A decision on the appropriation of earnings will be taken at the annual general meeting on April 26, 2013. Provided that the meeting adopts the proposal, based on the (XETRA) closing price on 28.12.2012 this puts the dividend yield at 17.4 percent (previous year: 4.3 percent).

Transparent information policy engenders trust and stability

ATOSS Software AG keeps its shareholders and capital market participants promptly and comprehensively informed through the medium of highly transparent reports. By November each year at the latest, the company publishes a detailed calendar of corporate events as an important aid to orientation for the whole of the following year.

Information arising in the course of business is also made available at the earliest opportunity, for example in the form of press releases, corporate news and ad-hoc announcements. Current and historic publications are also available on the company's website. In addition to the specified statutory announcements, the material on the website also includes presentations, analyses and the minutes of the annual general meetings.

Once again in 2012, lively interest on the part of journalists and in particular mid- to long-term investors and analysts led to numerous intensive contacts and extensive media coverage. This response in our opinion represents clear confirmation of our corporate strategy and contributed once again to the stability of our share price in the reporting period.

Supervisory Board Report on Financial Year 2012

Peter Kirn
Chairman of the Supervisory Board

Dear Shareholders,

In financial year 2012 the Supervisory Board of ATOSS Software AG concerned itself in detail with the current situation, prospects and strategic development of the company as well as with numerous individual matters. We have performed the duties incumbent upon us under the law, the articles of association, the German Corporate Governance Code and our own rules of procedure with great care, and have advised and supervised the Management Board. We were kept promptly and fully informed by the Management Board regarding the course of business, profitability and plans of the company and its subsidiaries. We intensively examined the documents placed at our disposal, and we consulted constantly with the Management Board on matters of importance. We were at all times integrated into decisions of material significance, such as for example actions and transactions requiring the approval of the Supervisory Board. Moreover, the Chairman of the Supervisory Board was in close and regular contact with the Management Board. The Supervisory Board satisfied itself as to the efficiency of the risk management system on the basis of reports by the Management Board and by the auditors. At no time did any query arise regarding the due and proper nature or economic efficiency of the company management.

The Supervisory Board is not aware of any conflicts of interest on the part of Management or Supervisory Board members, such as require to be disclosed forthwith to the Supervisory Board and declared at the annual general meeting.

The following report describes the main emphases of the work of the Supervisory Board.

Supervisory Board meetings and resolutions in 2012
Four regular meetings of the Supervisory Board took place in 2012. Apologies were received from one member at the meeting on April 20. All other meetings were attended by all members of the Supervisory Board as well as by the Management Board.

At the meeting on March 6, 2012
At this meeting the auditors, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Munich, gave a presentation to the Supervisory Board and Management Board regarding the audited annual individual and consolidated financial statements for ATOSS Software AG, as well as the management report for the financial year 2011 and the audit reports. The Supervisory Board subsequently adopted the annual financial statements for the Group and company for financial year 2011 which had been audited and awarded an unqualified audit certificate and approved the Supervisory Board report for this period. The discussion also extended to the agenda for the annual general meeting on April 20, 2012 which was approved by the Supervisory Board and, insofar as this lay within its competence, by the Management Board.

Under Item 6 on the agenda for this meeting, the Management Board reported on the company's profitability with particular regard to the return on equity, and on the course of business. Areas of emphasis included the development in sales and earnings since 2007 and the Management Board's expectations for financial year 2012.

At the end of the meeting the Vice-Chairman of the Supervisory Board, Mr. Hauser, gave notice that his other activities were currently making heavy demands on his time and he would therefore be resigning his position as Vice-Chairman. In response and with the consent of the other Board members, the Chairman of the Supervisory Board added the election of a new Vice-Chairman to the agenda. As a result, Rolf Baron Vielhauer von Hohenhau was elected as Vice-Chairman of the Supervisory Board. He accepted the office.

At the meeting on April 20, 2012
The second ordinary meeting of the Supervisory Board took place following the 2012 annual general meeting in Munich. The Management Board reported on the course of business, presented its risk report and explained the company's investment policy. The last item on the agenda was a detailed report by the CEO on current developments in sales and marketing at ATOSS Software AG.

At the meeting on September 12, 2012
In addition to a report by the Management Board on the development in business and the current status of the investment policy, under Item 3 the CEO also explained current developments in sales and marketing with particular reference to upcoming projects relating to the second half of the year. The potential and current activities in individual industries targeted by ATOSS Software AG were also detailed. Other topics discussed at the meeting included the development and extension of the company's verticalization strategy and the current status of internationalization.

At the meeting on December 5, 2012
At this last meeting of the year, the emphasis was on the Management Board report describing the current course of business and the outlook for sales and earnings in the financial year 2012. Thereafter the Management Board submitted its plans for the coming year 2013, which were approved as presented.

In the course of his report on the sales and marketing situation, the CEO drew attention to the momentum for 2013 deriving in particular from customized sector solutions, technology partnerships, internationalization and the development of sales partnerships. The company's risk report and the accompanying statement by the Management Board were also addressed at this meeting. In addition the annual declaration of compliance with the German Corporate Governance Code as amended on May 15, 2012 was approved in accordance with § 161 of the German Stock Corporation Act. The declaration of compliance for 2012 is permanently available to shareholders on the ATOSS Software AG website and will be published as part of the Management Report in the Annual Report for 2012.

Also at this meeting, the Supervisory Board gave its approval for the Management Board to broaden the company's investment strategy to include real estate investments.

Appointment of auditors and conduct of audit
At the annual general meeting of ATOSS Software AG held on April 20, 2012 in Munich, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft Stuttgart (Munich Branch) was elected as auditor for financial year 2012. Prior to the election, the Supervisory Board satisfied itself as to the independence of the auditors. The Board was able to exclude any relationships between the company and the auditors. The audit assignment included a consideration of the early warning system for the detection of risk and the obligation to observe the auditing principles contained in the current German Corporate Governance Code.

Ernst & Young GmbH have audited the annual financial statements and management report for ATOSS Software AG to 31.12.2012 as well as the consolidated financial statements and consolidated management report to 31.12.2012 and awarded an unqualified audit certificate.

Supervisory Board meeting on March 5, 2013 to adopt the financial statements
The Supervisory Board received the annual financial statements, consolidated financial statements and management reports for financial year 2012 from the Management Board for examination in good time prior to the meeting. In addition the Supervisory Board also received the 2012 dependence report which concluded that no notifiable legal transactions took place in financial year 2012 either with AOB Invest GmbH or with companies associated with AOB Invest GmbH. The report further determined that the company receives an appropriate reward from the existing employment contract with Mr. Andreas F.J. Obereder, who holds all of the shares in AOB Invest GmbH.

These documents were examined by the members of the Supervisory Board and addressed in full detail at the meeting in the presence of the auditors Ernst & Young GmbH. The auditors reported on the essential results of their audit and answered all questions posed by the Board.

The Supervisory Board agreed the results of the audit and raised no objections. The accounts prepared by the Board of Management having been approved, the annual financial statements were then adopted. The Supervisory Board likewise concurred with the proposal by the Board of Management regarding the appropriation of surplus profits.

The report by the Supervisory Board for financial year 2012 was also discussed and agreed and the agenda for the annual general meeting on April 26, 2013 was approved.

Thanks
The Management and Supervisory Boards of ATOSS Software AG as currently composed have been working constructively together for many years in a spirit of trust. We would wish to continue this cooperation in future for the good of the company. We would like to thank the Management Board who, together with all of the company's employees, have enabled the company to maintain its success in the period under review!

Munich, March 2013

Peter Kirn
Chairman of the Supervisory Board

Members of the Supervisory Board, with a summary of other supervisory board positions held

The Supervisory Board of ATOSS Software AG is comprised of three members. In view of its size, the Supervisory Board continues to dispense with the formation of committees as recommended by the German Corporate Governance Code. The Supervisory Board is of the opinion that with a Board comprised of three members, the efficiency with which the Board performs its tasks would in no way be increased by the formation of committees.

Peter Kirn
Chairman of the Supervisory Board
Corporate Consultant, Böblingen
Mr. Kirn holds the following other supervisory board positions:

- Fernwärme Transportgesellschaft mbH, Böblingen
- Stadtwerke Böblingen GmbH, Böblingen
- Stadtwerke Holding GmbH, Böblingen

Peter Kirn is also a member of Böblingen town council.

Rolf Baron Vielhauer von Hohenhau
Vice-Chairman of the Supervisory Board
President of the Bund der Steuerzahler in Bayern e.V., Munich
Baron Vielhauer von Hohenhau holds the following other supervisory board position:

- Administrative Board of Stadtsparkasse Augsburg

Richard Hauser
Member of the Supervisory Board
Managing director of milon industries GmbH, Grünwald
Mr. Hauser holds no other supervisory board positions.

Group Management Report for 2012

1. Company

ATOSS Software AG ranks as one of the leading providers in the field of workforce management. The company offers standard software solutions in this area, as well as consulting and implementation services for businesses of all sizes.

Headquartered in Munich, ATOSS Software AG also maintains offices in Frankfurt, Hamburg, Stuttgart and Meerbusch, as well as its subsidiaries ATOSS CSD Software GmbH in Cham, ATOSS Software Ges. m.b.H in Vienna, ATOSS Software AG in Zürich and ATOSS Software S.R.L. in Romania.

The company's software solutions are currently deployed in 26 countries worldwide and in 8 language versions. Around 4,500 customers ranging from SMEs to blue chip corporations are currently relying on workforce management solutions from ATOSS Software AG.

2. Business and Conditions

Economic climate

The cooling of the global economy since the middle of last year and the Eurozone crisis placed a tangible burden on the German economy in the second half of the year. As a consequence, global trade has contracted continuously during the past one and a half years, which has been evident in all significant economic regions. Following a good start to the year, economic growth in Germany also lost considerable momentum over the further course of the year. The continued debt crisis in the European Economic Area exerted a clearly dampening impact on economic growth in Germany. Consequently, economic growth is expected to report a decline from 3.0 percent in 2011 to prospectively 0.7 percent in 2012.

Following a continuous decline in the period between April and October 2012, the business climate index for the manufacturing sector in Germany improved slightly to 102 points in November and December 2012, leaving it down by around five points year-on-year. Companies estimate the current situation as less favorable. The business sentiment index published by the ifo Institute for Economic Research, which dropped to a low of 107 points in December, reflects this trend.

Sector environment and market background

Growth in the IT sector has also weakened year-on-year, although to a lesser extent than the overall macroeconomic decline. According to the market figures published by industry association BITKOM, the IT sector recorded growth of 2.3 percent (previous year: 3.1 percent).

Despite these IT sector and macroeconomic trends, ATOSS succeeded in 2012 in achieving sales and earnings records for the seventh consecutive year. The company reported 5 percent sales growth in 2012, and 4 percent EBIT growth. It even achieved 7 percent year-on-year sales growth in its core Software area. New software license orders of EUR 7.5 million proved particularly gratifying (previous year: EUR 6.9 million). At EUR 3.8 million, software license orders on hand showed significant growth of 16 percent year-on-year as a consequence. The continued high level of software license orders on hand also helps us to predict sales in the near future, and to plan ahead with security. Also following our high liquidity position and high equity ratio even after scheduled special dividend payout provide additional security for customers, employees and shareholders alike.

Positioning of the ATOSS Group

The market ATOSS addresses is on the one hand comprised of extensive numbers of small and medium-sized enterprises (the SME market) with up to 500 employees, and on the other of the premium market represented by the high-end small businesses and major, large-scale companies. Naturally, the competitive pressure is greater in the case of applications which make no more than modest demands on personnel resource planning systems than for complex solutions which demand a high degree of integration between working time management (WTM) and personnel resource planning (PRP). The pioneering technological platform on which ATOSS products are based, our consulting skills and the reliable and experienced ATOSS management represent compelling decision-making criteria.

The company's competitive environment is characterized by a high level of fragmentation among providers. The company has established itself as one of the leading providers of time management and workforce management software systems, and has achieved significant market positions especially in the retail/wholesale, healthcare, manufacturing and logistics sectors. The company also offers solutions for all sectors and companies in both the SME and premium markets.

Since the inception of the company, ATOSS has pursued a vision of offering solutions which impact upon the structures of the modern working world so as to result in more creative, more intelligent and more employee-friendly ways of working.

The products and services ATOSS has developed are designed to solve the problems experienced by its customers in ascertaining optimum staffing needs, developing ideal working time models, allocating working hours to meaningful advantage, ensuring secure access, and deploying and managing personnel efficiently. By utilizing personnel resources in a manner which is both economically advantageous as well as sensitive to employee and customer needs, ATOSS Group clients are thereby able to improve their own performance and efficiency.

ATOSS has positioned itself as a best-of-breed specialist in its core fields of working time management and personnel resource planning, offering an in-depth range of integrated solutions which meet even the highest functional and technological demands. And with the availability of interfaces to solutions from complementary providers, we can meaningfully address the needs of customers of every size and in every industry. ATOSS has thereby achieved great success in all customer segments. Moreover, the company is capable of offering supremely competent consultancy services coupled with solutions of convincing depth, with the guarantee that its customers will benefit from improved efficiency and enhanced productivity. As a financially independent partner with a committed long-term outlook, ATOSS solutions stand for sound investment security.

Our own observations and sales successes, as well as numerous productivity studies point to the fact that the market requires solutions capable of meeting the most complex requirements while delivering productivity gains.

The right staff

ATOSS's end-to-end portfolio includes solutions which highlight the qualifications of available personnel, thereby facilitating rapid planning, scheduling and deployment. Short-term and even seasonal bottlenecks can be overcome by accessing a large number of employees.

At the right time
In almost every sector, demands on capacity are likely to fluctuate, whereas staff cannot always be employed on a pattern that mirrors these fluctuations. Taking company and operational consideration, collectively bargained wage agreements and statutory regulations into account, as well as factors such as vacations, sickness, part-time employment and so on, ATOSS solutions optimize personnel deployments to cover both peaks and troughs in demand.

In the right place
Flexible staff deployment and workforce management at varying locations enable decentrally organized businesses and branch-based operations to make more efficient use of capacity and thereby raise their productivity levels.

Working on the right job
It is rare today for workforce scheduling to be integrated into the process of production planning. Nevertheless, a meaningful exchange of data in this very instance can underpin planning reliability and accelerate production processes.

At the right costs
Nowadays, company and operational working time models can often yield more flexible options for staff deployment than is possible with rigid working hours. Deploying and managing staff under conditions of optimized costs, however, can be achieved only by evaluating hours worked in association with wage supplements and ancillary costs.

Many ATOSS customers have seen significant improvements thanks to ATOSS solutions, as their own analyses have shown. ATOSS offers appropriate individual concepts and functional competence supported by advanced, leading-edge technologies for customers of all sizes.

When deciding on long-term partnerships, major, large-scale customers in particular are increasingly focusing on independent companies with a sound financial base. Our robust equity ratio of 71 percent (previous year: 67 percent), our high liquidity position, and our continuing high level of expenditure on forward looking technology development are among the determining factors when investment decisions are on the agenda.

Business development
The company regards the key figures for sales, operating profit (EBIT) and cash flow as the essential measures of its success. The development in software licensing revenues is of central importance, since this is the driving force behind the company's business model. In this context, the volumes of orders received and orders on hand for software licenses represent essential indicators for the future development of the company.

In the 2012 financial year, ATOSS achieved sales amounting to EUR 33.0 million (previous year: EUR 31.6 million), and operating profit (EBIT) of EUR 7.6 million (previous year: EUR 7.3 million). This gratifying development in sales and earnings in economically challenging times is attributable not least to the advanced Java-based technology embodied in our software since 2005. The many references that now support the ATOSS Staff Efficiency Suite provide a sound basis on which to secure further business successes.

Development in sales of software licenses and maintenance, software license order situation

Software licensing and maintenance sales were increased in 2012 with revenues rising 7 percent to EUR 20.1 million (previous year: EUR 18.8 million). The proportion of sales accounted for by software stood at 61 percent (previous year: 60 percent).

Software maintenance sales during the year rose by 8 percent to reach a total of EUR 13.2 million (previous year: EUR 12.1 million).

Sales of software licenses at EUR 7.0 million were up on the previous year (EUR 6.7 million). This sales growth is attributable to the expansion of licenses at existing customers, progress with projects at major customers, and the winning of further orders from new customers.

The level of orders received at EUR 7.5 million was well above the previous year's figure of EUR 6.9 million. A total of 4 percent (previous year: 12 percent) of orders received related to long-term production orders.

At the end of 2012, orders on hand for software licenses remained at a very high level of EUR 3.8 million (previous year: EUR 3.3 million), providing an excellent starting point for the year 2013. Some 11 percent (previous year: 24 percent) of orders on hand related to long-term production orders. It is expected that orders on hand will be realized within one year.

Consultancy sales trends

The company reported a moderate year-on-year increase in sales revenues generated from consultancy services. Consultancy sales in 2012 stood at EUR 8.7 million, up by 4 percent over the previous year's figure of EUR 8.4 million. As a result, consultancy accounted for 26 percent of overall sales (previous year: 27 percent).

Trend in hardware and other sales

Sales revenues from hardware sales of EUR 2.7 million in 2012 represent a 5 percent decrease compared with the previous year's EUR 2.8 million, accounting for 8 percent of total sales (previous year: 9 percent). Other sales, the heading under which notably identification media and customer-specific programming services are reported, amounted to EUR 1.5 million, down by 5 percent from EUR 1.6 million the year before. As a proportion of total sales, this represented some 4 percent (previous year: 5 percent).

Long-term production orders

As in previous years, the company realizes long-term orders in application of the percentage of completion method. In financial year 2012 this applied to 9 orders (previous year: 15) which were realized to a value of EUR 2.1 million (previous year: EUR 2.6 million) in line with project progress.

Corporate strategy and opportunities

At the heart of our business activities lie the continuous acquisition of new customers and the development of existing customer installations in the fields of time and attendance management and workforce scheduling and deployment. Some significant progress was made in both areas in 2012. For example, products incorporating the company's latest generation of software solutions were placed with existing customers of major importance, and a large number of new customers were acquired. The year 2012 also witnessed the successful implementation of major projects acquired in the preceding year. We regard these successes as continuing confirmation that we are pursuing the correct strategy to enhance both sales and results.

We identify opportunities to further expand our business model, especially through the growing demands made on companies to structure their working hours more flexibly. Important factors in this context include: a shortage of skilled, specialist, and technical staff, demographic factors, increasing requirements to enhance productivity, and resultant requirements made of companies to implement workforce management solutions. As one of the leading workforce management solutions providers, we expect to benefit from this trend.

In particular, the company identifies further growth potential in the retail/wholesale, healthcare, manufacturing and logistics sectors.

We see further growth opportunities in targeting new sectors, as well as deploying our software solutions internationally, such as in tapping new markets through entering into new partnerships.

The first-class positioning which the company enjoys is underpinned by prominent reference customers, pioneering technologies (Java J2EE), a convincing range of products and services, extensive competence in the implementation of software projects and in consulting, as well as by the stability and independence of the company itself.

In order to develop these competitive advantages over the long term, we will continue to allocate a high level of funding to secure market access and therefore also future growth.

Research and development

The security of knowing that they will be able to master the most complex requirements now and in the future is decisive for ATOSS customers. At the same time they also need to deploy technologically sophisticated solutions which will be equally at home in the system environments of the future and therefore capable of returning long-term economic benefits. For this reason we will continue to maintain our substantial commitment to the further development of our products.

We harness state-of-the-art technology platforms as a basis on which to create solutions are capable of replicating every customer-, industry- and sector-specific requirement, covering all aspects of intelligent personnel deployment and workforce management. In order to avoid problems in updating from one release to the next, we guarantee full upward compatibility, thereby allowing the latest solutions to be implemented at any time.

The goal of our product development is to be able to offer solutions that meet our customers' ever more complex and individual needs. The development of Java-based versions of ASES (ATOSS Staff Efficiency Suite), ASE (ATOSS Startup Edition) and ATC (ATOSS Time Control) that enable these solutions to be integrated into a variety of system environments represented a major milestone.

