



Interim Financial Report as of March 31, 2008

InVision Software AG

## Overview



### **InVision Software at a glance**

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

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

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

# Financial Summary

## Group Figures as of March 31, 2008, according to IFRS (unaudited)

<b>in Euro</b>	<b>1 Jan. - 31 March 2008</b>	<b>1 Jan. - 31 March 2007</b>
<b>Revenue</b>	<b>2,318,249.12</b>	<b>2,644,876.85</b>
Licenses	337,100.67	969,829.19
Maintenance	899,347.87	735,224.10
Services	1,081,800.58	939,823.56
<b>EBIT</b>	<b>-1,726,773.60</b>	<b>-288,556.54</b>
as percentage of revenue	-74.5%	-10.9%
<b>Result after tax</b>	<b>-992,242.79</b>	<b>-122,328.67</b>
as percentage of revenue	-42.8%	-4.6%
<b>Earnings per share<sup>1</sup></b>	<b>-0.44</b>	<b>-0.05</b>
<b>in Euro</b>	<b>as of 31 March 2008</b>	<b>as of 31 Dec. 2007</b>
<b>Total assets</b>	<b>27,994,190.31</b>	<b>28,005,389.11</b>
<b>Liquid funds</b>	<b>15,059,175.54</b>	<b>16,807,075.07</b>
<b>Equity</b>	<b>23,030,792.45</b>	<b>24,094,213.66</b>
as percentage of total assets	82%	86%
<b>Number of employees</b>	<b>190</b>	<b>174</b>
thereof in Germany	84	79
<b>Information on shares</b>	<b>1 Jan. - 31 March 2008</b>	
Closing price <sup>2</sup> as of March 31, 2008, in Euro	17.53	
High <sup>2</sup> , in Euro	22.25	
Low <sup>2</sup> , in Euro	16.34	
Number of shares as of March 31, 2008	2,235,000	
Market capitalisation as of March 31, 2008, in Euro	39.18 million	

<sup>1</sup> Based on 2,235,000 shares

<sup>2</sup> XETRA Closing price

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## Group Management Report



### **Group Management Report to the Interim Financial Report as of March 31, 2008, according to IFRS (unaudited)**

#### **Specific events during the reporting period**

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

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

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

In March 2008, the software solution, InVision Enterprise WFM, was awarded the 2008 Innovation Prize by the Initiative Mittelstand (The SME Initiative) in the category of "Human Resources", thereby prevailing over 50 competitors in this category.

#### **Results of operation**

In the first three months of 2008, Group revenues totaled TEUR 2,318 (previous year: TEUR 2,645) and were therefore 12 percent lower than in the previous year. This reduction was primarily the result of a 65 percent decrease in licence revenues down to TEUR 337 (previous year: TEUR 970). Maintenance revenues increased by 22 percent to TEUR 899 (previous year: TEUR 735).

And service revenues increased by 15 percent to TEUR 1,082 (previous year: TEUR 940).

In the first three months of the year, licence revenues consisted primarily of revenues generated with existing customers, with new small and mid-sized customers. Contrary to the first quarter of the previous year, no sales were reported from larger projects. The increase in maintenance revenues is a direct consequence of a higher maintenance base resulting from licence revenue with both new and existing customers in the previous year and of a high and stable level of customer loyalty. The increase in the Professional Services division's revenue is based on the expansion of service capacities compared to the first quarter of the previous year, but was weighed down by newly commenced pilot projects.

Revenues in the "Germany, Austria and Switzerland" region decreased during the reporting period by 7 percent to TEUR 1,089 (previous year: TEUR 1,166). This region therefore makes up 47 percent of revenues (previous year: 44 percent). Revenues generated in other foreign countries totaled TEUR 1,229 (previous year: TEUR 1,479), thereby representing a decrease of 17 percent. Revenues generated in other foreign countries as a percentage of total revenue thus constitute 53 percent (previous year: 56 percent).

During the reporting period, the operating result (EBIT) was TEUR -1,727 (previous year: TEUR -289). The EBIT margin was -74 percent during the reporting period (previous year: -11 percent).

For the first three months of 2008, the Group result was TEUR -992 (previous year: TEUR -122), while earnings per share came to EUR -0.44 (previous year: EUR -0.05), in each case based on 2,235,000 shares.

### **Financial condition**

During the reporting period, the liquid funds and securities were down to TEUR 15,059 (as of December 31, 2007: TEUR 16,807), primarily because of the negative cash flow generated from operating activity. As of end of March 2008, financial liabilities were TEUR 31 (as of December 31, 2007: TEUR 84).

The balance sheet total equaled by TEUR 27,994 (as of December 31, 2007: TEUR 28,005). The equity capital is now TEUR 23,031 (as of December 31, 2007: TEUR 24,094), and the equity capital ratio is now 82 percent (as of December 31, 2007: 86 percent). The equity capital therefore provides a solid basis for the continued growth of the Company.