Utilizing so called service-oriented architecture (SOA) technologies greatly simplifies the exchange of data between our solutions and other products used by customers. Our solutions, for example, have been successfully combined with upstream planning systems and downstream evaluation systems. In another scenario they have also been integrated into a client's visitor management system as a real-time data source. In this way our solutions create added value over and beyond their original functions. The continuing development of interfaces with our systems makes it simple and easy for customers to integrate our solutions into their existing system architecture, and thereby derive the optimum benefits.

Our fully JAVA-based package of solutions for software-supported workforce management is suitable for use in a wide range of sectors and industries. The ATOSS Startup Edition (ASE) and ATOSS Time Control (ATC) are distinguished by the simplicity of their user interface. The ATOSS Startup Edition (ASE) is a stepping-stone for customers employing a variety of system environments. As their requirements become more complex in future, they can easily migrate to the ATOSS Staff Efficiency Suite (ASES). On the other hand, ATOSS Time Control (ATC) is focused on customers in the Microsoft world.

In 2012 our expenditure on research and development amounted to EUR 7.1 million (previous year: EUR 6.7 million). The bulk of this figure in the amount of EUR 5.7 million (previous year: EUR 5.3 million) was accounted for by the personnel costs for 118 (previous year: 114) software developers. R&D expenditure as a proportion of overall sales amounted to 22 percent (previous year: 21 percent).

As in preceding years, expenditure on research and development is not capitalized, but is fully expensed instead.

Subsidiaries and international business

All of our subsidiaries continued to record positive development in 2012, with all companies posting a positive year-end result. All companies reported a profit as of December 31, 2012. The foreign share of consolidated sales stood at 9 percent in 2012, as in the previous year.

Employees, development in personnel

In financial year 2012 the Group employed an average workforce of 270 members of staff (previous year: 259). Of these, 118 (previous year: 114) were employed in product development, 71 (previous year: 70) in consulting, 39 (previous year: 37) in sales, and 42 (previous year: 38) in administration. Personnel costs in 2012 rose to EUR 16.3 million, compared with the figure of EUR 15.3 for the preceding year.

The company employed 4 trainees as of December 31, 2011 (previous year: 4).

Corporate management and steering

The management of the Group proceeds on the basis of plans jointly agreed by the Management and Supervisory boards. These plans are reviewed annually and adapted in line with changing circumstances and arising opportunities.

In this context, the company aims to ensure average annual sales growth targets in a corridor of between 5 percent and 10 percent, and a secured average margin target in excess of 20 percent. These targets have been reached on average during the last five years.

The company is managed primarily on the basis of a broad system of targets. Company, departmental and individual targets are agreed with almost every member of staff, and linked with an appropriate variable salary component, dependent on each employee's level of responsibility. These variable components range between 10 percent and 50 percent of the contractually agreed target salary. The company targets are in turn keyed to the relevant scheduled sales and operating profit data for the financial year. Departmental targets take the form of a uniform table of sales or performance targets dependent on position and responsibility, while individual targets are linked to the performance of each individual employee.

Annual plans and projections are approved by the Management and Supervisory boards. Group targets are monitored on the basis of a Group-wide management information system, which includes detailed reporting of sales, costs and earnings.

Executive bodies

In 2012, the company's Supervisory Board comprised Peter Kirn as Chairman, Rolf Baron Vielhauer von Hohenhau as Deputy, and Richard Hauser.

The Board of Management continues to comprise Andreas F.J. Obereder as CEO and Christof Leiber as CFO.

Corporate governance

Since the company was first floated, ATOSS Software AG has concerned itself intensively with the subject of corporate governance and related statutory regulations. The company has reported regularly since 2001 on its activities in this regard. The company's boards examine developments and changes in the German Corporate Governance Code in particular detail. In contrast to the provisions of the law, however, the Code is not binding in its standardizing effect, and in fact allows deviations from its recommendations.

Once again in 2012, the Management and Supervisory boards have concerned themselves intensively with the new requirements of the German Corporate Governance Code, comparing these with the company's own principles and identifying those points in which deviations exist from the recommendations issued on May 15, 2012, by the Government Commission on the German Corporate Governance Code.

On December 5, 2012, the Management and Supervisory boards adopted a new declaration of conformity pursuant to Section 161 of the German Stock Corporation Act in which it is confirmed that the recommendations of the Commission on Corporate Governance appointed by the German Government are complied with, with the exception of those points stated in the declaration. This declaration is published on the company's web site. It is consequently evident that the company in broad measure conforms with the recommendations, and deviates only in respect of a small number of points which, in the company's view, are of marginal importance.

Deviations apply in respect of the following points:

- The German Corporate Governance Code recommends that the annual general meeting should be convened and the accompanying documents distributed by electronic means (Section 2.3.2 of the Code). Since the shares in ATOSS Software AG are not registered shares but bearer shares, in the opinion of the company this recommendation is not practicable.

- The German Corporate Governance Code recommends that directors' and officers' liability insurance policies (D&O) arranged by an undertaking for management and supervisory board members should include a self-insured deductible (Section 3.8 of the Code). As a result of existing contracts with members of the Board of Management, ATOSS Software AG will not be in a position to agree a self-insured deductible until these contracts expire.

With regard to the agreement of a self-insured deductible to be included in the corresponding insurance policies covering members of the Supervisory Board, the company is fundamentally not of the opinion that the commitment and responsibility with which the Supervisory Board members perform their duties would be improved by such a measure. The D&O insurances for members of the Management and Supervisory boards of ATOSS Software AG therefore do not contain such a provision. No change to this situation is currently intended. When the existing contracts with the Board of Management expire or the terms of office of Supervisory Board members come to an end, before new contracts are concluded the situation will be reviewed, particularly in the light of the statutory requirements then prevailing. In the case of the contract with a member of the Board of Management that has been extended in the current financial year, an appropriate self-insured deductible has been provided for in accordance with Section 3.8 of the Code.

- Section 4.2.3 of the German Corporate Governance Code reflects the legal situation revised in 2009 under which supervisory boards will in future be required to ensure that variable elements of the compensation paid to management board members are as a matter of principle calculated on a multi-year assessment basis. The German Corporate Governance Code also recommends that variable components of compensation should be structured to take account of both positive and negative developments. The company's current contracts with the Board of Management do not take such account. However the company is not in a position to intervene in existing contracts with members of the Board of Management. Naturally, in extending existing contracts in the current year, the company has taken account of the legal situation, and will likewise when extending or entering into new contracts in the future take account of the legal situation as it applies at that time.

- The German Corporate Governance Code additionally recommends in Section 4.2.3. that when contracts are entered into with management board members, provision should be made in the event that the employment of a board member is ended prematurely other than for good cause to limit payments to board members to a maximum of two years' compensation including ancillary benefits, and to make such payments for a period no longer than the remaining term of the employment contract. The company has made no provisions for settlements in the contracts with members of the Board of Management, since these employment contracts are in each case concluded for the duration of their period of appointment, and cannot be terminated during this time other than for good cause. Under these circumstances the company is of the opinion that making advance provision for a settlement in this way would be contrary to the nature of these fixed-term contracts. Moreover, the contracts with the Board of Management make no provision for settlement entitlements, for example in event of a change of control.

- Section 5.1.2 of the German Corporate Governance Code recommends that in determining the composition of the Board of Management, the Supervisory Board should take due account of diversity, and, in particular, endeavor to give adequate consideration to female representation. This recommendation is not complied with since in the opinion of the Supervisory Board of ATOSS Software AG it is not relevant to the effective and successful work of the Board of Management as currently composed of two members. The Supervisory Board will consider the extent to which the recommendation can be complied with in future.

- The German Corporate Governance Code recommends the formation of supervisory board committees (Section 5.3). In view of the size of the company, ATOSS Software AG refrains from forming separate supervisory board committees. Moreover ATOSS Software AG is of the opinion that with a Supervisory Board comprised of three members, the efficiency with which the Board performs its tasks would in no way be increased by the formation of committees.

- The German Corporate Governance Code also recommends in Section 5.4.1 that the Supervisory Board should set specific targets for its own composition in consideration of the situation specific to the business undertaking and its international activities, potential conflicts of interest, a defined age limit for Supervisory Board members and also diversity. These specific targets should in particular provide for adequate female representation. This recommendation is currently not complied with since, in the opinion of the Supervisory Board of ATOSS Software AG, such targets are not necessary for the effective and successful work of a Supervisory Board composed of three members. The Supervisory Board will consider the extent to which the recommendation can be complied with in future.

- In accordance with the German Corporate Governance Code (Section 5.4.3) it is recommended that supervisory board members should be elected individually. In the interests of an efficient voting procedure the members of the Supervisory Board have thus far been elected en bloc at the Annual General Meeting of ATOSS Software AG. No shareholder present at the meeting has objected to this procedure. The company therefore intends when such votes take place to continue to follow this procedure.

- The German Corporate Governance Code (Section 5.4.6) recommends that fixed and performance-related compensation should be agreed with supervisory board members. The existing arrangement comprising a fixed compensation combined with a variable component dependent on the number of meetings has proven its worth. Moreover, this compensation arrangement was approved by the Annual General Meeting. The company considers itself to be bound by the stipulations of the Annual General Meeting.

- In respect of the publication of reports, it is recommended pursuant to Section 7.1.2 that interim reports should be made available within 45 days. The company publishes an extensive overview (sales, types of sales, operating profit (EBIT), earnings before taxes (EBT), net profit, and net earnings per share) within less than 30 days. The full interim report is published within two months following the end of the quarter. In applying this process of staggered publication, the company furnishes the capital market with very prompt and extensive data over and beyond such information as may necessitate an ad hoc announcement. The company will continue to follow this publication procedure to ensure that the capital market receives information that is as up-to-date as possible.

Declaration of Corporate Governance

The corporate governance declaration made by the Board of Management pursuant to Section 289a of the German Commercial Code (HGB) is published on the company web site at http://www.atoss.com/de/unternehmen/investor-relations/corporate-governance/2012.

Other information

The company's capital is divided into 3,976,568 bearer shares, each with a nominal value of one euro, and which carry full voting and dividend rights. Of these, the majority shareholder, Andreas F.J. Obereder, Grünwald, Germany, holds 1,988,285 shares, equivalent to a 50.0000025 percent interest, through AOB Invest GmbH, Grünwald, Germany, an entity in which he holds a 100 percent interest. Besides Mr. Andreas F.J. Obereder and AOB Invest GmbH, the company is not aware of any other shareholders which hold interests of more than 10 percent of the voting rights, and which entail reporting duties.

As part of the transfer of the 1,988,285 shares from majority shareholder Andreas F.J. Obereder to AOB Invest GmbH, AOB Invest GmbH was exempted pursuant to Section 37 Para 1 Alt. 1 and Alt. 4 of the German Securities Acquisition and Takeover Act (WpÜG) from the obligation pursuant to Section 35 Para 1 Sentence 1 WpÜG, to publish the attainment of control, as well as from the obligations pursuant to Section 35 Para 2 Sentence 1 WpÜG, to submit an offer document to the German Federal Financial Supervisory Authority (BaFin), and to publish a mandatory offer pursuant to Section 35 Para 2 Sentence 1 WpÜG in combination with Section 14 Para 2 Sentence 1 WpÜG.

Pursuant to Section 312 of the German Stock Corporation Act (AktG), the Management Board has prepared a related companies report for the mandatory reporting period, which our auditor has audited. The Management Board's independence report concludes with the following statement: With the exception of the Management Board employment contract between the company and Mr. Andreas F.J. Obereder, no transactions which require mandatory reporting occurred during the year under review at our company in its relationship with AOB Invest GmbH (controlling company) and Mr. Andreas F.J. Obereder, or with a company associated with AOB Invest GmbH (controlling company) or Mr. Andreas F.J. Obereder. The company received an appropriate counter-performance from the existing Management Board employment contract.

The company is not aware of any restrictions regarding voting rights or the transfer of shares, even and including any such restrictions as may arise from agreements between shareholders.

No special rights exist that convey powers of control.

Insofar as employees have a participating interest in the company's capital, their rights of control are not restricted.

The Board of Management was authorized by a resolution adopted by the Annual General Meeting on April 30, 2009, and entered in the commercial register at the Municipal Court of Munich on May 6, 2009 to increase the share capital of the company with the approval of the Supervisory Board on one or more occasions on or before April 29, 2014, by a total of up to EUR 402,566 through the issue of up to 402,566 new bearer shares in return for cash or non-cash capital contributions.

At the Annual General Meeting held on April 20, 2012, the Board of Management was further authorized pursuant to Section 71, Para 1, No. 8 of the German Stock Corporation Act other than for purposes of trading in own shares and in consideration of the restrictions imposed by Section 71, Para 2 of the Act on or before September 30, 2013, to purchase company shares in the amount of up to ten percent on the company's capital stock either through the stock market or by means of a public purchase offer addressed to all company shareholders.

The Board of Management was further authorized at the Annual General Meeting on April 20, 2012, without further resolution by a general meeting not only to offer the purchased shares through the stock market or by a public offer to all shareholders, but also to the exclusion of existing shareholders' subscription rights

- with the consent of the Supervisory Board to issue the shares to third parties in return for non-cash capital contributions, insofar as it is understood to be in the interests of the company to acquire said non-cash capital contributions, and insofar as the countervalue per treasury share to be contributed by third parties is not unreasonably low;

- with the consent of the Supervisory Board to issue the shares to third parties in return for cash capital contributions, in order to place the shares of the company on a foreign stock exchange where the shares are not yet admitted to trading;

- with the consent of the Supervisory Board to sell the shares at a cash price which shall not be materially lower that the stock market price of company shares at the time of the sale;

- to satisfy warrant and/or conversion rights arising from convertible bonds, convertible participation rights, bonds with warrants, or other warrant rights which are issued by the company or a Group company.

The Board of Management was further authorized at the Annual General Meeting on April 20, 2012, to withdraw the acquired treasury shares without further resolution by a general meeting.

The authorizations concerning the use of treasury shares also extend to the use of shares in the company acquired on the basis of previous authorizing resolutions pursuant to Section 71, Para 1, No. 8 of the German Stock Corporation Act. The previous resolution passed at the Annual General Meeting on May 3, 2011, regarding the repurchase of own shares, was cancelled at the Annual General Meeting on April 20, 2012.

A total of 49,099 treasury shares were withdrawn in the 2012 financial year. This withdrawal occurred since the primary reason for these treasury shares – namely, their deposition for the convertible bond program – no longer applied since the program had expired. The withdrawal occurred on the basis of the resolution by the ordinary Annual General Meeting of ATOSS Software AG of May 3, 2011, which authorized the Management Board to acquire treasury shares. Shares purchased on the basis of this and previous authorizations may be withdrawn without the need for a further resolution to be adopted by the general meeting to approve either the withdrawal or the implementation thereof (Section 71, Para. 1, No. 8, Sentence 6 of the German Stock Corporation Act). As a result on the qualifying date there were 3,976,568 shares in circulation (previous year: 3,976,568).

Members of the Board of Management are appointed and dismissed in accordance with Sections 84 and 85 of the German Stock Corporation Act and Article 6 of the company's articles of association.

Amendments to the articles of association are implemented pursuant to the regulations of Section 133 and Sections 179 et seq. of the German Stock Corporation Act (AktG).

No material agreements exist which are contingent upon a change of control resulting from a takeover offer. Equally, no compensation agreements have been entered into with the Management Board members or with employees for the instance of a takeover offer.

In addition to its subsidiaries ATOSS Software Ges. m.b.H., Vienna, ATOSS Software AG, Zürich, ATOSS CSD Software GmbH, Cham, and ATOSS Software S.R.L., Timisoara, the parent company ATOSS Software AG of Munich also has business premises in Frankfurt, Hamburg, Meerbusch and Stuttgart.

3. Earnings Situation

The earnings situation in financial year 2012 was characterized by an increase in overall sales, which rose to EUR 33.0 million (previous year: EUR 31.6 million). Costs – without taking into account cost of sales – rose by 6 percent to EUR 22.7 million (previous year: EUR 21.4 million). As a result, taking into account continuous investments in sales and marketing, and an EBIT margin on a par with the previous year, the company maintained its profitability.

The essential key figure determining the success of the company's operating performance, namely its earnings before interest and taxes (EBIT), improved from EUR 7.3 million in the preceding year to EUR 7.6 million. The return on sales represented by EBIT stood at 23 percent (previous year: 23 percent).

Earnings before taxes (EBT) amounted to EUR 8.5 million (previous year: EUR 8.4 million), and net income came in at EUR 5.8 million (previous year: EUR 5.7 million). As a result, basic earnings per share increased to EUR 1.45 (previous year: EUR 1.43), while diluted earnings per share also amounted to EUR 1.45 (previous year: EUR 1.43).

Thanks in particular to its success in winning further new customers and expanding business with existing clients, as well as to efficient cost management, and despite expenditure on the development of functionally superior products, the company has maintained its profitability at the previous year's level, and secured a sound financial basis for a long-term strategy which is proving correct.

4. Financial and Asset Position

The company regards equity as an essential balance sheet item in guarding against economic, sector- and company-specific risks. Therefore the company's financial strategy is directed towards maintaining a level of equity commensurate with such risks. The intention is to guarantee shareholders an appropriate return on equity, and offer customers and suppliers investment security for their software decisions through the medium of long-term partnerships.

In this respect the ATOSS Group was highly successful in financial year 2012:

Cash flow from operating activities amounted to EUR 3.4 million on the basis of the December 31, 2012 balance sheet date (previous year: EUR 5.3 million). Liquidity (cash and cash equivalents) slipped from EUR 15.1 million to EUR 8.9 million. However the position as a whole comprising liquidity and other current and non-current financial assets (e.g. gold, equities) increased from EUR 24.9 million to EUR 25.4 million. Liquidity per share on December 31, 2012 including these current and non-current assets accordingly stood at EUR 6.40 (previous year: EUR 6.25).

The primary positive factors impacting cash flow from operating activities of EUR 3.4 million included EUR 5.8 million of net income, EUR 0.6 million of depreciation charges applied to non-current assets, and a EUR 0.6 million increase in deferred revenues. The main effects reducing cash flow comprise a EUR 1.0 million fall in the tax provision due to the settlements of tax liabilities for 2011, the EUR 0.6 million increase in trade accounts payable, and a EUR 0.8 million increase in other assets. The rise in other assets resulted mainly from tax receivables due from the tax office for 2012. Gains on the sale of financial assets, and dividends and interest income, are reported in cash flow from investment activities. These further reduced cash flow from operating activities by EUR 1.0 million.

The decline in liquidity relative to the year before is attributable to a redistribution of investments in other current and non-current financial assets. The company intends through this change in its investment strategy to prioritize the long-term preservation of value, and security against inflation.

In total, the Management Board is authorized by the Supervisory Board to invest in physical gold in an amount of up to EUR 17.0 million, and in dividend-bearing securities in an amount of up to EUR 5.0 million. On December 31, 2012, the company had EUR 13.8 million invested in gold, and EUR 3.2 million invested in dividend-bearing securities. The gold position carried a market value of EUR 13.4 million as of December 31, 2012, and the dividend-bearing securities position a market value of EUR 3.2 million.

Liquidity was also affected by the payment of a dividend in the amount of EUR 0.71 (previous year: EUR 0.60) per share.

ATOSS is excellently supplied with financial resources which enable the company to counter both macroeconomic as well as sector-specific risks, and exploit opportunities for external growth. Similarly, the ability of the company to meet its payment obligations remains securely guaranteed.

At EUR 2.9 million, non-current tangible assets were slightly below the previous year's EUR 3.1 million. Investments in non-current assets in the financial year amounted to EUR 0.4 million, compared with EUR 0.7 million in the previous year.

The company's long-term holdings in gold are reported under the heading of non-current financial assets in the amount of EUR 0.6 million. Appreciation carried directly to equity amounting to EUR 0.02 million were applied to this gold position in 2012.

Receivables increased from EUR 2.6 million to EUR 3.2 million. The average time to receipt of 30 days (previous year: 25 days) remains extremely low – a fact which in the company's opinion is attributable to a high level of customer satisfaction as well as successful customer account management.

Other current financial assets classified as assets available for sale rose from EUR 9.2 million to EUR 16.0 million. Other financial assets comprise investments in dividend-bearing securities in the amount of EUR 3.2 million (previous year: EUR 2.9 million), and gold in the amount of EUR 13.5 million (previous year: EUR 7.0 million). Impairment charges carried through profit or loss of EUR 0.2 million were applied to equities as of December 31, 2012 (previous year: EUR 0.1 million). Impairment charges carried directly to equity of EUR 0.7 million were applied to debt instruments (gold) (previous year: EUR 0 million). Appreciation carried directly to equity of EUR 0.2 million were applied to equity instruments (previous year: EUR 0.1 million). The gold position carried a market value of EUR 12.8 million as of December 31, 2012, and the dividend-bearing securities position a market value of EUR 3.2 million.

The company is financed through current cash flow from operating activities. Current liabilities included trade accounts payable in the amount of EUR 0.4 million (previous year:

EUR 0.8 million), deferred revenues of EUR 2.3 million (previous year: EUR 1.7 million), tax provisions amounting to EUR 0.1 million (previous year: EUR 1.0 million) and miscellaneous current liabilities of EUR 4.6 million (previous year: EUR 4.6 million). In total, current liabilities on December 31, 2012 had increased to EUR 7.4 million (previous year: EUR 8.2 million). The reduction in current liabilities as of December 31, 2012 is mainly due to a fall in the tax provision. The company intends to continue to not to enter into debt funding to finance its business activities.

The other current liabilities relate predominantly to commitments to employees in respect of variable salary components to be disbursed in the following year, and also to anticipated accounts payable.

Non-current liabilities primarily comprise the pension provision of EUR 1.7 million (previous year: EUR 1.7 million).

Consolidated equity as of December 31, 2012 amounted to EUR 23.7 million (previous year: EUR 21.1 million), resulting in an equity ratio of 71 percent, compared with 67 percent on December 31, 2011. The return on equity stood at 24 percent as of December 31, 2012 (previous year: 27 percent).

ATOSS generally carries its research and development expenditure through its income statement. As in the past, we do not capitalize intangible assets which we produce ourselves.

In order to reduce administrative costs, the company vehicle fleet, as well as various items of business equipment, are leased. As of December 31, 2011, there were 78 leasing agreements for company vehicles (previous year: 78). In addition there were also 8 leasing agreements for copiers as of December 31, 2012 (previous year: 7).

Thanks to its excellent earnings and to its continuing sound asset position, the company expects its ability to meet its financial commitments to remain unchanged in the future.

5. Remuneration Report

5.1 Board of Management remuneration report

The members of the Board of Management are:

Andreas F.J. Obereder	Chief Executive Officer	Appointed until December 31, 2013
Christof Leiber	Member of the Board of Management	Appointed until March 31, 2017

The remuneration paid to members of the Board of Management is oriented towards their contribution to the success of the business, and towards industry standards. It includes performance-related and non-performance related components. The performance-related components amount to between 19 percent and 40 percent. The non-performance-related compensation is paid monthly in the form of a salary. An advance on the performance-related compensation is paid monthly up to a maximum of 50 percent of the target profit-share payment for the financial year in question.

The Supervisory Board turns its attention at least once per year to the appropriateness of this total compensation, and sets new performance targets for the performance-related elements yearly in advance. With regard to Section 4.2.3 of the Corporate Governance Code and to Section 87 of the German Stock Corporation Act (AktG) which has been revised following the introduction of the Appropriate Executive Compensation Act (VorstAG), the Supervisory Board intends that when contracts with the Board of Management are concluded in future, compensation should be determined in consideration of sustained corporate growth, of a multi-year assessment basis, and of both positive as well as negative aspects of business development.

The level of the performance-related remuneration (profit-share payment) in 2012 was generally geared to the Group sales target and the company's operating profit target.

The Management Board employment contract of the Chief Financial Officer (CFO), Mr. Christof Leiber, was extended for a five-year period with effect as of April 1, 2012. Of the newly agreed targets, 40 percent are one-year targets, and 60 percent are multi-year targets calculated over a three-year period. The one-year targets include sales and profit targets. The multi-year targets comprise both qualitative and quantitative targets.

Moreover, the contracts with members of the Board of Management also include other compensation components in the form of insurance premiums paid by the company, and other ancillary benefits such as the provision of company motor vehicles.

Finally, a non-forfeitable pension commitment also exists in favor of the CEO, which is classified as a defined benefit plan. Pursuant to this agreement, pension payments will commence when the recipient reaches the age of 65, and will be paid for life. The level of future pension rights will vary during the accrual period to an extent equal to future adjustments in the fixed salary of the CEO.

Please refer to Note 54 in the notes to the consolidated financial statements regarding Management Board compensation.

5.2 Supervisory Board remuneration report

The Supervisory Board of ATOSS Software AG comprises three members. Mr. Peter Kirn and Mr. Rolf Baron Vielhauer von Hohenhau were elected by the Annual General Meeting on April 29, 2008. The 2011 Ordinary Annual General Meeting elected Mr. Hauser to the company's Supervisory Board on May 3, 2011. In accordance with Article 9 of the articles of association of ATOSS Software AG, the term of office of the members of the Supervisory Board continues until the conclusion of the general meeting at which the said Supervisory Board members are formally discharged for the financial year 2012.

The members of the Supervisory Board are:

Peter Kirn	Chairman, Corporate Consultant, Böblingen
Rolf Baron Vielhauer von Hohenhau	Deputy Chairman, President of the Bund der Steuerzahler in Bayern e.V., Munich
Richard Hauser	Managing Director of milon industries GmbH, Grünwald

The compensation paid to the Chairman, Deputy Chairman and members of the Supervisory Board was determined by a resolution adopted by the Annual General Meeting on May 22, 2001. Accordingly, the compensation of the Supervisory Board consists of a fixed compensation component, as well as of a compensation component depending on the number of meetings attended.

Please refer to Note 53 in the notes to the consolidated financial statements for information about Supervisory Board compensation.

5.3 Ownership of and dealings in shares and financial instruments

In Note 36 to the notes to the consolidated financial statements, the company reports on ATOSS shares held by members of the executive bodies.

5.4 Reportable securities transactions

The company publishes details of all reportable securities transactions by board members on its website at http://www.atoss.com/unternehmen/investor-relations/corporate-governance/2012. This information remains available for at least twelve months following publication.

In the 2012 financial year, the following reportable transactions were undertaken and published by board members:

Name	Transaction	Trade date	Number	Price	Published on
Andreas F.J. Obereder	Donation received	30.01.2012	7,101	-	31.01.2012
Peter Kirn	Sale	27.02.2012	300	18.95	28.02.2012
Peter Kirn	Sale	28.02.2012	4,700	18.5363	28.02.2012
Andreas F.J. Obereder	Non-cash capital contribution (disposal)	06.12.2012	1,988,285	-	06.12.2012
AOB Invest GmbH	Non-cash capital contribution (addition)	06.12.2012	1,988,285	-	06.12.2012

Majority shareholder, Andreas F.J. Obereder, Grünwald, Germany, holds 1,988,285 shares, equivalent to a 50.0000025 percent interest, through AOB Invest GmbH, Grünwald, Germany, an entity in which he holds a 100 percent interest.

6. Events after the End of the Reporting Period

There were no reportable events of significance after the qualifying date.

7. Risk Management and Control System

As a capital market-oriented company as defined in Section 264d of the German Commercial Code, the Group is obliged in accordance with Section 289, Para. 5 of the Commercial Code to describe the essential features of its internal risk management and control system insofar as this affects its accounting procedures.

The law does not provide a definition of an accounting-related internal control and risk management system. Drawing upon the definitions given by the Institut der Wirtschaftsprüfer in Deutschland e. V., Düsseldorf, of an accounting-related internal control system (IDW PS 261.

Fig. 19f) and of a risk management system (IDW PS 340, Fig. 4), we understand an internal control and risk management system to be an all-embracing system. An internal control system is accordingly considered to comprise the principles, processes and measures introduced internally within the Group by the management to support the organizational implementation of management decisions

- to safeguard the effectiveness and economic efficiency of business operations,
- to ensure the correctness and reliability of internal and external accounting processes, and
- to comply with the provisions of the law applicable to the company.

The risk management system comprises the entirety of all organizational rules and activities designed to recognize risk and deal with the risks inherent in the conduct of business. The procedure for the recognition and management of risk is described in the following explanatory notes:

In accordance with its long-term business strategy the company endeavors to avoid exposure to any unreasonable risks. Nevertheless, in the course of its ordinary business activities the company is unavoidably exposed to a variety of risks which arise from these business operations, as well as from changes in environmental conditions.

The company has developed a comprehensive risk management system to make these risks transparently clear and evaluate them. The object is not merely to identify and monitor risks on an ongoing basis, but also having assessed the probability of their occurrence and the conceivable level of damage that may be caused, to provide decision-making criteria which convey a transparent picture of the company's willingness to accept risk exposure. Overall, in the view of the Board of Management, ATOSS has at its disposal an extremely comprehensive and easily comprehended system which meaningfully supports the company's risk strategy.

Two extensive risk reviews were undertaken in the past financial year. The results were compiled by the risk management committee in a risk report, and submitted to the Board of Management.

Material aspects of risk are perceived to lie in particular in the economic environment and market environment, the attainment of objectives when launching new focus sectors, staff turnover, data protection and data security, the system and network infrastructure, and liquidity losses resulting from fluctuations in the value of cash invested in financial assets. The company endeavors to counter these risks through organizational and other risk-reducing measures, and via the installed risk management system which ensures that risks are communicated promptly to the Board of Management.

Including after the planned special dividend, our high equity ratio and substantial liquidity offer security in economically challenging times. The market environment is continuously monitored, possible growth opportunities are explored, and the potential to distinguish ATOSS from its competitors is duly exploited. High levels of investment in research and development and the considerable technical skills of our employees serve to guarantee high product quality. In the case of major projects, the status of progress is continuously communicated to the administrative department. The risk resulting from the loss of key personnel is fundamentally covered by the fact that knowledge is distributed within departments. Likewise, in addition to implementing organizational data protection and data security measures, new employees are placed under obligation to comply with the data protection regulations. Risks resulting from system and network failures are countered in particular by continuous data backups and via emergency plans to deal with system failures, as well as by the high-availability platform.

The Group counters the financial risk arising from the change in investment strategy by diversifying and restricting its investments to specific asset classes and securities. The company does not invest its spare financial funds in speculative areas. Available funds are invested in whole or in part in short-life fixed term deposits with reputable banks, in equities and in physical gold. The Group's investment strategy is oriented towards preserving value and safeguarding against inflation in the long term. Financial risk is countered through regular monitoring of the financial market and regular reports to the Management and Supervisory boards on changes to financial assets. In addition, all investments in financial assets are reviewed and approved by the company management.

Trade accounts receivable are continuously assessed in terms of viability, and allowances are made where noticeable problems arise. Since the company has no single customers which account for more than 10 percent of sales, the credit risk does not present a potential hazard to the continued existence of the business.

In view of the substantial cash funds available at short notice, as well as the positive cash flow from operations, the company is not subject to any liquidity risk.

Risks arising from existing and future customer contracts are continuously monitored and assessed.

It is possible that legal risks or changes to regulatory requirements may impair business operations. Similarly, as a listed company, there is a risk that at some point it may no longer be possible to satisfy increasing legal requirements in an economically tenable manner. For this eventuality formal procedures are created within our organization, the purpose of which is to take account of changes in conditions.

Finally, there is also the possibility that as yet unrecognized and unreported risks may arise which might also have negative effects on business activities. The combination of in principle mutually independent risks may present additional hazards to the company that may amplify each other. Therefore ATOSS will continue to constantly monitor its environment and review the effectiveness of measures taken and of the risk management system as a whole. Despite continuous adjustments to the risk management system, it is not possible to entirely quantify either the probability of the described risks occurring, or their financial impact.

The company assumes that it will have a comparable risk structure for the next two years, as long as there is no significant change in the market environment and economic data.

The essential features of the accounting-related internal control and risk management system at ATOSS Software AG may be described as follows:

- The Group exhibits a clear management, corporate and control structure.

- The functions of the departments essentially concerned with financial accounting, order processing and controlling are clearly separated, and responsibilities are unambiguously assigned.

- For the purpose of analyzing and managing risk factors that may impinge on earnings, we have integrated the risk management system previously described and established a coordinated planning and control system.

- In order to continuously monitor the development in our assets, financial position and earnings situation, a review is submitted to the management and to the Supervisory Board on a monthly basis.

- Uniform accounting procedures are assured by the application of uniform Group-wide guidelines which are adapted as necessary.

- Functions and responsibilities are unambiguously assigned in all areas of the accounting process.

- The departments involved in the accounting process comply with the relevant quantitative and qualitative requirements.

- The IT systems employed in connection with the accounting process are protected by security features against unauthorized access.

- The financial systems employed are based on standard software.

- Matters with a material accounting relevance are discussed and clarified at weekly finance meetings.

- Essential accounting-related processes are subject to regular audit. Where necessary the risk management system is adapted in line with current developments.

- All essential accounting-related processes are consistently subject to the principle of dual control.

- The Supervisory Board concerns itself with matters of material importance pertaining to accounting, risk management and the audit assignment and its areas of emphasis.

- The Board of Management bears overall responsibility for the company's accounting-related internal control and risk management system. All of the companies and departments included in the financial statements are integrated into a clearly defined management and reporting organization.

The accounting-related internal control and risk management system, the essential features of which are described above, ensures that business events are accurately recorded, treated and reflected in the internal accounts, and correctly transferred to external accounts. The system also guarantees that potential risks are identified at an early stage, and that appropriate countermeasures are launched in good time.

The clear management and corporate structure and the appropriate personnel and material resources made available to the accounting departments provide the basis for a correct, uniform and sustainable accounting process. The clear demarcation between areas of responsibility coupled with the various control and monitoring mechanisms ensures that the accounts are prepared coherently and without error.

The internal control and risk system further ensures that the Group accounts are prepared in compliance with legal regulations and statutory requirements as well as internal guidelines and that risks are recognized, assessed and communicated and where necessary counter-measures are launched in good time.

8. Dividend Distribution

As in the preceding year, in considering the dividend to be paid, the Management and Supervisory boards have based their proposal upon the long-term dividend policy applied by the company, under which between 30 percent and 50 percent of consolidated earnings per share generated in the financial year are distributed as a dividend. For this reason, the Management Board has decided to propose to the Annual General Meeting that it pay a dividend of EUR 0.72 for the 2012 financial year, in line with previous years' dividend distribution policy, as well as additionally a special dividend of EUR 2.90. In total, the Management Board's dividend proposal amounts to EUR 3.62 per dividend-entitled share.

9. Outlook: Future Economic and Sector Climate, Future Position of the Company

Prospects for the global economy and for economic growth in Germany depend to a considerable extent on the development of the Euro crisis.

All important economies and emerging economies will experience a phase of economic weakness during the 2012/2013 winter half-year, according to estimates published by the ifo Institute for Economic Research. For 2013, it is anticipated that global economic expansion will proceed prospectively at a modest rate given the reduction in restrictive fiscal policy impulses in the Eurozone compared with the previous year, and expected rising dynamics of domestic demand in the USA. Efforts to consolidate the private and public sectors, which are necessitated in almost all advanced economies, will nevertheless significantly slow down the expansion rate.

A moderate upturn is also forecast for Germany for 2013, as long as the Euro crisis does not worsen further over the course of 2013, and both domestic recovery impulses and growing non-European demand for German export goods regain significance. Growth of around 1.4 percent is consequently forecast over the course of 2013 by the ifo Institute for Economic Research. The ifo Institute forecasts year-average growth of 0.7 percent due to the low starting base following the winter half-year.

By contrast with moderate macroeconomic growth forecast for 2013, the sector association BITKOM anticipates that the IT sector will grow by 3 percent in 2013, and that the software area will report an increase of 5 percent. In 2013, the ITC market in Germany is expected to reach a volume of EUR 154 billion, compared with EUR 152 billion in 2012. To date, the continuing debt crisis and the recession in Southern Europe have had no effects on the IT sector.

ITC suppliers take an optimistic view of the year 2013 overall. According to a survey conducted by BITKOM of companies concerning their business situations and sales expectations, almost three quarters of the companies surveyed in the ITC market anticipate rising sales revenues and have high business expectations. Eight out of ten companies even expect sales growth in 2013 in the IT services and software area.

Clearly distinguished as it is at the level of products and technology, financial stability and sustainability and with first-class references in all relevant markets, ATOSS is well positioned to take advantage of the opportunities that present themselves, and convert them into business success and profits. Moreover, there is considerable potential to improve the competitiveness of our target customers and thereby secure sustained sales opportunities in the company's specialist field of solutions designed to enhance workforce management efficiency.

The company consequently anticipates moderate sales growth in 2013. At the same time, ATOSS intends to make further investments in sales in 2013 in order to address the potential for fresh growth in the field of workforce management. Taking these investments into account, the Management Board continues to expect an EBIT margin in excess of 20 percent in 2013.

In the medium term the company expects a continuation of the sales and margins trends.

10. Declaration by the Legal Representatives

The Board of Management gives an assurance to the best of its knowledge and belief that the development in business including the results and the situation of the company are so described in this management report as to present a true and fair view, and that the essential opportunities and risks are described accordingly.