The cash flow from operating activity reached TEUR -1,575 (previous year: TEUR 11) during the reporting period.

### **Research and development**

For InVision, the continued improvement of its software and its development of new components in order to meet market needs are key competitive factors. Accordingly, the InVision Group attaches great importance to research and development. Not surprisingly, therefore, InVision is constantly investing in the development of its product lines for its enterprise-wide workforce management program, InVision Enterprise WFM.

In the first three months of 2008, most of the activity was focused on the final development work for Release 4.6 of InVision Enterprise WFM, which is scheduled to begin shipping in June of 2008. The main product upgrades will consist of additional components for time management, improved optimisation functions and numerous detail improvements.

### **Employees**

On March 31, 2008, the InVision Group employed 190 workers worldwide, thereof 29 in sales, 90 in research & development, and 54 in Professional Services. Thus, the number of employees has risen by 9 percent in the last three months (December 31, 2007: 174 employees). 84 employees worked in Germany and 106 employees worked outside Germany.

### **Risks and opportunities**

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

### **Supplement Report**

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

### **Outlook**

InVision intends to increase its revenues by between 35 and 45 percent to approximately EUR 21.5 million to EUR 23 million in 2008. The Company expects that growth in the German, Austrian and Swiss region will be matched by the growth in other foreign countries. Licence revenues are expected to increase by at least 20 percent to a minimum of TEUR 11,500 (2007: TEUR 9,507), maintenance revenues are expected to increase by at least 25 percent to a minimum of TEUR 4,000 (2007: TEUR 3,116), and service revenues are expected to increase by at least 85 percent to a minimum of TEUR 6,000 (2007: TEUR 3,257). According to the Group's budget forecast, the EBIT margin in 2008 should be 20 percent or more, thereby yielding an EBIT of between EUR 4.3 and EUR 4.7 million.

# Balance Sheet

## Interim Balance Sheet as of March 31, 2008, according to IFRS (unaudited)

<b>Assets (EUR)</b>	<b>as of 31 March 2008</b>	<b>as of 31 Dec. 2007</b>
<b>Short-term assets</b>		
Liquid funds	1,828,999.62	3,651,582.07
Securities	13,230,175.92	13,155,493.00
Trade receivables	8,720,897.39	8,166,876.78
Income tax claims	187,425.41	162,687.10
Prepaid expenses and other short-term assets	533,764.88	448,436.46
<b>Total short-term assets</b>	<b>24,501,263.22</b>	<b>25,585,075.41</b>
<b>Long-term assets</b>		
Intangible assets	80,207.52	63,811.33
Tangible assets	315,024.43	223,035.20
Deferred tax assets	3,064,412.00	2,099,587.00
Other long-term assets	33,283.14	33,880.17
<b>Total long-term assets</b>	<b>3,492,927.09</b>	<b>2,420,313.70</b>
<b>Total assets</b>	<b>27,994,190.31</b>	<b>28,005,389.11</b>

<b>Equity and liabilities (EUR)</b>	<b>as of 31 March 2008</b>	<b>as of 31 Dec. 2007</b>
<b>Short-term liabilities</b>		
Short-term liabilities owed to financial institutions	30,611.00	84,324.76
Trade payables	480,805.52	479,613.37
Provisions	795,944.74	777,935.49
Income tax provisions	713,512.90	643,012.71
Short-term share in deferred income and other short-term liabilities	2,580,388.70	1,648,329.12
<b>Total short-term liabilities</b>	<b>4,601,262.86</b>	<b>3,633,215.45</b>
<b>Long-term liabilities</b>		
Deferred taxes	362,135.00	277,960.00
<b>Total long-term liabilities</b>	<b>362,135.00</b>	<b>277,960.00</b>
<b>Equity</b>		
Subscribed capital	2,235,000.00	2,235,000.00
Capital reserves	20,616,179.21	20,616,179.21
Earnings reserves	1,414,177.33	1,414,177.33
Equity capital difference from currency translation	-341,703.84	-200,525.42
Profit/Losses carried forward	29,382.54	-2,580,177.68
Group result	-922,242.79	2,609,560.22
<b>Total equity</b>	<b>23,030,792.45</b>	<b>24,094,213.66</b>
<b>Total equity and liabilities</b>	<b>27,994,190.31</b>	<b>28,005,389.11</b>

# Income Statement

## Income Statement as of March 31, 2008, according to IFRS (unaudited)

in Euro	1 Jan. - 31 March 2008	1 Jan. - 31 March 2007
Revenues	2,318,249.12	2,644,876.85
Other operating income	17,320.24	61,324.82
Costs of materials/costs of goods and services purchased	-139,917.45	-30,552.20
Personnel costs	-2,581,956.69	-1,747,377.93
Amortisation/depreciation of intangible and tangible assets	-29,251.86	-14,275.86
Other operational expenditures	-1,311,216.96	-1,202,552.22
<b>Operating result (EBIT)</b>	<b>-1,726,773.60</b>	<b>-288,556.54</b>
Financial result interest income/expenses	146,081.09	-21,707.18
Currency losses/gains	-165,077.64	-23,707.07
<b>Results before taxes (EBT) and minority shares</b>	<b>-1,745,770.15</b>	<b>-333,970.79</b>
Income tax	753,527.36	211,642.12
<b>Net profit/Group result</b>	<b>-992,242.79</b>	<b>-122,328.67</b>