Munich, January 31, 2013

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

CONSOLIDATED BALANCE SHEET TO 31.12.2012

Assetes (EUR)	Notes	31.12.2012	31.12.2011
Non-current assets	11		
Intangible assets	6,13, 27	141,602	177,184
Tangible fixed assets	6,12, 27	2,764,873	2,948,852
Other financial assets	6, 8, 9, 24, 27	576,610	553,450
Deferred taxes	14, 28	282,655	277,534
Total non-current assets		**3,765,740**	**3,957,020**
Current assets	8, 10		
Inventories	10, 25	8,667	8,199
Trade accounts receivable	6, 8, 9, 24	3,231,374	2,611,623
Other financial assets	6, 8, 9, 24	16,008,437	9,180,200
Other non-financial assets	26	1,356,572	518,104
Cash and cash equivalents	8, 9, 23	8,859,080	15,117,296
Total current assets		**29,464,130**	**27,435,422**
Total assets		**33,229,870**	**31,392,442**

Equity and liabilities (EUR)	Notes	31.12.2012	31.12.2011
Equity	35		
Subscribed capital	36	3,976,568	4,025,667
Capital reserve	37	-661,338	-387,528
Treasury stock	18, 38	0	-322,909
Equity deriving from unrealized profits/losses	35	-148,944	205,237
Unappropriated net income	64	20,522,139	17,585,809
Total equity		**23,688,425**	**21,106,276**
Non-current liabilities	14, 17		
Pension provisions	17, 34	1,671,085	1,716,969
Deferred taxes	14, 28	459,426	321,766
Total non-current liabilities		**2,130,511**	**2,038,735**
Current liabilities	15,16, 29		
Trade accounts payable	15, 29	354,903	790,104
Other liabilities	15, 29, 31	4,597,789	4,622,107
Deferred revenues	15, 29, 32	2,281,999	1,702,752
Tax provisions	14, 29	87,243	1,038,468
Other provisions	6, 16, 29, 33	89,000	94,000
Total current liabilities		**7,410,934**	**8,247,431**
Total equity and liabilities		**33,229,870**	**31,392,442**

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM 01.01.2012 TO 31.12.2012

EUR	Notes	01.01.2012 -31.12.2012	01.01.2011 -31.12.2011
Sales	6, 19, 39	33,004,766	31,574,529
Cost of sales	40	-9,652,787	-9,345,963
Gross profit on sales		**23,351,979**	**22,228,566**
Selling costs	41	-5,683,866	-5,526,833
Administration costs	42	-2,893,367	-2,739,992
Research and development costs	20, 43	-7,108,582	-6,651,478
Other operating income	46	27,414	80,251
Other operating expenses	46	-73,327	-82,555
Operating profit (EBIT)		**7,620,251**	**7,307,959**
Interest and similar income	45	1,202,356	2,078,485
Interest and similar expenses	21, 45	-294,615	-975,644
Earnings before taxes (EBT)		**8,527,992**	**8,410,800**
Taxes on income and earnings	28, 48	-2,768,299	-2,735,485
Net income		**5,759,693**	**5,675,315**
Earnings per share (undiluted)	49	1.45	1.43
Earnings per share (diluted)	49	1.45	1.43
Average number of shares in circulation (undiluted)		3,976,568	3,975,486
Average number of shares in circulation (diluted)		3,976,568	3,976,568

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 01.01.2012 TO 31.12.2012

EUR	Notes	01.01.2012 -31.12.2012	01.01.2011 -31.12.2011
Net income		**5,759,693**	**5,675,315**
Changes not recognized in profit and loss resulting from the sale/purchase of treasury stock	38	0	41,050
Changes not recognized in profit and loss resulting from available-for-sale financial assets	24	-577,160	245,334
Income tax effects relating to gain/losses carried directly to equity arising from available-for-sale financial assets	24	222,979	-40,097
Other comprehensive income for the period after taxes		**-354,181**	**246,287**
Total comprehensive income after taxes		**5,405,512**	**5,921,602**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD FROM 01.01.2012 TO 31.12.2012

EUR	Notes	01.01.2012 -31.12.2012	01.01.2011 -31.12.2011
Net income	**49**	**5,759,693**	**5,675,315**
Depreciation of fixed assets	27	570,610	486,217
Gains/losses from the disposal of fixed assets		9,582	8,956
Gains/losses from the sale of available-for-sale financial assets	50	-686,371	-1,867,804
Other income from financial assets	50	-312,883	662,682
Change in deferred taxes	28	132,539	-423,360
Change in pension provision	34	-45,884	-27,754
Adjustment to non-cash items	50	222,722	-49,586
Change in net current assets			
Trade accounts receivable	24	-619,751	452,190
Inventories and other assets	25, 26	-838,936	-114,850
Trade accounts payable	29	-435,201	1,887
Other liabilities	29, 31	-24,318	461,570
Deferred revenues	29, 32	579,247	-6,763
Tax provisions	29	-951,225	63,835
Other provisions	29, 33	-5,000	-5,000
Cash flow generated from business operations (1)	**50**	**3,354,824**	**5,317,535**
Cash flow from investment activities			
Disbursements for the acquisition of tangible and intangible fixed assets	27	-360,630	-672,424
Disbursements for the acquisition of other financial assets	51	-10,935,428	-23,648,802
Receipts from the disposal of other financial assets	51	4,380,577	15,577,892
Disbursements for interest	51	-82	-1,297
Receipts from interest	51	125,886	197,864
Cash flow generated from investment activities (2)	**51**	**-6,789,677**	**-8,546,767**
Cash flow from financing activities			
Dividends paid	35	-2,823,363	-2,385,941
Income from the sale of treasury stock	18, 38	0	41,050
Cash flow generated from financing activities (3)	**52**	**-2,823,363**	**-2,344,891**
Change in liquidity – total of (1) to (3)		**-6,258,216**	**-5,574,123**
Liquidity at beginning of year	23	15,117,296	20,691,419
Liquidity at end of year	23	8,859,080	15,117,296
Income tax paid		4,258,685	2,192,158
Tax refunds received		11,105	2,089

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY TO 31.12.2012

EUR	Subscribed capital	Capital reserve	Treasury stock	Equity deriving from unrealized gains/losses	Unappropriated net income	Total
Notes	36	37	18, 38	35		
01.01.2011	**4,025,667**	**-375,203**	**-376,284**	**0**	**14,296,435**	**17,570,615**
Net income for the year 2011	0	0	0	0	5,675,315	5,675,315
Dividends	0	0	0	0	-2,385,941	-2,385,941
Other comprehensive income	0	0	0	205,237	0	205,237
Purchase of treasury stock	0	0	0	0	0	0
Sale of treasury stock	0	-12,325	53,375	0	0	41,050
Other comprehensive income	**0**	**-12,325**	**53,375**	**205,237**	**0**	**246,287**
Status 31.12.2011/01.01.2012	**4,025,667**	**-387,528**	**-322,909**	**205,237**	**17,585,809**	**21,106,276**
Net income for the year 2012	0	0	0	0	5,759,693	5,759,693
Dividend	0	0	0	0	-2,823,363	-2,823,363
Other comprehensive income	0	0	0	-354,181	0	-354,181
Withdrawal of treasury stock	-49,099	-273,810	322,909	0	0	0
Other comprehensive income	**-49,099**	**-273,810**	**322,909**	**-354,181**	**0**	**-354,181**
Status 31.12.2012	**3,976,568**	**-661,338**	**0**	**-148,944**	**20,522,139**	**23,688,425**

One share corresponds to a notional share in the subscribed capital of 1 Euro.

Notes to the Consolidated Financial Statements for 2012

I. Company Information

ATOSS Software AG, also referred to below as "ATOSS" or "the company", is a stock corporation established in Munich, Germany, with limited liability. The company, with headquarters at Am Moosfeld 3 in Munich, is one of the leading providers engaged in the development and sale of software licenses, software maintenance, hardware and consulting services pertaining to the provision of electronic support for all corporate processes involved in the efficient deployment of personnel resources at business enterprises and public institutions. Each of the ATOSS product lines consists of integrated software modules which are employed by large numbers of customers.

II. Accounting and Valuation Methods

1. International Financial Reporting Standards (IFRS)

These consolidated financial statements have been prepared for the parent entity and its subsidiaries, as in the previous year, in accordance with International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), as they are to be applied in the EU, as well as by way of supplement pursuant to the German Commercial Code regulations set out in Section 315a Para 1 HGB.

Pursuant to Section 315a of the German Commercial Code, consolidated accounts prepared in accordance with the provisions of the Code were dispensed with.

The accounting and valuation methods applied in the previous year have been retained.

The Group applied the following new or modified standards for the first time in the 2012 financial year.

Standard or interpretation	Description	for financial years from
IAS 12	Deferred tax: Recovery of underlying assets	01.01.2012
IFRS 1	Severe hyperinflation and removal of fixed dates	01.07.2011
IFRS 7	Disclosures: Transfers of Financial Assets	01.07.2011

The essential effects of these changes are as follows:

Under IAS 12 the measurement of deferred taxes depends on whether the carrying amount of an asset is realized through use or through sale. The distinction proves to be difficult in some cases and is often prone to subjective influences, especially when the asset is measured according to the fair value model of IAS 40 as an investment property. The change offers a practical solution to this problem by introducing a defeasible supposition that the realization of the carrying amount normally proceeds by sale. As a consequence of the change, SIC 21, Income taxes – Recovery of Revalued Non-depreciable Assets, no longer applies to investment properties. The remaining interpretations in SIC-21 were integrated into IAS 12 and those of SIC 21 revoked. The change to IAS 12 will not affect the Group.

IFRS 1 has been extended to include a further exemption option. The change provides for an additional exemption for entities that have been impacted by severe hyperinflation, and subsequently wish to resume presentation of financial statements in accordance with IFRS or to prepare these under IFRS for the first time. The exemption enables an entity to recognize certain assets and liabilities at fair value and to use this measurement in the opening balance sheet under IFRS as a substitute for acquisition or manufacturing costs. The exemption option of IFRS 1 has no relevance for the Group.

The European Union adopted amendments to IFRS 7 Financial Instruments – Disclosures on November 22, 2011. The amended disclosure requirements are intended to allow readers of financial statements to gain a better insight into the opportunities and risks entailed in transferring financial assets. In particular, the expanded disclosures relate to derecognized financial assets where the related rights and obligations nevertheless remain with the entity, or entail a contingent involvement. These include the requirement to disclose rights and obligations, fair value, the level of maximum loss risk, or the date and level of outgoing payment. The previous disclosure requirements pursuant to IFRS 7.13 were deleted. The Group does not expect any additional disclosure requirements to arise from the change to IFRS 7.

The following standards, amendments to standards and IFRIC interpretations of IFRS, which have been published but have not yet come into force, have not been applied ahead of time by the Group. The essential effects resulting from these changes are explained below:

Standard or interpretation	Description	for financial years from
IFRS 9	Financial instruments: Classification and measurement	01.01.2015
IFRS 10	Consolidated financial statements	01.01.2013
IFRS 11	Joint arrangements	01.01.2013
IFRS 12	Disclosure of interests in other entities	01.01.2013
IFRS 13	Fair value measurement	01.01.2013
IAS 27	Separate financial statements (revised 2011)	01.01.2013
IAS 28	Investments in associates and joint ventures (revised 2011)	01.01.2013
IAS 1	Presentation of financial statements	01.07.2012
IAS 19	Employee benefits	01.01.2013
IFRIC 20	Stripping costs in the production phase of a surface mine	01.01.2013
IFRS 7	Disclosures: Offsetting financial assets and financial liabilities	01.01.2013
IAS 32	Offsetting financial assets and financial liabilities	01.01.2014
IFRS 1	Government loans	01.01.2013

IFRS 9 provides for the measurement of financial instruments of only two instead of previously four categories: at amortized cost and at fair value. As the exception to measurement at fair value, measurement at amortized cost is subject to stringent conditions. With its new regulations on determining impairment (in particular, provisions for credit risks), the IASB has moved away from the Incurred Loss Model to an Expected Loss Model. The requirements set out in the draft paper on impairment regulations extend well beyond the existing system functions that institutes currently use to determine impairment for accounting purposes. The amendment will have an effect on the classification and, possibly, on the measurement of the financial assets of the Group. The disclosures required in the notes to the financial statements are also expected to be amended.

IFRS 10 creates a uniform definition of the concept of control. The intention of the new definition is to ensure that, in determining whether there is a control relationship, the same criteria are used for all entities. The new standard replaces the previously relevant IAS 27 – Consolidated and Separate Financial Statements, and SIC-12 – Consolidation. This definition is supported by comprehensive application guidelines that indicate the different fashions in which a reporting entity (investor) may control another entity (participation). The core principle that consolidated financial statements present the parent entity and its subsidiaries as a single enterprise remains unchanged, as is also the case with the consolidation methods. For this reason, IFRS 10 concerns all companies applying IFRS which, according to the definition, control one or several subsidiaries. The Group does not expect the revised version of IFRS 10 to give rise to any changes in the accounting of the enterprise.

IFRS 11 governs the accounting for situations in which one entity exercises joint control over a joint venture or a joint operation. The new standard replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities. The Group does not expect the revision of IFRS 11 to give rise to any changes in its accounting.

IFRS 12 governs the disclosures in the notes on company mergers in the consolidated financial statements and joint arrangements. According to the new standard, companies must make disclosures which allow the reader of the financial statements to assess the type, risk and financial effects which are connected with the involvement of the entity in subsidiaries, associates, joint ventures and non-consolidated companies. The Group assumes that the revised version of IFRS 12 will not give rise to any new disclosure requirements in the notes.

The new IFRS 13 not only provides a standard fair value definition for all IFRSs, but also specifies how this concept is to be implemented in practice. For the first time, this new standard defines fair value as a pure exit price. This is the price that would be achievable for an asset, or which would need to be paid for a liability, as part of a transaction on a defined market. In the case of assets, a best possible type of use from the purchaser's perspective must be imputed. The most significant specification for measurement lies in the change to the hierarchy of potential measurement approaches. In the future, the procedure itself will no longer be decisive, but instead the predominant application of such input parameters as part of procedures which are as far as possible observable on the basis of market data. This emphasizes that, from the perspective of a market participant, fair value is to be determined on the exclusive basis of publicly accessible pricing data. Nevertheless, estimates based purely on internal company data can be utilized on a subordinate basis. The Group does not anticipate any effects on its accounting from the new version of IFRS 13.

IFRS 10 Consolidated Financial Statements is the product of the consolidation project of IASB and replaces the consolidation guidelines of IAS 27, Consolidated and Separate Financial Statements, and SIC-12, Consolidation – Special Purpose Entities. Regulations applying to separate financial statements are contained, as before, in IAS 27, renamed to "Separate Financial Statements". The Group does not expect the revision of IFRS 10 to give rise to any changes in its accounting.

IAS 28 was revised in 2011 in connection with the IASB project on joint arrangements. Most of these changes arise from the inclusion of joint ventures in IAS 28. One fundamental change must be noted for the accounting of shares in joint ventures. The revised version of IAS 28 now prescribes as mandatory the application of the equity method for the accounting of joint ventures. Hence, a prorated inclusion of the joint enterprise and associated entities is presented in the revised IAS 28 according to a uniform accounting method. The revision of IAS 28 will not affect the Group's accounting.

Through the change to IAS 1 Presentation of items under "Other Comprehensive Income (OCI)" the IFRS income statement will in future formally consist of only one element of the financial statements, namely: the "Statement of Profit or Loss and Other Comprehensive Income". Nevertheless, this income statement, although formally combined, must in future be divided into two sections: one part with the profit or loss, and one with other comprehensive income. Under the current IAS 1, the income statement may constitute formally a separate element of the financial statements, prefacing the statement of comprehensive income. A further change is that the factor "Other comprehensive income" (OCI) must be subdivided in future in order to indicate whether the expenses and income recorded in it will at a later time be "recycled" to the income statement. The option to present OCI items before or after tax remains; in the case of presentation before tax charges, these must afterwards be shown separately depending on whether they relate to items that can be recycled, or to non-recyclable items. Overall, the changes lead to a more transparent and comparable presentation of the other comprehensive income (OCI). The Group does expect the amendment to IAS 1 to lead to any changes in the statement of comprehensive income.

The most significant change to IAS 19 is that, in future, unexpected fluctuations in pension commitments as well as in any plan assets, so called actuarial profits and losses, must be recorded directly under other comprehensive income. The previous option of immediate recognition under profit and loss, under other comprehensive income, or delayed recognition under the so called corridor method, is being abolished. A second change in accounting under IAS 19 is that, in future, the management is no longer to estimate the interest generated by the plan assets on the basis of interest expectation subject to asset allocation, but income must be recorded on the basis of the expected interest borne by the plan assets solely at the level of the discount rate. The changes to IAS 19 also require more extensive disclosures in the notes to the financial statements. The Group expects the amendments in IAS 19 to result in a change to the measurement of the pension commitment, as well as changes and additions to the disclosures in the Notes. Due to the significant changes to measurement methods, especially the discontinuation of the corridor method, the Group expects that the actuarial gains of EUR 654,597 remaining as of December 31, 2012 will no longer be carried through profit or loss in future years, but instead carried directly to OCI. Since the 4 percent expected interest rate on plan assets already corresponds to the discounting rate as of December 31, 2012, the Group expects no further changes impacting profit or loss to occur given constant interest rates.

IFRIC 20 addresses the accounting of costs for waste stripping (i.e. removal of rubble) that are incurred when an open-cast mine is developed. This interpretation elucidates the preconditions under which waste stripping costs must be recognized as an asset, and the treatment of both initial and subsequent measurement of the asset. The amendment to IFRIC 20 is not relevant to the Group.

The amendments to the disclosure requirements in IFRS 7 require disclosures concerning all recognized financial instruments which are offset in accordance with IAS 32. Also required are disclosures concerning all recognized financial instruments which are subject to enforceable global offsetting or similar agreements, even if they are not offset pursuant to IAS 32. The required disclosures are intended to help readers of financial statements assess the effects of offsetting agreements, including rights to offset a company's recognized financial assets and financial liabilities, on this company's financial situation. The Group does not anticipate any effects on the disclosures in the notes to its financial statements from this amendment to IFRS 7.

The IASB published new application instructions for offsetting regulations pursuant to IAS 32 "Financial Instruments: Presentation" which clarify the criteria "current right to offset" and "simultaneous settlement". For this, the basic precondition is that the offsetting right must exist currently, in other words, that such a right does not depend on a future event. Moreover, the right must be legally enforceable for all counterparties during the course of normal business, and in the case of default, insolvency or bankruptcy. The previous preconditions for offsetting remain unchanged, however. This amendment is not relevant to the Group.

The amendment IFRS 1 concerns how a first-time adopter of IFRS is required to account for a government loan which carries a sub-market interest rate on the transfer date. For government loans existing on the transfer date, measurement on the basis of previous accounting can be retained. As a consequence, the measurement regulations pursuant to IAS 20.10A in combination with IAS 39 are applicable for government loans entered into after the transfer date. The amendments to IFRS 1 will not affect the Group.

The IASB introduced an annual amendment procedure in 2007 in order to implement necessary but not otherwise urgent amendments to standards at uniform yearly intervals. The IASB published its annual improvements for the 2009-2011 cycle on May 17, 2012, and amended the following standards: the improvements relate to IFRS 1 – First-Time Adoption of International Financial Reporting Standards, IAS 1 – Presentation of Financial Statements, IAS 16 – Property, Plant and Equipment, IAS 32 – Financial Instruments: Presentation, IAS 34 – Interim Financial Reporting.

Since the annual improvements procedure essentially involves the elimination of inconsistencies and the clarification of wordings that may be misleading, their application will have no effects on the way items are reported, measured or annotated in the financial statements.

2. Bases for the preparation of the financial statements

These consolidated financial statements were prepared to December 31, 2012 for the reporting period from January 1, 2012 to December 31, 2012. The financial year for all Group companies coincides with the calendar year. The consolidated financial statements are prepared applying the acquisition cost principle. The exceptions are current and non-current financial assets, these being measured at fair value.

3. Reporting currency

These consolidated financial statements were prepared in euros. Figures are rounded up to whole euro units.

4. Scope of consolidation

In the consolidated financial statements for ATOSS Software AG, Munich, all subsidiaries are fully consolidated in accordance with IAS 27.12. Subsidiary companies are fully consolidated from the time of acquisition, that is to say, from the time at which the Group acquires control. Companies cease to be consolidated when the parent company no longer has control. The financial statements for subsidiaries are prepared in compliance with uniform accounting methods for the same reporting period as the financial statements for the parent company. All Group-internal balances, income and expenses, unrealized profits and losses, and dividends on internal transactions are eliminated in full.

A change in the level of participation in a subsidiary that does not result in a loss of control is accounted for as an equity transaction.

Should the parent company lose control over a subsidiary,

- the assets including goodwill and liability of the subsidiary are derecognized;
- the carrying amount of all non-controlling interests in former subsidiaries is derecognized;
- the cumulative differences recognized in equity are derecognized;
- the consideration received in return for loss of control is recognized at fair value;
- the residual holding is remeasured at fair value;
- gains or losses are recognized in profit or loss;
- other income components accruing to the parent company are recognized in profit or loss, or where so specified, posted to profit reserves.

Their annual financial statements have been prepared in accordance with national regulations and reconciled in accordance with IFRS.

Company	Share in subscribed capital	Equity 31.12.2012 in EUR	Net income 2012 in EUR
ATOSS CSD Software GmbH, Cham, Germany	100%	500,298	219,737
ATOSS Software Ges. m.b.H., Vienna, Austria	100%	976,086	416,903
ATOSS Software AG, Zürich, Switzerland	100%	524,189	207,172
ATOSS Software S.R.L., Timisoara, Romania	100%	225,686	21,187

ATOSS Software AG, which is based and listed in the EU, is the parent company. No business transactions occurred between the parent company and its subsidiaries during the financial year under review, except for agreements as part of a sales agreement, as well as on the basis of cost-plus agreements.

5. Principles of consolidation

In addition to the parent company ATOSS Software AG, Munich, the consolidated annual financial statements also include all subsidiaries.

Subsidiary companies are fully consolidated from the time of acquisition, that is to say, from the time at which the Group acquires control. Companies cease to be consolidated when the parent company no longer exerts control. The financial statements for subsidiaries are prepared in compliance with uniform accounting methods for the same reporting period as the financial statements for the parent company. All Group-internal balances, transactions, unrealized profits and losses on internal transactions, and dividends are eliminated in full.

Capital consolidation of fully consolidated companies was undertaken in accordance with the purchase method. The recognized values of assets assigned and liabilities accepted representing the acquisition cost of the interest in each relevant company were offset pursuant to IAS 27.22 et seq. against the equity capital reported by the subsidiary at the time of acquisition. Capital consolidation of the interest in ATOSS CSD Software GmbH, Cham, acquired in the year 2000 continues to be undertaken in accordance with IFRS 1 B1 by the pooling of interests method.

Business combinations are accounted for using the purchase method pursuant to IFRS 3. The cost of acquiring a company is deemed to be the sum of the consideration transferred measured at fair value at the time of acquisition, and the shares without controlling interest in the entity acquired. In all corporate mergers, the acquirer measures the non-controlling shares in the acquired company either at fair value or at the corresponding share in the acquired company's identifiable net assets. Costs incurred as part of a business combination are expensed.

Should the Group acquire a business, it must assess the appropriate classification and designation of financial assets and assumed debts in compliance with the terms of contract, business circumstances and conditions prevailing at the time of acquisition. This includes the separation of embedded derivatives in underlying contracts.

In the case of step acquisitions, the equity interest in the acquired entity previously held by the acquirer is remeasured at fair value at the time of acquisition and the resulting differences are recognized in profit or loss.

An agreed contingent consideration is recognized at fair value at the time of acquisition. Subsequent changes in the fair value of a contingent consideration constituting an asset or liability are recognized in accordance with IAS 39 either in profit or loss or in other comprehensive income. A contingent consideration classed as equity is not remeasured, and its subsequent settlement is recognized in equity.

Goodwill is measured on first recognition at cost of acquisition which is deemed to be the surplus consideration transferred in excess of the identifiable assets acquired and liabilities assumed. Should the consideration be less than the fair value of the net assets of the acquired subsidiary, the difference is recognized in profit or loss.

Subsequent to first-time recognition, the goodwill is measured at cost of acquisition less cumulative impairments. For the purpose of the impairment test, the goodwill acquired in connection with a business combination with effect from the time of acquisition is allocated to the Group's cash-generating units which can be expected to benefit from the combination. This applies irrespective of whether other assets or liabilities of the acquired business are assigned to these cash-generating units.

If goodwill is assigned to a cash-generating unit and a division of this unit is sold, the goodwill attributable to this division is recognized as part of the carrying amount of the division when calculating the profit or loss on the sale. The value of the share in goodwill thus sold is calculated on the basis of the relative values of the division disposed of and the remaining part of the cash-generating unit.

The existing structure of the company remained unaltered in the 2012 financial year.

6. Estimates, assumptions and discretionary decisions made in preparing the consolidated financial statements

Preparing the annual financial statements in compliance with International Financial Reporting Standards (IFRS) necessitates estimates and assumptions which affect the figures shown in the consolidated balance sheet, consolidated income statement and the notes to the consolidated financial statements.

Estimates are made in determining sales revenues for long-term production orders. The amount here is dependent upon the anticipated duration of implementation and the resulting proportionate progress of the project. In the 2012 financial year, sales revenues deriving from production orders in work on the balance sheet closing date amounted to EUR 1,409,634 (previous year: EUR 843,240).

Impairments in the value of receivables are likewise calculated by estimating those factors which may influence their sustained value. The carrying amount of receivables on December 31, 2012 amounted to EUR 3,231,374 (previous year: EUR 2,611,623).

On every reporting date the Group investigates whether there are objective indications to conclude that the value of a financial asset or class of financial assets available for sale is impaired. In the case of financial assets available for sale, a significant or sustained decline in fair value below the cost of acquisition would constitute objective grounds. The decision as to the meaning of "significant" or "sustained" is a matter of judgement. This discretionary decision involves the Group measuring, among other factors, the price fluctuations of the past as well as duration and scope for which the fair value of a financial asset lies below its acquisition costs. An impairment of other financial assets is subject to the assumption that their fair value falls 25 percent in the case of equities and 10 percent in the case of gold and/or six months without interruption below the acquisition costs. The carrying amount of other financial assets on December 31, 2012 amounted to EUR 16,585,047 (previous year: EUR 9,733,650).

The measurement of the pension provision is also subject to estimates relating to the parameters listed in Note 17. The carrying amount of the provision stood at EUR 1,671,085 as of December 31, 2012 (previous year: EUR 1,716,969).

Moreover, estimates are made when forming and assessing provisions for future risks. The carrying amount of provisions on December 31, 2012 amounted to EUR 89,000, compared with EUR 94,000 on December 31, 2011.

The anticipated service life of fixed assets is also subject to estimation. The carrying amount of fixed assets (both tangible and intangible fixed assets) stood at EUR 2,906,475 as of December 31, 2012 (previous year: EUR 3,126,036).

Actual figures may deviate from estimates made.

7. Currency translation

The functional currency for all Group companies is the euro.

Foreign currency transactions are translated by Group companies into the functional currency at the spot rate on the date of the transaction.

Monetary assets and liabilities in foreign currency are converted into the functional currency at the exchange rate on the qualifying date.

Non-monetary items in foreign currency at historic cost are converted at the exchange rate applying the date of the transaction. Non-monetary items in foreign currency at fair value are converted at the exchange rate applying on the date on which fair value is ascertained.

Corresponding foreign currency profits and losses are recognized in the consolidated income statement.

8. Financial assets

Initial recognition and measurement
Financial assets within the meaning of IAS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, financial assets available for sale, or derivatives designed as hedging instruments and effective as such. The Group determines the class to which its financial assets belong on initial recognition.

Financial assets are measured on initial recognition at fair value. In the case of financial investments which are not measured at fair value through profit or loss, transaction costs directly attributable to the acquisition of the asset are also taken into consideration.

All purchases and sales of financial assets which foresee delivery of the asset within a period determined by the regulations or conventions of the market in question (normal market purchases) are recognized on the trade date, that is to say, on the date on which the Group entered into a commitment to buy or sell the asset.

The Group's financial assets comprise cash and cash equivalents, trade receivables and other financial assets.

Subsequent measurement
The subsequent measurement of financial assets is dependent on their classification, as follows:

Financial assets at fair value through profit or loss
The category of financial assets at fair value through profit and loss includes financial assets held for trading and financial assets that are designated on first recognition as assets to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of sale or repurchase in the short term. This category includes derivative financial instruments held by the Group that are not designated as hedging instruments pursuant to IAS 39. Derivatives, including separately recognized embedded derivatives, are also classed as held for trading with the exception of derivatives that are designated as hedging instruments and are such in effect. Financial assets measured at fair value through profit or loss are recognized on the balance sheet at fair value, whereby changes in fair value are recognized in profit or loss as financial income or expenses.

When financial assets (held for trading) measured at fair value through profit or loss are subsequently valued, it must be considered whether the intention of selling these in the short term is still appropriate.

Insofar as the Group is unable to trade these financial assets as a result of inactive markets and the management abandons its intention of selling them in the short term, the Group may decide to reclassify these financial assets under extraordinary circumstances. Their reclassification as loans and receivables, or as assets available for sale or as assets held to maturity depends on the nature of the asset. This measurement does not affect financial assets classed as measured at fair value through profit or loss in exercise of the fair value option.

Derivatives embedded in underlying contracts are reported separately and recognized at fair value, provided that their characteristics and inherent risks are not closely associated with the underlying contracts, and these contracts are not held for trading or designated as measured at fair value through profit or loss. These embedded derivatives are measured at fair value, whereby changes in fair value are recognized in profit or loss. Remeasurement occurs only in the event of a change in the contract terms, if this results in a significant change in the cash flows that would otherwise have derived from the contract.

The Group has not classified on initial recognition any financial assets for measurement at fair value through profit and loss.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, such financial assets are measured at amortized cost by the effective interest method less any impairments. Amortized costs are calculated in consideration of any premium or discount at time of acquisition, and fees and costs which represent an integral part of the effective interest rate. Amortization income in application of the effective interest method is recognized in the income statement as financial income. Impairment losses are recognized in the income statement as financial expenses.

Financial investments held to maturity
Non-derivative financial assets with fixed or determinable payments and fixed maturity dates are classified as financial assets held to maturity, provided that the Group intends and is in a position to hold these to maturity. Subsequent to first recognition, held-to-maturity investments are measured at amortized cost using the effective interest method, less any impairments. Amortized costs are calculated in consideration of any premium or discount at time of acquisition, and fees and costs which represent an integral part of the effective interest rate. Amortization income in application of the effective interest method is recognized in the income statement as financial income. Impairment losses are recognized in the income statement as financial expenses. During the financial year 2012 the Group had no financial investments held to maturity.

Financial assets available for sale
Financial assets available for sale include debt and equity instruments. Equity instruments classed as available for sale are instruments that are classed neither as held for trading nor as measured at fair value through profit or loss. Debt instruments in this category are those

intended to be held for an indefinite period and may be sold in response to a need for liquidity or changes in market conditions.

Subsequent to their initial valuation, in following periods financial assets available for sale are measured at fair value. Unrealized profits or losses are recognized as other income/expenses in the reserve for financial assets available for sale. On derecognition of such an asset, the cumulative gain or loss is presented in the financial result. If an asset is impaired, the cumulative loss is recognized in profit and loss as a financial expense and removed from the reserve for financial assets available for sale.

With respect to financial assets available for sale the Group must judge whether the possibility and intention of selling these in the short term remains appropriate. Insofar as the Group is unable to trade these financial assets as a result of inactive markets and there is a material change in the intention of the management to sell them in the short term, the Group may, under extraordinary circumstances, decide to reclassify these financial assets. Reclassification as loans and receivables is permitted provided that the financial asset fulfills the definition of a loan or receivable and the Group intends and is in a position to hold the asset for the foreseeable future or until maturity. Reclassification among assets held to maturity is permitted only if the company is in a position and has the intention to so hold the asset.

In the case of a financial asset declassified as available for sale, all previous gains and losses associated with this asset that have been recognized in equity must be reversed in profit or loss over the residual life of the financial investment in application of the effective interest method. Differences between new amortized cost and expected cash flows must be liquidated by the effective interest rate method over the residual life of the asset. If the asset is subsequently determined to be impaired, the amount recognized directly in equity must be reallocated to the income statement.

The Group has classified its financial investments in gold and equities as financial assets available for sale.

Derecognition
A financial asset or a part of a financial asset or a part of a class of similar financial assets is derecognized if one of the following conditions is fulfilled:

- The contractual rights to receive the cash flow from a financial asset have expired.

- The Group has transferred its contractual rights to receive the cash flows from the financial asset to a third party or assumed a contractual obligation to immediately pass on the cash flow to a third party under an arrangement that meets the conditions in IAS 39.19 (a transmission arrangement), and has thereby either a) transferred substantially all the risks and rewards associated with ownership of the financial asset or b) neither transferred nor retained substantially all the risks and rewards associated with ownership of the financial asset, but relinquished control over the asset.

If the Group transfers its contractual rights to the cash flows from an asset or enters into a transmission arrangement whereby substantially all the risk and rewards associated with ownership of the asset are neither transferred nor retained but control over the asset is not relinquished, the Group must continue to recognize the asset to the extent that it has a continuing involvement with the asset.

In this case the Group must also recognize an associated liability. The transferred asset and associated liability are so measured as to take account of the rights and obligations retained by the Group.

If the continuing involvement formally guarantees the transferred asset, the extent of the involvement equates to the lower of either the original carrying amount of the asset or the maximum amount of the consideration received which the Group might possibly have to repay.

Hierarchy of fair values

The Group applies the following hierarchy to determine fair value is of financial instruments, and for the purposes of disclosures in line with the measurement procedures:

Level 1: Listed (unadjusted) prices on active markets for comparable assets or liabilities,
Level 2: Methods where all input parameters which significantly affect the reported fair value are either directly or indirectly observable,
Level 3: Methods which apply input parameters which significantly affect the reported fair value, and which are not based on observable market data.

9. Impairment of financial assets

On every reporting date the Group investigates whether there are objective indications that the value of a financial asset or class of financial assets is impaired. A financial asset or class of financial assets is deemed to be impaired if, as a result of one or more events that have occurred subsequent to initial recognition, there are objective indications of impairment, and this impairment will have an effect on the expected future cash flows from the financial asset or class of financial assets that can be reliably estimated. Impairment may be inferred if there are indications that the debtor or group of debtors are in severe financial difficulties, in the event of delay or default on interest or redemption payments or of the probability of insolvency or other restructuring, or if observable data indicate a measurable reduction in the expected future cash flow, such as, for example, alterations in arrears or economic conditions that correlate with business failures.

Financial assets carried at amortized cost

With regard to financial assets carried at amortized cost, it must first be determined whether there are objective indications of impairment individually among assets perceived as significant or individually or jointly among assets that are not perceived as significant. Should the Group determine that upon individual examination of a financial asset, whether significant or not, there are no objective indications of impairment, the asset is included within a class of financial assets with comparable default risk profiles, and the class is then jointly examined for indications of impairment. Assets individually examined and found to be, or to continue to be, impaired are not included in such joint examination.

If there are objective grounds to believe that an asset is impaired, the impairment loss is calculated as the difference between the carrying amount of the asset and the cash value of the expected future cash flows, with the exception of expected future loan losses which have yet to occur. The cash value of the expected future cash flows is discounted at the original effective interest rate for the financial asset. If a loan bears interest at a variable rate, the discounted interest rate for the purpose of measuring impairment is the current effective rate.

The carrying amount of the asset is reduced with the aid of a value adjustment account, and the impairment recognized in profit and loss. Interest income continues to be recognized on the reduced carrying amount at the interest rate applied in discounting future cash flows for the purpose of calculating the impairment cost. The interest income is recognized in the income statement under financial income. Receivables including an associated impairment are derecognized if they are classed as uncollectable, and all securities have been utilized and realized. Should the estimated impairment increase or decrease in subsequent reporting periods as the result of an event which occurs after the impairment has been recognized, the increase or decrease in the previously recognized impairment cost is recognized in profit or loss by adjusting the impairment account. If a derecognized receivable is subsequently considered to be collectable as the result of an event which occurs after derecognition, the corresponding amount is set off directly against financial expenses.

Financial assets available for sale
On every reporting date the Group investigates whether there are objective indications to conclude that the value of a financial asset or class of financial assets available for sale is impaired.

In the case of equity instruments available for sale, a significant or sustained decline in fair value below the cost of acquisition would constitute objective grounds. The criterion of 'significance' should be assessed on the basis of the original cost of acquiring the financial investment and the criterion of 'sustained' should be assessed on the basis of the period for which the fair value has lain below the original cost.

If there are indications of impairment, the cumulative loss – being the difference between the cost of acquisition and current fair value less any impairment of the instrument previously recognized in profit and loss – is separated from other income and expenses and recognized in profit and loss. Equity instrument adjustments are not reversed in profit and loss: a subsequent increase in fair value is recognized directly as other income.

In calculating the impairment of debt instruments classed as available for sale, the same criteria are applied as in the case of financial assets carried at amortized cost. However, the amount recognized as an impairment is the cumulative loss which is calculated as the difference between the amortized cost of acquisition and current fair value less any impairment of the instrument previously recognized in profit and loss.

Future interest income continues to be recognized on the reduced carrying amount of the asset at the interest rate applied in discounting future cash flows for the purpose of calculating the impairment cost. The interest income is recognized under the heading of financial income. If the fair value of a debt instrument increases in subsequent reporting periods for reasons objectively attributable to an event that occurs after the impairment has been recognized in profit and loss, the increase in value is likewise recognized in profit and loss, unless the asset is recognized at remeasured value. Any increase in value of a remeasured asset must be treated as an increase in value through remeasurement.

10. Inventories
In accordance with IAS 2.9 the company values its inventories at the lower of cost or net realizable value. Inventories which are interchangeable are valued at cost using the first-in first-out (FIFO) method.

The net disposal value is the estimated proceeds of a sale in the normal course of business less the estimated costs up to completion and the estimated sales costs.

Appropriate reductions in value are made to take account of all recognizable risks arising from above-average storage periods or reduced usability.

11. Non-current assets

At the end of every reporting period the Group investigates whether there are grounds to believe that the value of an asset is impaired. If such grounds exist or if an annual review of the sustained value of an asset is required, the Group makes an estimate of the amount that may be achieved for the asset in question. The recoverable amount is the higher of either the fair value of an asset or cash-generating unit less costs to sell, or its value in use. The recoverable amount must be determined for each individual asset, unless an asset generates no cash flow which is essentially independent of those generated by other assets or classes of assets. If the carrying amount of an asset exceeds its recoverable amount, the asset is impaired and is written down to its recoverable amount. To determine the value in use, the expected future cash flows are discounted to their cash value at a pre-tax discount rate which reflects current market expectations regarding the interest effect and the risks specific to the asset. An appropriate valuation model is applied to determine the fair value less sales costs. This model is based on valuation multipliers or other available indicators of fair value.

Impairment costs at continuing operations are recognized in the income statements under cost headings which correspond with the function of the impaired asset.

An investigation is similarly made at the end of every reporting period to determine whether there are grounds to believe that a previously recognized impairment no longer exists or is reduced. If such grounds exist the Group makes an estimate of the recoverable amount. A previously recognized impairment will only be reversed if the recoverable amount has changed since the last occasion on which an impairment was recognized. Should this be the case, the carrying amount of the asset is increased to its recoverable amount. This amount must not, however, exceed the carrying amount that would apply after scheduled depreciation or amortization, if no impairment of the asset would have been recognized in preceding years. A reversal of an impairment charge is reported in the profit or loss for the period.

In the financial year under review there were no impairments of non-current assets pursuant to IAS 36.

12. Tangible fixed assets

Tangible fixed assets are valued at cost less cumulative scheduled linear depreciation. Assets are depreciated over periods of between three and five years. In deviation therefrom, leasehold fixtures are depreciated over the term of the lease or over their estimated service life if this is shorter. The business premises acquired in Meerbusch are depreciated over a service life of 33 years. The amount of cash or cash equivalents rendered to acquire an asset is used as the basis for cost.

Depreciation of tangible fixed assets is allocated to the relevant expense items in the income statement.

A tangible fixed asset is derecognized either when it is disposed of or when there is no economic benefit to be expected from the continuing use or sale of the asset. The profits or losses resulting from the derecognition of the asset are calculated as the difference between the net realizable value and the carrying amount of the asset, and are recognized in the income statement in the period in which the asset is derecognized.

Residual values, service lives and methods of depreciation are reviewed at the end of each financial year and adjusted as required.

13. Intangible assets

Intangible assets are valued at cost upon acquisition and, assuming a finite service life, are subject to linear depreciation over an anticipated useful life of between three and five years. The amount of cash or cash equivalents rendered to acquire an asset is used as the basis for cost. At the end of the reporting period the company had no intangible assets with an indefinite service life.

Write-downs on intangible assets with limited service life are recognized in the income statement under the expense heading which corresponds with the function of the intangible asset.

Where there are indications that intangible assets with limited service life may be impaired, these assets are reviewed accordingly. The depreciation period and the method by which intangible assets with limited service life are depreciated are as a minimum reviewed at the end of each financial year. Alterations to the method or period of depreciation necessitated by changes in the expected service life or expected consumption of the future economic benefit of the asset are treated as changes in estimates.

Gains or losses resulting from the derecognition of intangible assets are calculated as the difference between the net realizable value and the carrying amount of the asset, and recognized in the income statement in the period in which the asset is derecognized.

Residual values, service lives and methods of depreciation are reviewed at the end of each financial year and adjusted as required.

14. Taxes

Actual taxes on income

The actual tax refund claims and tax liabilities for current and previous periods are measured at the amount in which a refund is expected from or payment expected to the tax authorities. This amount is calculated on the basis of the tax rates and tax regulations applying on the balance sheet closing date.

Actual taxes relating to items recognized directly in equity are themselves recognized not in the income statement but in equity.

Deferred taxes

Tax deferrals are formed in application of the liability method, based on temporary differences existing at the end of the reporting period between the value at which an asset or liability is reported on the balance sheet and its value for tax purposes.

Deferred tax claims are recognized for all tax-deductible temporary differences, unutilized tax loss carryforwards and unutilized tax credits in the amount in which taxable income against which tax-deductible temporary differences and unutilized tax loss carryforwards and tax credits can be offset is likely to be available.

The carrying amount of deferred tax claims is reviewed on each balance sheet closing date and reduced accordingly if it is no longer likely that adequate taxable income will be available against which the deferred tax claim might at least in part be offset. Deferred tax claims which are not recognized on the balance sheet are reviewed at the end of each reporting period and recognized in the amount in which it is now likely that future taxable income will allow the deferred tax claim to be realized.

Deferred tax claims and liabilities are calculated at the tax rates likely to apply in the period in which an asset is realized or a liability satisfied. The tax rates and tax regulations applying on the balance sheet closing date are taken as a basis. Future changes in tax rates must be taken into account on the balance sheet closing date provided that the necessary material conditions for these changes to become effective are fulfilled in the form of legislation.

Deferred taxes relating to items recognized directly in equity are recognized in equity rather than in the income statement.

Deferred tax claims and deferred tax liabilities are offset against each other provided that the Group has an enforceable claim to set off actual tax refund claims against actual tax liabilities, and these relate to income taxes on the same taxable entity, levied by the same tax authority.

Value added tax
Sales, expenses and assets are generally recognized after deduction of value added tax. Exceptions apply in the following cases:

- If the value added tax incurred when assets or services are purchased cannot be reclaimed from the tax authority, the tax paid is recognized as a part of the manufacturing cost of the asset or as part of the expense.

- Receivables and liabilities are reported at an amount including value added tax.

The amount of value added tax refunded by or remitted to the tax authority is recognized in the consolidated balance sheet under either receivables or liabilities.

15. Other liabilities
Other liabilities such as trade accounts payable and other financial liabilities are measured on first recognition at cost, being the fair value of the consideration received. Thereafter these liabilities are carried on the balance sheet at amortized cost.

Deferred revenues are carried at fair value and essentially include amounts invoiced in advance for maintenance works and long-term orders which are realized later, and therefore pertaining to sales in later periods.

A liability is derecognized when the underlying obligation is satisfied, terminated or expired. If an existing liability is exchanged for another liability to the same creditor under substantially different terms of contract, or if the conditions pertaining to an existing liability are materially altered, the exchange or alteration is treated as if the original liability were eliminated and a new liability taken up. The difference between the respective carrying amounts is recognized in profit and loss.

16. Provisions

A provision is reported if the Group is under a present statutory or actual obligation resulting from a past event, if it is likely that resources having an economic value will be expended to satisfy the obligation and a reliable estimate can be made of the extent of the obligation. Insofar as the Group expects an accrual carried as a liability to be at least in part reimbursed as, for example, under an insurance contract, provided that it is as good as certain that it will be received, the reimbursement is carried as a separate asset. The cost of forming the provision is reported in the income statement after deduction of the reimbursement.

The company anticipates that the remaining time to maturity of current provisions will be generally less than one year.

17. Pension provisions

A non-forfeitable pension commitment exists in favor of the CEO of ATOSS Software AG, Munich, which is classified as a defined benefit plan. Effective August 1, 2009, the previous pension commitment dating from January 1, 2004, was replaced with a new pension commitment and the pension benefit increased accordingly. Under this plan, pension payments commence on completion of the 65th year. The payments are granted for life. To cover this pension commitment the company has arranged pension liability insurance cover and assigned the entitlements arising therefrom with the result that, since financial year 2005 and in accordance with IAS 19.54d, the attributable fair value of the plan assets deriving from the pension liability insurance policies is netted against the benefit obligation.

The pension commitment is based on an actuarial report prepared on the basis of IAS 19 "Employee Benefits". The figure reported for the accrued and predicted pension obligation corresponds with the actuarially calculated cash value which, since 2005, has been reduced by the fair value of the plan assets. The rules governing benefit commitments contained in IAS 19.63 et seq. have been taken as a basis.

In accordance with IAS 19.64f, the projected unit credit method is applied. According with this method, the pension units accrued in individual years are regarded as building blocks which collectively form the pension obligation. The cost of the pension is a product of the cost of interest on accrued pension rights already reported at cash value, the current service cost, the past service cost resulting from the changes in the pension commitment, and the expected income from the plan assets. The defined benefit obligation is the dynamic cash value of the pro rata accrued pension units, taking into account the fact that future pension rights have already been proportionately accrued.

For the purpose of measuring actuarial profits and losses the company applies what is termed the corridor method, in accordance with which, with effect from the end of the next reporting period, actuarial profits and losses must be apportioned over the residual period of service if and when they exceed 10 percent either of the actual cash value or of the fair value of the plan assets. In the 2012 financial year actuarial profits in the amount of EUR 14,163 (previous year: EUR 0) were taken to income.

The pension provision was calculated on the basis of an assumed interest rate of 4.0 percent (previous year: 5.6 percent), a salary trend of 2.0 percent (previous year: 2.0 percent), an inflation rate of 2.0 percent (previous year: 2.0 percent) and a pension trend of 3.0 percent (previous year: 3.0 percent). The biometric tables prepared by Prof. Klaus Heubeck (Richttafeln 2005 G) were applied. It was further assumed that the plan assets would in future carry interest at an annual rate of 4.0 percent (previous year: 4.0 percent). The interest rate on the plan assets is essentially based on the statement of surplus issued by Allianz.

In addition there are also contributory pension plans for a member of the Board of Management and for employees with 15 or more years of service. The company pays contributions for the latter into a private retirement pension scheme in the form of a pension fund for the duration of their employment. These contributions in the 2012 financial year amounted to EUR 98,003 (previous year: EUR 76,775).

18. Treasury stock

Treasury stock is valued at cost and reported as a separate deduction item under equity. The purchase, sale, issue or withdrawal of treasury stock is not recognized in profit or loss.

19. Recognition of sales revenues and income

The company generates sales by licensing software products to end users and resellers, as well as from maintenance contracts, services and other receivables.

Discounts, rebates and value added tax are not considered.

Pursuant to IAS 18.14, revenues deriving from licensing and other supplies and services are regarded as realized when

(a) The essential risks and rewards associated with the contractual rights to the use of licensed software have been transferred;
(b) The company has no further rights to dispose over the licensed material;
(c) The level of sales can be reliably determined;
(d) It is sufficiently probable that the economic benefits will flow (the receivable will be received);
(e) The costs incurred in association with the sale can be reliably measured.

The company has also entered into reseller agreements in accordance with which resellers are granted discounts on the list prices for license fees. The license fees retained by the company are in principle regarded as having been realized when rights of use to the licensed software have been granted to the reseller's end-customer and the essential risks and rewards have thereby been transferred either to the end-user or to the reseller.

Consultancy sales are directly associated with services rendered under essentially separate contracts. Pursuant to IAS 18.20, income from the performance of services is realized when

(a) The level of sales can be reliably determined;
(b) It is sufficiently probable that the economic benefit of the transaction will flow to the company (the receivable will be received);
(c) The degree of completion at the end of the reporting period can be reliably measured;
(d) The costs incurred in performing the service can be reliably measured.

Maintenance sales are accrued over the period during which maintenance works are performed.

Software licenses and maintenance works are generally sold together. Sales revenues are realized in accordance with IAS 18.13.

Production orders are deemed to exist insofar as the contractual agreements are structured in accordance with the law on contracts for work and services or the orders cannot be fulfilled by ATOSS partners or by services rendered by the customer on own account.
If a customer commissions a long-term production order, the sales revenues and income are measured by the percentage of completion method, provided that the conditions required by IAS 11.23 are met. Individual sales components are in principle realized in the ratio of the progress of the project services to be rendered to the anticipated overall volume of services. The progress of the project is in turn measured on the basis of documentation maintained by the project managers and the overall assessment of the management.

Interest earnings are recognized when the interest arises.

20. Expenditure on research and development

The company recognizes the costs of researching and developing its software products as an expense in its income statement. The criteria contained in IAS 38.57 which would provide for development costs to be carried as assets are not fulfilled, since the original development of today's products to some extent occurred through the medium of customer projects, and it is impossible to reliably measure the income achievable in future from the development of individual functions and releases.

21. Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are incurred.

22. Leasing

Whether an arrangement constitutes a lease is determined on the basis of the economic content of the arrangement at the time the arrangement is entered into, and necessitates an estimate of whether fulfillment of the contractual agreement is dependent on the use of a specific asset or assets, and whether the agreement affords a right to use the asset.

The company regularly reviews its contractual relationships with suppliers to determine whether pursuant to the provisions of IFRIC 4 "Determining Whether an Arrangement Contains a Lease" they should be classified as leases. On December 31, 2012, as in the preceding year, there were no contractual arrangements which meet the criteria specified in IFRIC 4.

Lease payments for operating leases are recognized over the relevant periods in linear fashion as expenses in the income statement.

III. Notes to the Consolidated Balance Sheet

23. Cash and cash equivalents

EUR	31.12.2012	31.12.2011
Fixed-term deposits	683,228	3,899,842
Deposits held with financial institutions	8,175,852	11,217,454
Total	**8,859,080**	**15,117,296**

The fixed term deposits are for different periods depending on the Group's requirements for cash, with residual terms of up to 9 months, and at interest rates between 0.25 percent and 1.13 percent p.a. Other deposits held with financial institutions bear interest at up to 0.75 percent.

The cash and cash equivalents position fell from EUR 15,117,296 to EUR 8,859,080 due to the positive operating cash flow of EUR 3,354,824, the negative cash flow from investing activities of EUR 6,789,677 due to the fixed investment strategy, and the dividend distribution of EUR 2,823,363.

Fixed-term deposits and other cash sums are invested with financial institutions with a sound and solvent financial background.

The fair value of cash and cash equivalents stood at EUR 8,859,080 (previous year: EUR 15,117,296).

24. Other financial assets

31.12.2012 (EUR)	Held for trading	Available for sale	Held to maturity	Loans and receivables	Other
Trade accounts receivable	0	0	0	3,231,374	0
Other current financial assets of which at fair value	0	16,008,437	0	0	0
Other non-current financial assets of which at fair value	0	576,610	0	0	0

31.12.2011 (EUR)	Held for trading	Available for sale	Held to maturity	Loans and receivables	Other
Trade accounts receivable	0	0	0	2,611,623	0
Other current financial assets of which at fair value	0	9,180,200	0	0	0
Other non-current financial assets of which at fair value	0	553,450	0	0	0

Trade accounts receivable

The receivables reported in the accounts were composed as follows:

EUR	31.12.2012	31.12.2011
Gross receivables (at fair value)	3,240,620	2,618,454
Less impairments	-9,246	-6,831
Net receivables (carrying value)	**3,231,374**	**2,611,623**

As of December 31, 2012, there were no receivables whose target payment date had been subsequently extended. These receivables are carried at nominal value.

During the financial year, EUR 2,156 of revenues resulting from the collection of previously devalued receivables was taken to income (previous year: EUR 0). As in the preceding year there were no receivables with a remaining time to maturity of more than one year.

The age structure of overdue and unadjusted receivables on December 31, 2012 was as follows:

EUR	31.12.2012	31.12.2011
Neither overdue nor impaired	1,652,836	1,914,252
Up to 30 days overdue	1,461,722	648,891
31 to 60 days overdue	98,695	24,506
61 to 90 days overdue	7,985	20,530
91 to 120 days overdue	2,902	3,492
More than 120 days overdue	16,480	6,783
Gross receivables	**3,240,620**	**2,618,454**
Impairment charges	-9,246	-6,831
Net receivables	**3,231,374**	**2,611,623**

As of the accounting date, adjustments on doubtful trade receivables amounted to EUR 9,246 (previous year: EUR 6,831) and are based on the management's estimate of recoverability. Reductions in value are implemented in the amount of the carrying amount of the receivable if the due date has been exceeded by more than 120 days, and an assessment of the general payment pattern and creditworthiness of the customer indicates that such action is appropriate. In the event of a customer becoming insolvent, the full value of the receivable is reported as a loss.

As a matter of principle, trade accounts receivable are due for payment within 10 days. Different payment target dates are agreed in the case of works and fixed price projects.

The value adjustment account developed as follows:

EUR	2012	2011
Account balance 01.01.	6,831	0
Expensed additions	9,246	6,831
Consumed	0	0
Released	-6,831	0
Account balance 31.12.	**9,246**	**6,831**

The company demands no securities from its customers. A description of the risk management system, which also covers risks arising from financial instruments, is given in Section 7 of the Group Management Report.

Available-for-sale financial assets break down as follows:

Current financial assets available for sale

EUR	31.12.2012	31.12.2011
Equities	3,175,178	2,956,484
Gold	12,833,259	6,223,716
Total	**16,008,437**	**9,180,200**

Non-current financial assets available for sale

EUR	31.12.2012	31.12.2011
Gold	576,610	553,450
Total	**576,610**	**553,450**

The Group has identified, pursuant to the procedure described in items 6 and 9, total impairments of EUR 202,763 (previous year: EUR 859,248) of financial assets available for sale, which are recorded in the income statement under financial expenses.

Under the current available-for-sale financial assets, losses were recorded under other comprehensive income and without impacting the income statement in the amount of EUR -600,320 (previous year: EUR 96,786); non-current financial assets available for sale were similarly recorded, without impacting the income statement, under other comprehensive income in the amount of EUR 23,160 (previous year: EUR 148,547). Deferred taxes have been set up on the gains recorded under other comprehensive income (without impacting on profit or loss) in the amount of EUR -6,239 (previous year: EUR 40,097) on the temporary difference between the valuation of the asset in the balance sheet and the valuation under tax law. Current taxes of EUR 229,210 (previous year: EUR 0) were formed for the change in available-for-sale assets carried directly to other comprehensive income.

In 2012, gains carried directly to other comprehensive income of EUR 65,375 (previous year: losses of EUR -121,065) were reclassified to the income statement.

The carrying amount of the other financial assets corresponds to the fair value of the other financial assets.

The fair value of the financial assets available for sale is determined on the basis of listed prices on active markets (Level 1).

25. Inventories

The carrying amount of inventories relates essentially to hardware components held in small quantities by the subsidiary ATOSS CSD Software GmbH, Cham. In the reporting period, as in the preceding year, there were no write-downs on the value of inventory assets.

26. Other current non-financial assets

Other current non-financial assets in the amount of EUR 1,365,572 (previous year: EUR 518,104) were reported at fair value, and primarily comprise tax receivables from the tax office of EUR 913,378 (previous year: EUR 45), deferred items of EUR 358,672 (previous year: EUR 340,568), and rental deposits paid of EUR 57,048 (previous year: EUR 33,948).

27. Fixed assets

Fixed assets developed in the financial year as follows:

	Acquisition or manufacturing cost		
EUR	**01.01.2011**	**Additions**	**Disposals**
I. Intangible assets			
Software	1,200,780	135,004	10,895
	1,200,780	**135,004**	**10,895**
II. Tangible fixed assets			
Land and buildings	2,135,561	0	0
Technical equipment	501,676	12,904	989
Office and business equipment	3,098,480	524,516	136,792
	5,735,717	**537,420**	**137,781**
III. Financial assets			
Financial assets available for sale	399,816	153,634	0
	399,816	**153,634**	**0**
Total	**7,336,313**	**826,067**	**148,676**

EUR	**01.01.2012**	**Additions**	**Disposals**
I. Intangible assets			
Software	1,324,889	78,835	8,046
	1,324,889	**78,835**	**8,046**
II. Tangible fixed assets			
Land and buildings	2,135,561	2,450	0
Technical equipment	513,591	2,885	0
Office and business equipment	3,486,204	276,460	148,175
	6,135,356	**281,795**	**148,175**
III. Financial assets			
Financial assets available for sale	553,450	23,160	0
	553,450	**23,160**	**0**
Total	**8,013,695**	**383,790**	**156,221**

All fixed assets are located in the countries of origin of the respective software companies (Germany, Austria, Switzerland, and Romania).

	Accumulated write-downs				Net carrying amounts	
31.12.2011	01.01.2011	Additions	Disposals	31.12.2011	31.12.2011	31.12.2010
1,324,889	1,064,625	93,975	10,895	1,147,705	177,184	136,155
1,324,889	**1,064,625**	**93,975**	**10,895**	**1,147,705**	**177,184**	**136,155**
2,135,561	57,607	57,857	0	115,464	2,020,097	2,077,954
513,591	437,941	17,656	989	454,608	58,983	63,735
3,486,204	2,427,996	316,729	128,293	2,616,432	869,772	670,484
6,135,356	**2,923,544**	**392,242**	**129,282**	**3,186,504**	**2,948,852**	**2,812,173**
553,450	0	0	0	0	553,450	0
553,450	**0**	**0**	**0**	**0**	**553,450**	**0**
8,013,695	**3,988,169**	**486,217**	**140,177**	**4,334,209**	**3,679,486**	**2,948,328**

31.12.2012	01.01.2012	Additions	Disposals	31.12.2012	31.12.2012	31.12.2011
1,395,678	1,147,705	114,417	8,046	1,254,076	141,602	177,184
1,395,678	**1,147,705**	**114,417**	**8,046**	**1,254,076**	**141,602**	**177,184**
2,138,011	115,464	57,918	0	173,382	1,964,629	2,020,097
516,476	454,608	14,656	0	469,264	47,212	58,983
3,614,489	2,616,432	383,619	138,594	2,861,457	753,032	869,772
6,268,976	**3,186,504**	**456,193**	**138,594**	**3,504,103**	**2,764,873**	**2,948,852**
576,610	0	0	0	0	576,610	553,450
576,610	**0**	**0**	**0**	**0**	**576,610**	**553,450**
8,241,264	**4,334,209**	**570,610**	**146,640**	**4,758,179**	**3,483,085**	**3,679,486**

28. Taxes on income

The tax provisions comprise the taxes on income for the past financial year and also preceding years if appropriate. For details of tax expenses and income, please refer to Note 48.

The deferred taxes reported in the accounts were composed as follows:

EUR	31.12.2012	31.12.2011
Deferred taxes on valuation differences carried as assets		
Pension provisions	282,655	277,534
Sub-total	282,655	277,534
Deferred taxes on valuation differences carried as liabilities		
Financial assets available for sale	-73,653	-67,414
Long-term production orders	-385,773	-254,352
Sub-total	-459,426	-321,766
Total	**-176,771**	**-44,232**

	31.12.2012	31.12.2011
Tax charge resulting from the accrual of deferred taxes carried as liabilities		
on long-term production orders	-376,564	-548,319
on other financial assets	0	-1,272
Tax income resulting from the accrual of deferred taxes carried as assets		
on pension provisions	5,121	17,275
Tax income resulting from the reversal of deferred taxes carried as liabilities		
on long-term production orders	245,143	995,772
Total	**-126,300**	**463,456**

The tax rate applicable to ATOSS Software AG, Munich, is composed as follows:

EUR	2012	2011	2010
Trade tax	-16.77%	-17.15%	-17.15%
Corporation tax at 15.00% on taxable profits	-15.00%	-15.00%	-15.00%
Solidarity surcharge of 5.50% on corporation tax	-0.83%	-0.83%	-0.83%
Percentage tax rate	**32.60%**	**32.98%**	**32.98%**

The tax rates for subsidiary companies were 25 percent in Austria, 21 percent in Switzerland and 16 percent in Romania. The translation from the expected Group tax charge to the actual tax charge as per IAS 12.81 is illustrated as follows:

EUR	31.12.2012	31.12.2011
Pre-tax earnings as per IFRS	**8,527,992**	**8,410,800**
Expected tax charge (2012: 32.60%; 2011: 32.98%)	-2,780,125	-2,773,882
Non-deductible operating expenses	-99,456	-77,348
Matters pursuant to Section 8b of the German Corporation Tax Act (KStG)	47,277	0
Tax payments/refunds for previous years	2,389	-11,196
Lower tax rates at Group companies and branches	61,616	126,941
Actual Group tax charge	**-2,768,299**	**-2,735,485**

The company anticipates that in future financial years the tax rate applicable to the parent company will be 32.6 percent. As a result of non-deductible operating expenses and matters pursuant to Section 8b of the German Corporation Tax Act (KStG) on the one hand, and lower tax rates at Group companies and branches on the other, the actual tax charge may be somewhat higher or lower than this figure.

29. Liabilities

The remaining terms are illustrated individually in the breakdown of liabilities:

EUR	Qualifying date	Residual term up to 1 year	Residual term 1-5 years	Residual term more than 5 years	Total
Trade accounts payable	31.12.2012	354,903	0	0	354,903
	31.12.2011	790,104	0	0	790,104
Deferred revenues	31.12.2012	2,281,999	0	0	2,281,999
	31.12.2011	1,702,752	0	0	1,702,752
Other current liabilities	31.12.2012	4,597,789	0	0	4,597,789
	31.12.2011	4,622,107	0	0	4,622,107
Tax provisions	31.12.2012	87,243	0	0	87,243
	31.12.2011	1,038,468	0	0	1,038,468
Other provisions	31.12.2012	89,000	0	0	89,000
	31.12.2011	94,000	0	0	94,000
Total	**31.12.2012**	**7,410,934**	**0**	**0**	**7,410,934**
	31.12.2011	**8,247,431**	**0**	**0**	**8,247,431**

Trade accounts payable and other financial liabilities do not carry interest.

30. Credit lines

Unsecured credit lines for overdrafts of EUR 0.51 million are in place at the consolidated companies' house banks (previous year: EUR 0.51 million). Overdrafts as part of these agreements carry interest rates of up to 3.95 percent (previous year: 5.34 percent). As in the previous year, there are no bank borrowings.

31. Other current liabilities

Other liabilities essentially comprise the following amounts:

EUR	31.12.2012	31.12.2011
Salary and commission liabilities	3,609,526	3,789,492
Anticipated charges	627,618	567,242
Other liabilities	360,645	265,373
Total	**4,597,789**	**4,622,107**

The liabilities for salaries and commissions include claims deriving from variable salary components arising in the reporting period but not disbursed until the following year, liabilities arising from wages tax, and provisions for vacation obligations. The anticipated charges relate to performances received but not yet billed prior to the qualifying date. The other liabilities comprise mainly provisions for the cost of preparing the financial statements and audit fees.

32. Deferred revenues

Deferred revenues as of December 31, 2012 were composed as follows:

EUR	31.12.2012	31.12.2011
Amounts invoiced in advance for maintenance work	602,502	711,421
Amounts invoiced in advance for long-term production orders	488,029	777,432
Other	1,191,468	213,899
Total	**2,281,999**	**1,702,752**

The other deferred revenues here stated are reported at fair value and include sums invoiced in advance for hotline services as well as for software, hardware and services not yet to be supplied. The amounts invoiced in advance for manufacturing order contain payments on account of EUR 412,024 (previous year: EUR 590,218).

33. Other provisions

These provisions essentially comprise the following amounts:

EUR	31.12.2011	Consumed	Released	Additions	31.12.2012
Other provisions	94,000	20,000	5,000	20,000	89,000
Total	**94,000**	**20,000**	**5,000**	**20,000**	**89,000**

Other provisions include the provisions warranties and the provision for restoration costs. It is anticipated that part of the warranty provision will be incurred within the next financial year, and that the entire amount will be incurred within two years after the balance sheet date. The amount arising from the provision for building obligations will be incurred after the conclusion of the rental agreement. The provision is measured on the basis of historic values and estimated costs. The satisfaction amount might diverge from the provision that has been formed.

34. Pension provisions

Pension costs were comprised as follows:

EUR	31.12.2012	31.12.2011
Current service cost	114,854	116,853
Cost of interest	152,359	143,644
Less anticipated income on plan assets	-62,870	-52,775
Reported actuarial gains	-14,163	0
Pension expenses	**190,180**	**207,722**

Current and past service costs are reported in the income statement under sales costs, while the cost of interest, income from plan assets and recognized actuarial profits are reflected in interest result.

The actual return on plan assets in 2012 amounted to EUR 16,444 (previous year: EUR 16,580). The expected return on plan assets is 4 percent. In consideration of the fact that the plan assets are invested in pension liability insurance policies with reputable insurers, the company considers this figure to be reasonable in the long-term.

The company expects to incur pension expenses of EUR 274,129 for 2013.

The obligation translates to the balance sheet as follows:

EUR	31.12.2012	31.12.2011	31.12.2010	31.12.2009
Defined benefit obligation	4,033,199	2,745,208	2,679,934	2,303,187
Fair value of plan assets	-1,707,517	-1,455,009	-1,202,953	-871,110
	2,325,682	**1,290,199**	**1,476,981**	**1,432,077**
Unrecognized actuarial gains and losses	-654,597	426,770	267,742	450,198
Pension provision	**1,671,085**	**1,716,969**	**1,744,723**	**1,882,275**

The company assigned its claims arising from the pension liability insurance arranged to cover the pension commitment in 2005 and in 2010.

The changes in the cash value of the defined benefits obligation are illustrated as follows:

Defined benefit obligation effective 01.01.	2,745,208	2,679,934
Cost of interest	152,359	143,644
Current service cost	114,854	116,853
Actuarial gains	1,020,778	-195,223
Defined benefit obligation effective 31.12.	**4,033,199**	**2,745,208**

The changes in the fair value of plan assets are illustrated as follows:

EUR	2012	2011
Fair value of plan assets effective 01.01.	1,455,009	1,202,953
Expected return	62,870	52,775
Employer contributions	236,064	235,476
Actuarial gains and losses	-46,426	-36,195
Fair value of plan assets effective 31.12.	**1,707,517**	**1,455,009**

The figures for the current and preceding reporting periods are as follows:

EUR	31.12.2012	31.12.2011	31.12.2010	31.12.2009	31.12.2008
Defined benefit obligation	4,033,199	2,745,208	2,679,934	2,303,187	1,275,692
Plan assets	-1,707,517	-1,455,009	-1,202,953	-871,110	-711,781
Shortfall in cover	**2,325,682**	**1,290,199**	**1,476,981**	**1,432,077**	**563,911**

In the financial year following the reporting period, the probable contribution to the pension plan will run to EUR 236,064.

35. Equity

The development in equity is evident from the statement of changes in consolidated equity. The dividend paid in 2012 amounted to EUR 0.71 per share (previous year: EUR 0.60). The variations not recognized in profit and loss in the capital reserve and treasury stock are attributable to the withdrawal of treasury shares in 2012. The equity deriving from unrealized gains and losses is attributable to impairment charges, reversals to impairment charges of financial assets and the associated formation of deferred taxes, which do not impact profit or loss.

36. Subscribed capital

Issued shares in circulation

The company's capital is divided into 3,976,568 shares each with a nominal value of EUR 1.00. All shares carry full voting and dividend rights. On average during the year there were 3,976,568 shares in circulation, less the average of 0 (previous year: 50,181) treasury shares, leaving a total of 3,976,568 shares (previous year: 3,975,486 shares).

ATOSS Software AG shares held by board members

At the end of the reporting period board members possessed the following holdings of ATOSS Software AG stock:

EUR	31.12.2012	31.12.2011
Andreas F.J. Obereder	1,988,285	1,981,184
Peter Kirn	14,760	19,760
Gesamt	**2,003,045**	**2,000,944**

Majority shareholder, Andreas F.J. Obereder, Grünwald, Germany, holds 1,988,285 shares, equivalent to a 50.0000025 percent interest, through AOB Invest GmbH, Grünwald, Germany, an entity in which he holds a 100 percent interest.

Authorized capital

The Board of Management was authorized by a resolution adopted by the Annual General Meeting on April 30, 2009, and entered in the commercial register at the Municipal Court of Munich on May 6, 2009 to increase the share capital of the company with the approval of the Supervisory Board on one or more occasions on or before April 29, 2014, by a total of up to EUR 402,566 through the issue of up to 402,566 new bearer shares in return for cash or non-cash capital contributions.

Contingent capital

By a resolution of the General Meeting on February 16, 2000, entered in the commercial register at the Municipal Court of Munich on March 10, 2000, the share capital was contingently increased by EUR 280,000 (Contingent Capital 2000/I). This contingent capital relates to the 2000/2010 convertible bond program.

Furthermore by resolutions adopted by the general meetings on May 22, 2002, April 30, 2003, and April 22, 2004, for the purpose of satisfying the conversion rights held by members of the Board of Management, managers of associated companies and other senior personnel (Convertible Bond Program 2002/2011, alternatively 2014) the share capital of the company was contingently increased by EUR 360,000 (Contingent Capital 2002/I); also for the purpose of satisfying the conversion rights held by members of the Supervisory Board (Convertible Bond Program 2002/2010) the share capital was contingently increased by EUR 50,000 (Contingent capital 2002/II).

Finally, by a resolution adopted by the General Meeting on April 22, 2004, entered in the commercial register at the Municipal Court of Munich on June 11, 2004, for the purpose of satisfying the conversion rights held by members of the Supervisory Board (Convertible Bond Program 2004/2012) the share capital was contingently increased by EUR 50,000 (Contingent Capital 2004/I).

The authorizations to issue convertible bonds which were granted to the Management Board on the basis of the aforementioned AGM resolutions have expired, and there are no longer any conversion rights arising from the convertible bonds issued on the basis of these resolutions, for whose satisfaction conditional capital would still be required. As a consequence, the conditional capital was cancelled as a result of a resolution by the AGM of April 20, 2012, and deleted from the articles of association without replacement.

37. Capital reserve

The capital reserve as at December 31, 2011 was EUR -387,528. As a result of the withdrawal of 49,099 treasury shares performed in the 2012 financial year, an amount of EUR -273,810 was withdrawn from the capital reserve. The capital reserve as at December 31, 2012 stood at EUR -661,338.

The purpose of this reserve is to report the surplus (share premium) achieved above and beyond subscribed capital as part of the IPO or capital increases, and to report the amount that was achieved to acquire shares when issuing convertible bonds (premium on convertible bonds). A negative capital reserve arose due to losses incurred when utilizing treasury shares as part of the convertible bond program.

38. Treasury stock

As of December 31, 2011, the company held a 49,099 treasury shares (previous year: 56,099) at an average price of EUR 6.58 (previous year: EUR 6.71).

The remaining 49,099 treasury shares were withdrawn in their entirety in the 2012 financial year. This withdrawal occurred since the primary reason for these treasury shares – namely, their deposition for the convertible bond program – no longer applied since the program had expired. The withdrawal occurred on the basis of the resolution by the ordinary Annual General Meeting of ATOSS Software AG of May 3, 2011, which authorized the Management Board to acquire treasury shares. Shares purchased on the basis of this and previous authorizations may be withdrawn without the need for a further resolution to be adopted by the general meeting to approve either the withdrawal or the implementation thereof (Section 71, Para 1, No. 8, Sentence 6 of the German Stock Corporation Act). A total of 3,976,568 shares were in circulation on the balance sheet date (previous year: 3,976,568).

The previous resolution adopted at the AGM on May 3, 2011 regarding the repurchase of treasury shares was revoked at the AGM on April 20, 2012.

At the General Meeting held on April 20, 2012, the Board of Management was further authorized pursuant to Section 71, Para 1, No. 8 of the German Stock Corporation Act other than for purposes of trading in treasury shares and in consideration of the restrictions imposed by Section 71, Para 2 of the Act on or before September 30, 2013, to purchase company shares in the amount of up to ten percent on the company's capital stock either via the stock market or by means of a public purchase offer addressed to all company shareholders.

The Board of Management was further authorized at the General Meeting on April 20, 2012 without further resolution by a general meeting not only to offer the purchased shares via the stock market or by a public offer to all shareholders, but also to exclude existing shareholders' subscription rights

- with the consent of the Supervisory Board to issue the shares to third parties in return for non-cash capital contributions, insofar as it is understood to be in the interests of the company to acquire said non-cash capital contributions, and insofar as the countervalue per treasury share to be contributed by third parties is not unreasonably low;

- with the consent of the Supervisory Board to issue the shares to third parties in return for cash capital contributions, in order to place the shares of the company on a foreign stock exchange where the shares are not yet admitted to trading;

- with the consent of the Supervisory Board to sell the shares at a cash price which shall not be materially lower that the stock market price of company shares at the time of the sale;

- to satisfy warrant and/or conversion rights arising from convertible bonds, convertible participation rights, bonds with warrants, or other warrant rights which are issued by the company or a Group company.

The Board of Management was further authorized at the Annual General Meeting on April 20, 2012, to withdraw the acquired treasury shares without a further resolution by a general meeting.

The authorizations concerning the use of treasury shares also extend to the use of shares in the company acquired on the basis of previous authorizing resolutions pursuant to Section 71, Para 1, No. 8 of the German Stock Corporation Act.

IV. Notes to the Consolidated Income Statement

39. Sales

The sales were composed as follows:

EUR	2012	2011
Software licenses	6,987,156	6,685,765
Software maintenance	13,155,941	12,135,629
Software total	**20,143,097**	**18,821,394**
Consulting	8,716,018	8,381,544
Hardware	2,662,196	2,806,126
Other	1,483,455	1,565,465
Total sales	**33,004,766**	**31,574,529**

For its long-term manufacturing orders, the Group applies sales realization according to project progression as set out in IAS 11. Revenues are recognized in line with the degree of completion. The degree of completion is determined as the ratio of the implementation hours already performed compared with the expected number of hours to be spent on the project. For each long-term manufacturing order a project plan is prepared.

Overall in the 2012 financial year, the amount of EUR 2,086,129 (previous year: EUR 2,628,457) was taken to income as sales from manufacturing orders. As of December 31, 2012, and as in the previous year, there were no profits in from projects realized by the percentage of completion method and not yet billed.

The company has customers in all branches of industry, as well as in the public sector. In financial years 2012 and 2011 no single customer accounted for a proportion of 10 percent or more of total sales.

The geographic breakdown of sales revenues was as follows:

EUR	2012	2011
Germany	29,944,569	28,655,252
Austria	1,576,644	1,836,630
Switzerland	838,564	695,992
German-speaking region in total	**32,359,777**	**31,187,874**
Other countries	644,989	386,655
Total	**33,004,766**	**31,574,529**

Revenues for individual countries are reported on the basis of the location of the recipient of the invoice.

40. Cost of sales

In addition to the material cost of goods bought for resale (hardware and other merchandise), the cost of sales also includes expenditure on external services as well as the personnel costs and overhead incurred in the provision of services by the Consulting, Services, and Support departments.

EUR	2012	2011
Cost of materials (procured goods)	2,611,428	2,767,195
Cost of materials (procured services)	65,265	68,300
Personnel costs	5,071,029	4,727,804
Scheduled depreciation	153,879	130,739
Overheads	1,751,186	1,651,925
Total	**9,652,787**	**9,345,963**

41. Selling costs

The selling costs include personnel costs and overheads attributable to sales as well as advertising costs recognized as an immediate expense.

EUR	2012	2011
Personnel costs for sales staff	3,506,166	3,382,415
Scheduled depreciation	124,720	84,546
Sales overheads	1,367,596	1,362,193
Advertising costs	685,384	697,679
Total	**5,683,866**	**5,526,833**

42. Administration costs

Administrative costs were composed as follows:

EUR	2012	2011
Personnel costs	2,071,031	1,890,402
Scheduled depreciation	51,819	46,672
Overheads	770,517	802,918
Total	**2,893,367**	**2,739,992**

43. Research and development costs

The costs on research and development was composed as follows:

EUR	2012	2011
Research and development personnel costs	5,652,874	5,335,554
Scheduled depreciation	240,192	224,261
Research and development overheads	1,215,516	1,091,663
Total	**7,108,582**	**6,651,478**

44. Personnel costs

EUR	2012	2011
Wages and salaries	13,468,156	12,649,274
Social security payments and expenses for pensions of which for pensions EUR 268,281 (previous year: EUR 240,030)	2,832,944	2,686,902
Total	**16,301,100**	**15,336,176**

Provisions for personnel costs for financial year 2012 were not utilized in full. In the current financial year these provisions were liquidated in line with costs incurred, thereby reducing the personnel costs.

45. Financial investment income and expenses

Financial investment income of EUR 1,202,356 (previous year: EUR 2,078,485) relates mainly to gains on the sale of financial assets in the amount of EUR 529,429 (previous year: EUR 1,775,283), income from the reversal of impairment charges applied to financial assets in an amount of EUR 389,947 (previous year: EUR 0), dividend income of EUR 157,094 (previous year: EUR 92,521), and interest income from fixed term deposits with short residual terms as well as overnight money and current accounts in the amount of EUR 125,886 (previous year: EUR 197,864). The financial earnings received as at December 31, 2012 came to EUR 812,408 (previous year: EUR 2,078,485).

In 2012, the company recorded financial expenses amounting to EUR 294,615 (previous year: EUR 975,644). This essentially concerned financial expenses in connection with the impairment of other financial assets in the amount of EUR 202,763 (previous year: EUR 859,248) and financial expenses in connection with the pension provision amounting to EUR 91,770 (previous year: EUR 107,449). The interest expenses paid as at December 31, 2012 came to EUR 82 (previous year: EUR 1,297).

46. Other operating income and expenses

The other operating income and expenses essentially included income from the liquidation of provisions in the amount of EUR 6,791 (previous year: EUR 8,673) and income from exchange rate differences of EUR 11,791 (previous year: EUR 64,818).

Other operating expenses primarily comprise expenses from currency translation differences of EUR 34,104 (previous year: 69,318), and EUR 22,128 of other taxes (previous year: EUR 94).

47. Currency translation

Currency translation differences generated EUR 11,791 of income in the 2012 financial year (previous year: EUR 64,818), and EUR 34,104 of expenses (previous year: EUR 69,318), which are included in other operating expenses and income.

48. Tax charge/income

EUR	2012	2011
Regular tax charge	2,641,999	3,198,941
Deferred taxes	126,300	-463,456
Tax charge	**2,768,299**	**2,735,485**

49. Earnings per share

The figure for earnings per share is arrived at in accordance with IAS 33 by dividing the result for the year by the weighted average number of shares issued. To calculate diluted earnings per share the average number of shares is increased with the inclusion of potential shares which may be issued as a result of convertible bonds, and the underlying net income for the year is increased by the net interest cost of the convertible bonds.

EUR	2012	2011
Net income for the year	5,759,693	5,675,315
Weighted average number of shares outstanding	3,976,568	3,975,486
Earnings per share	**1.45**	**1.43**
Effects of the interest cost of convertible bonds on results	0	22
Net income for the year after adjustment for dilution effects	5,759,693	5,675,337
Dilution effect of convertible bonds	0	1,082
Weighted average number of shares assuming dilution	3,976,568	3,976,568
Earnings per share (diluted)	**1.45**	**1.43**

V. Segment Reporting

The identification of operating segments presupposes that a senior decision-maker monitors and assesses the profitability of significant components of the company as the basis for resource allocation and profitability measurement, that the components of the company generate income and incur expenses as part of their business activities, and that financial information is available for these components of the company. Several segments can be aggregated into one segment if the type of products and services, production processes, and customers for which the products and services or intended are similar, as well as the sales methods applied, and where they exhibit a significant shortfall to the quantitative thresholds for segment formation.

The company has only one uniform business segment within the meaning of IFRS 8 which comprises the creation, sale and implementation of Software solutions directed towards the efficient deployment and management of personnel. In accordance with the company's strategy as a provider of end-to-end solutions to issues of working time management and personnel resource planning, these software solutions comprising software licenses, maintenance services, consulting services and the supply of hardware for time recording and access control purposes (merchandise for resale) are offered to customers as integrated packages and exhibit a comparable risk structure. These software solutions are employed both by small and medium-sized customers comprising the SME market and by high-end small businesses and major customers which comprise the premium market. The choice of software solution is essentially dependent on the specific technical and functional requirements of the individual customer. The company's endeavors in addressing the SME and premium markets differ only in terms of the marketing approach.

The following tables depict sales revenues broken down by software solutions and their contributions to the operating result.

The individual software solutions comprise:

- ATOSS Staff Efficiency Suite (ASES) and ATOSS Startup Edition (ASE): ASES and ASE are working time management and personnel resource planning solutions for customers of all sizes in all industries. Alongside these software solutions other services are generally also provided to implement the solutions at the customer's place of business and train the customer's employees. In addition, consulting services are rendered with the object of making meaningful use of the available scope and developing optimum solutions for the efficient deployment of personnel under specific operating conditions and in consideration of works agreements and industry-wide pay deals. The company also sells hardware components for time recording and access control purposes.

  ASES/ASE Software is used in conjunction with all major standard system platforms and databases. Moreover, thanks to the extensive facility to define customer-specific parameters, these solutions are capable of satisfying even the most sophisticated requirements of customers irrespective of size and sector.

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

The sales revenues were distributed between product groups as follows:

EUR	2012	2011
ATOSS Staff Efficiency Suite (ASES) und ATOSS Startup Edition (ASE)	30,316,351	29,068,910
ATOSS Time Control	2,688,415	2,505,619
Total	**33,004,766**	**31,574,529**

EBIT breaks down by product group as follows:

EUR	2012	2011
ATOSS Staff Efficiency Suite (ASES) und ATOSS Startup Edition (ASE)	7,132,713	6,837,019
ATOSS Time Control	487,538	470,940
Operating profit (EBIT)	**7,620,251**	**7,307,959**

The geographic breakdown of Group revenues is listed in Note 39. The non-current assets are essentially held in Germany. In financial years 2012 and 2011 no single customer accounted for a proportion of 10 percent or more of total sales.

VI. Notes to the Consolidated Statement of Cash Flows

50. Cash flow from business operations

Cash flow from operating activities for the January 1 to December 31, 2012 period amounted to EUR 3,354,824 as of December 31, 2012 (previous year: EUR 5,317,535), EUR 1,962,711 below the previous year's figure.

The main positive factors impacting cash flow from operating activities included net income, depreciation, amortization and impairment charges applied to fixed assets, and the increase in the deferred revenue item. Factors reducing cash flow included the fall in the tax provision due to the settlement of tax liabilities for 2011, the increase in other assets, which primarily resulted from a tax receivables from the tax office, and the sale of equities and gold, as well as dividends and interest income which were reported in cash flow from investing activities.

The average time to receipt in the 2012 financial year was 30 days (previous year: 25 days) and is regarded as very low.

The cash flow item "Gain/losses from the sale of available-for-sale financial assets" includes income achieve from the disposal of financial assets, as well as dividends.

The cash flow item "Other income from the financial assets" includes the disclosure of the reclassification of interest income from cash flow from operating activities to cash flow from investing activities, as well as impairment charges, and reversals to impairment charges, applied to financial assets.

The cash flow item "Adjustment for non-cash items" primarily comprises the disclosure of income tax effects relating to gains and losses carried directly to equity arising of available-for-sale financial assets, and deferred taxes formed directly in equity.

Similarly, operating taxes also impact in full on the cash flow from operations.

51. Cash flow from investment activities

Cash flow from investment activities for the period from January 1 to December 31, 2012 amounted to EUR -6,789,677 (previous year: EUR -8,546,767), EUR 1,757,090 above the previous year's level. It results from outgoing payments for investments in fixed assets of EUR 360,630 (previous year: EUR 672,424), outgoing payments for investments in other financial assets of EUR -10,935,428 (previous year: EUR -23,648,802), payments received from the disposal of other financial assets in an amount of EUR 4,380,577 (previous year: EUR 15,577,892), interest received of EUR 125,886 (previous year: EUR 197,864), and interest paid of EUR 82 (previous year: EUR 1,297).

52. Cash flow from financing activities

Cash flow from financing activities for the period from January 1, 2012 to December 31, 2012 amounted to EUR -2,823,363 (previous year: EUR -2,344,891), EUR -478,472 below the previous year's figure. In 2012, this figure was comprised of the dividend payment of EUR 0.71 per share (previous year: EUR 0.60).

VII. Other Information

53. Supervisory Board

The members of the Supervisory Board are:

Peter Kirn	Chairman, Corporate Consultant, Böblingen
Rolf Baron Vielhauer von Hohenhau	Deputy Chairman, President of the Bund der Steuerzahler in Bayern e.V., Munich
Richard Hauser	Managing Director of milon industries GmbH, Grünwald

The members of the Supervisory Board also hold office, at December 31, 2012, as supervisory board members in the following enterprises:

Peter Kirn	Stadtwerke Böblingen GmbH, Böblingen Stadtwerke Holding GmbH, Böblingen Fernwärme Transportgesellschaft mbH, Böblingen
Rolf Baron Vielhauer von Hohenhau	Verwaltungsrat der Stadtsparkasse Augsburg
Richard Hauser	Mr. Hauser holds no further supervisory board mandates.

The compensation paid to Supervisory Board members was composed as follows:

Peter Kirn	**2012**	**2011**
Compensation pursuant to the articles of association	20,000	20,000
Attendance allowances for meetings	6,000	6,000
Total	**26,000**	**26,000**

Rolf Baron Vielhauer von Hohenhau	**2012**	**2011**
Compensation pursuant to the articles of association	18,197	10,000
Attendance allowances for meetings	5,250	2,250
Total	**23,447**	**12,250**

Richard Hauser	**2012**	**2011**
Compensation pursuant to the articles of association	11,803	20,000
Attendance allowances for meetings	3,000	6,000
Total	**14,803**	**26,000**

In the 2012 financial year there were no payments made for consultancy work beyond the scope of Supervisory Board activities (previous year: EUR 0).

54. Board of Management

The members of the Board of Management are:

Andreas F.J. Obereder	Chief Executive Officer, Industrialist, Grünwald
Christof Leiber	Member of the Board of Management, Lawyer, Munich

The compensation paid to the Board of Management in the financial year was composed as follows:

Andreas F.J. Obereder	**2012**	**2011**
Non-performance-related remuneration		
Salary	290,000	290,000
Other	149,686	97,328
Performance-related remuneration		
Profit-share payment	89,487	140,000
Total compensation	**529,173**	**527,328**

Christof Leiber	**2012**	**2011**
Non-performance-related remuneration		
Salary	172,500	150,000
Other	65,910	63,322
Performance-related remuneration		
One-year profit-share payment	70,311	200,000
Multi-year profit-share payment	66,958	0
Total compensation	**375,679**	**413,322**

The profit-share payment for CEO Mr. Andreas Obereder shown here relates to entitlements deriving from the achievement of targets in the respective financial year. Given that these entitlements are confirmed only after the financial year has ended, actual payments may deviate.

The reported profit-share payment for CFO Mr. Christof Leiber includes claims arising for target-attainment on the one-year (40 percent) and proportional multi-year targets (60 percent, three-year target profit-share payment) due to his Management Board employment contract which was extended for a further five years with effect as of April 1, 2012. Actual cash flows may diverge from the calculated profit-share payments for one-year targets since the claims are not fixed until after the end of the respective financial year. Profit-share payment claims from the multi-year profit-share payment for 2012 are calculated on the basis of estimated target attainment for three years. Partial amounts are paid out as advances in this context. The actual profit-share payment claims arising from the multi-year profit-share payment may differ due to the dependency on the degree of target attainment over the entire duration of 2012 to 2015.

The miscellaneous amounts include insurance premiums paid by the company and the monetary equivalent of other ancillary items such as the provision of company cars.

With regard to the expenses incurred in 2012 for performances on termination of an employment relationship for the Chief Executive Officer, please refer to notes 17 and 34.

At the end of the reporting period there were deferred liabilities to members of the Board of Management amounting to EUR 141,756 (previous year: EUR 255,000) for variable remuneration that had not yet been paid.

55. Business transactions with related persons

The wife of the Chief Executive Officer provides services to the company. In 2012 the value of services provided amounted to EUR 6,188 (previous year: EUR 5,824). These are standard market terms.

On December 6, 2012, majority shareholder, Andreas F.J. Obereder, Grünwald, Germany, transferred 1,988,285 ATOSS Software AG shares to AOB Invest GmbH, Grünwald, Germany, an entity in which he holds a 100 percent interest. With the exception of the Management Board employment contract between the company and Mr. Andreas F.J. Obereder, no transactions which require mandatory reporting occurred during the year under review at our company in its relationship with AOB Invest GmbH (controlling company) and Mr. Andreas F.J. Obereder, or with a company associated with AOB Invest GmbH (controlling company) or Mr. Andreas F.J. Obereder. The company received an appropriate counter-performance from the existing Management Board employment contract.

In the 2012 reporting period, as in the preceding year, no further transactions occurred with members of the Board of Management, Supervisory Board or related persons other than those specified in Note 53 (Supervisory Board) or Note 34 (Pension provisions).

56. Employees

At the end of the reporting period the company employed 276 persons (previous year: 269); the average workforce was 270 (previous year: 259); leaving aside the Management Board, trainees, interns and temporary help staff, the average number of employees was 255 (previous year: 244).

The quarterly average number of employees was as follows:

	2012	2011
Sales	39	37
Consulting	71	70
Development	118	114
Administration	42	38
Total	**270**	**259**
of which trainees	4	4
of which temporary staff and interns	9	9
of which Board of Management members	2	2

57. Auditors' fees

The following fees paid to Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft Stuttgart, Munich branch, and associated companies for auditing, verification and valuation services were recorded as expenses:

EUR	2012	2011
Audit of the financial statements	60,320	64,480
of which for the single-entity financial statements EUR 30,160 (previous year: EUR 32,240)		
of which for the consolidated financial statements EUR 30,160 (previous year: EUR 32,240)		
Total auditors' fees	**60,320**	**64,480**

No further payments were made to the auditors. In February 2012 the company received an auditors' independence declaration from Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft Stuttgart, Munich branch.

58. Financial obligations

The financial obligations relate to rental and leasing contracts.

The company leases its vehicle fleet as well as copiers and servers from various leasing companies. The arrangements are classified as operating leases since essentially all risks and rewards associated with ownership remain with the lessor. In individual cases expiring leases may be extended. No provision is made for an option to buy at the end of the term. Pursuant to IAS 17.33, the lease payments are expensed straight-line over the respective periods. The lease agreements' average term lies between three and five years.

The company rents office premises at various locations.

Some of the contracts contain clauses for the adjustment of prices on usual market terms.

The financial obligations in respect of rents and lease payments for the coming financial years are composed as follows:

EUR	Rent for premises	Other rental and leasing payments
2013	614,447	506,945
2014 to 2016	429,506	451,561
after 2016	75,157	0

The overall costs of all rental and lease agreements in the 2012 financial year amounted to EUR 1,183,883 (previous year: EUR 1,143,420).

59. Objectives and methods of managing financial risk

The company regards equity as an essential management parameter in guarding against economic, sector- and company-specific risks. Therefore the company's financial strategy is directed towards maintaining a level of equity commensurate with such risks.

The Group manages its capital structure and makes adjustments in consideration of changes in the economic climate. In order to maintain or modify its capital structure, the Group can adjust its dividend payments to shareholders, or make a repayment of capital to the shareholders, or issue new shares. As of December 31, 2012 and December 31, 2011, no changes had been made in the Group's objectives, policies or procedures. Further information on how the capital structure of the Group is managed is contained in the Management Report.

The principle financial liabilities of which the Group avails itself are trade accounts payable. The main purpose of these financial liabilities is to finance the business activities of the Group.

The Group has various financial assets such as trade receivables, financial assets available for sale, and cash and cash equivalents. The essential risks to the Group arising from the financial assets comprise market, liquidity and credit risks.

The market risk is ranked as a major risk with regard to the financial assets available for sale. The market risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate due to changes in market prices. The investments the Group has made in physical gold and in shares are susceptible to market price risks that arise from uncertainty about the future value of these financial instruments. The Group counters the market price risk by diversification and restrictions in its investment in individual assets forms and securities. The company does not invest its spare financial funds in speculative areas. The Group's investment strategy is oriented towards preserving value and safeguarding against inflation in the long term. The Group's Management and Supervisory boards receive reports on the development of the financial assets at regular intervals. In addition, all investments in financial assets are reviewed and approved by the company management.

At the qualifying date, the risk for financial assets invested in shares at fair value was EUR 3,175,178 (previous year: EUR 2,956,484). A further decline in the listed prices of all shares held by 10 percent would affect the result with EUR -36,175 (previous year: EUR -180,285) and the equity with EUR -278,641 (previous year: EUR -114,922). The result is affected only by impairments. In the case of shares, an impairment is sustained if their fair value falls 25 percent and/or six months without interruption under the acquisition costs. An increase in the value of securities by 10 percent would only affect equity, not the result.

The risk at the qualifying date in terms of the fair value for financial assets invested in gold was EUR 13,409,869 (previous year: EUR 6,777,166). A further decline in the price of gold by 10 percent would affect the result with EUR -1,757,229 (previous year: EUR -622,372) and equity with EUR 430,658 (previous year: EUR -55,345). An impairment is sustained in the case of gold if its fair value falls 10 percent and/or for six months without interruption below the acquisition cost. A rise in the value of gold would affect the equity or the result depending on whether an impairment was recorded.

The Group does not hold any derivative financial instruments. In accordance with internal policy, the Group did not engage in any trading in derivatives in financial years 2012 or 2011, nor will it do so in future.

To manage its credit risks the Group enters into transactions exclusively with creditworthy third parties. All customers with whom the Group wishes to enter into credit-based transactions are subjected to credit checks. In addition the trade accounts receivable are permanently monitored with the result that the Group is not exposed to any significant risk of default. The maximum default risk is limited to the carrying amount detailed in Note 24. In the case of the Group's other financial assets such as cash and cash equivalents, the maximum credit risk in the event of a counterparty default equates to the carrying amount of these instruments.

In addition, in order to continuously monitor the risk of a liquidity shortage, the Group prepares liquidity forecasts with a fixed planning horizon.

The sensitivity analyses relate in each case to the status as at December 31, 2012.
The sensitivity analyses were prepared on the basis of the stock of financial assets as at December 31, 2012.

The Group judges the risk concentration with regard to other financial assets to be low. Trade accounts receivable are payable from customers from different sectors of industry that are engaged in independent markets. Similarly the Group invests its spare financial funds in a variety of assets such as gold, shares and fixed-term deposits. In the case of investments in shares the Group performs diversification by choosing shares from different issuers from different sectors.

The strategies and procedures adopted by company management for the purpose of managing risks of varying types are described in the Management Report.

60. Events after the reporting period
There were no reportable events of significance after the qualifying date.

61. German Corporate Governance Code
The Board of Management and Supervisory Board issued a declaration of compliance with the German Corporate Governance Code as required by Section 161 of the German Stock Corporation Act on December 5, 2012. The full wording of the statement can be found on the Internet at http://www.atoss.com/de/unternehmen/investor-relations/corporate-governance/2012/Documents/ATOSS-Entsprechungserklaerung-2012.pdf. The Management and Supervisory boards state their position with regard to the recommendations of the German Corporate Governance Commission annually and report thereon in the company report.

62. Notifiable participating interests
In the 2012 financial year the company received the following notifications regarding changes in participating interests pursuant to Sections 21 et seq. of the German Securities Trading Act (WpHG).

On January 27, 2012, the voting rights threshold of 5 percent of the share capital was exceeded by MainFirst SICAV, Luxembourg, and amounted to 5.06 percent of the share capital on this date.

On January 30, 2012, the voting rights threshold of 50 percent of the share capital was exceeded by Mr. Andreas Obereder, Germany, and amounted to 50.0000025 percent of the share capital on this date.

On March 9, 2012, as a result of a share sale, the interest in the share capital of the company Universal Investment GmbH, Germany, fell below the voting rights threshold of 3 percent of the share capital, and amounted to 2.32 percent on this date.

On March 13, 2012, as the result of a share purchase, the interest in the share capital of the company Investmentaktiengesellschaft für langfristige Investoren TGV, Germany, exceeded the voting rights threshold of 3 percent of the share capital, and amounted to 3.93 percent on this date. On March 15, 2012, as the result of further share purchases by this company, the voting rights threshold of 5 percent of the share capital was exceeded, and amounted to 5.83 percent on this date.

On March 20, 2012, as the result of a share purchase by the company IFM Independent Fund Management AG, Lichtenstein, the voting rights threshold of 3 percent of the share capital was exceeded, and amounted to 3.27 percent on this date.

On December 6, 2012, the voting rights threshold of 50 percent of the share capital of ATOSS Software AG was exceeded by AOB Invest GmbH, Grünwald, Germany, and amounted to 50.0000025 percent on this date.

On December 6, 2012, the interest in the share capital of ATOSS Software AG of majority shareholder Mr. Andreas Obereder, Grünwald, Germany, fell below the 50 percent voting rights threshold, and amounted to 0 percent on this date.

63. Adoption of the consolidated financial statements

These annual financial statements were released on January 31, 2013 by the Board of Management and submitted to the Supervisory Board, which may make alterations to the said statements up to and including the time of the Supervisory Board meeting to adopt the accounts on March 5, 2013.

The Board of Management is satisfied that all of the information given conveys a true and fair view of the economic situation of the company, its net assets, financial position and results of operations, and of its cash flows.

64. Appropriation of net income

The Board of Management and Supervisory Board propose that the surplus net income from the past financial year 2012 in the amount of EUR 14,431,957 should be applied to pay a dividend of EUR 3.62 per dividend-entitled ordinary share.

The remainder of the net income will be carried forward.

Munich, January 31, 2013

Andreas F.J. Obereder
Chief Executive Officer

Christof Leiber
Member of the Board of Management

Audit Opinion

We have audited the consolidated financial statements prepared by ATOSS Software AG, comprising the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the notes to the consolidated financial statements, together with the group management report for the fiscal year from January 1, 2012 to December 31, 2012. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315a (1) HGB [Handelsgesetzbuch: German Commercial Code] are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Section 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Munich, February 5, 2013
Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft

Müller	Thielen
Wirtschaftsprüfer	Wirtschaftsprüferin

Declaration by the Legal Representatives

We hereby give an assurance to the best of our knowledge and belief that in accordance with the applicable reporting standards the consolidated annual financial statements and consolidated management report for ATOSS Software AG and the annual financial statements and management report for ATOSS Software AG, Munich, each convey an impression of the net asset, financial position and earnings situation of the Group and of ATOSS Software AG which accords with the true fact; and that the development in business including the results and the situation of the Group and of the company are so described in the consolidated management report and in the management report for ATOSS Software AG, Munich, as to convey an impression which likewise accords with the true facts; and that the essential opportunities and risks associated with the anticipated development of the Group and of ATOSS Software AG are so described.

Munich, January 31, 2013

Andreas F.J. Obereder
Chief Executive Officer

Christof Leiber
Member of the Board of Management

Corporate Calendar

12 March 2013
Publication Annual Report 2012

12 March 2013
Balance Sheet Press Conference

22 April 2013
Press Release Three Months' Statement

26 April 2013
Annual General Meeting

13 May 2013
Publication Three Months' Statement

22 July 2013
Press Release Six Months' Statement

12 August 2013
Publication Six Months' Statement

21 October 2013
Press Release Nine Months' Statement

15 November 2013
Publication Nine Months' Statement

Imprint

RESPONSIBLE

ATOSS Software AG
Am Moosfeld 3
81829 Munich
Germany
T +49 89 4 27 71 0
F +49 89 4 27 71 100
www.atoss.com

INVESTOR RELATIONS

ATOSS Software AG
Investor Relations
Christof Leiber
T +49 89 4 27 71 265
F +49 89 4 27 71 100
Christof.Leiber@atoss.com

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DESIGN
designfactory-munich.de

TRANSLATION
Baker & Harrison, Munich
www.bakerharrison.de

ATOSS Locations

HEADQUARTERS

ATOSS Software AG
Am Moosfeld 3
81829 Munich
Germany

T +49 89 4 27 71 0
F +49 89 4 27 71 100
info@atoss.com
www.atoss.com

REPRESENTATIONS

Düsseldorf
Robert-Bosch-Straße 14
40668 Meerbusch
Germany
T +49 21 50 9 65 0

Frankfurt
Campus Carré
Herriotstraße 8
60528 Frankfurt/Main
Germany
T +49 69 13 82 43 0

Hamburg
Osterbekstraße 90b
22083 Hamburg
Germany
T +49 40 27 81 63 0

Stuttgart
Zettachring 10a
70567 Stuttgart
Germany
T +49 7 11 7 28 73 200

AFFILIATED COMPANIES

Germany
ATOSS CSD Software GmbH
Rodinger Straße 19
93413 Cham
Germany
T +49 99 71 85 18 0

Austria
ATOSS Software Ges. mbH
Europaplatz 2/1/2
1150 Vienna
Austria
T +43 1 25 39 15 562

Switzerland
ATOSS Software AG
Leutschenbachstraße 95
8050 Zurich
Switzerland
T +41 44 3 08 39 56

Romania
SC ATOSS Software SRL
Str. Diaconu Coresi, Nr. 31
300588 Timisoara
Romania
T +40 356 71 01 70

atoss.com