# Cash Flow Statement

## Cash Flow Statement as of March 31, 2008, according to IFRS (unaudited)

<b>Cash flow from operating activity (EUR)</b>	<b>1 Jan. - 31 March 2008</b>	<b>1 Jan. - 31 March 2007</b>
Group result	-922,242.79	-122,328.67
Depreciation and amortisation of assets	29,251.86	14,275.86
Increase in provisions	18,009.25	24,639.55
Increase in income tax liabilities	70,500.19	856,017.13
Increase in deferred taxes	-880,650.00	-309,312.34
Other payment-ineffective costs/earnings	-160,199.45	40,212.13
Increase in trade receivables	-554,020.61	-14,546.87
De-/Increase in other assets and prepaid expenses	-84,731.39	99,630.39
Increase in income tax claims	-24,738.31	-53,807.07
De-/Increase in trade payables	1,192.15	-45,342.20
De-/Increase in other liabilities and deferred income	932,059.58	-478,611.20
<b>Cash flow from operating activity</b>	<b>-1,575,569.52</b>	<b>10,826.71</b>
<b>Cash flow from investing activity (EUR)</b>		
Payments made for investments in tangible assets	-114,821.78	-10,758.48
Payments made for investments in intangible assets	-24,763.63	0.00
<b>Cash flow from investing activity</b>	<b>-139,585.41</b>	<b>-10,758.48</b>
<b>Cash flow from financing activity (EUR)</b>		
Payments made for repaying finance loans	-53,713.76	-41,269.78
<b>Cash flow from financing activity</b>	<b>-53,713.76</b>	<b>-41,269.78</b>
<b>Change in cash and cash equivalents</b>	<b>-1,768,868.69</b>	<b>-41,201.55</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>3,567,257.31</b>	<b>142,066.11</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>1,798,388.62</b>	<b>100,864.56</b>

# Statement of Equity

Change of Equity Statement as of March 31, 2008, according to IFRS (unaudited)

in Euro	Equity capital of the parent company's shareholders						Equity	Minority shares	Total
	Subscribed capital	Capital reserves	Statutory reserves	Other earnings reserves	Equity capital differences from currency translation	Group result			
<b>December 31, 2006</b>	<b>380,001.00</b>	<b>0.00</b>	<b>78,988.99</b>	<b>1,253,813.32</b>	<b>-107,169.69</b>	<b>-1,367,981.04</b>	<b>237,652.58</b>	<b>9,181.38</b>	<b>246,833.96</b>
Period result	0.00	0.00	0.00	0.00	0.00	2,609,560.22	2,609,560.22	0.00	2,609,560.22
Appropriation to earnings reserves	0.00	0.00	0.00	1,220,735.14	0.00	-1,220,735.14	0.00	0.00	0.00
Capital increase from Company's own funds	1,854,999.00	-714,996.00	0.00	-1,140,003.00	0.00	0.00	0.00	0.00	0.00
Issue proceeds	0.00	22,879,872.00	0.00	0.00	0.00	0.00	22,879,872.00	0.00	22,879,872.00
Amounts directly booked to equity account									
Transaction costs capital increase	0.00	-2,212,423.98	0.00	0.00	0.00	0.00	-2,212,423.98	0.00	-2,212,423.98
Tax advantage	0.00	663,727.19	0.00	0.00	0.00	0.00	663,727.19	0.00	663,727.19
Book entry adjustment minority shares	0.00	0.00	0.00	642.88	0.00	8,538.50	9,181.38	-9,181.38	0.00
Exchange rate difference from converting foreign financial statements	0.00	0.00	0.00	0.00	-93,355.73	0.00	-93,355.73	0.00	-93,355.73
<b>Total recognised expenses / income</b>	<b>0.00</b>	<b>-1,548,696.79</b>	<b>0.00</b>	<b>0.00</b>	<b>-93,355.73</b>	<b>2,609,560.22</b>	<b>967,507.70</b>	<b>0.00</b>	<b>967,507.70</b>
<b>December 31, 2007</b>	<b>2,235,000.00</b>	20,616,179.21	<b>78,988.99</b>	<b>1,335,188.34</b>	<b>-200,525.42</b>	<b>29,382.54</b>	<b>24,094,213.66</b>	<b>0.00</b>	<b>24,094,213.66</b>
Period result	0.00	0.00	0.00	0.00	0.00	-922,242.79	-922,242.79	0.00	-922,242.79
Exchange rate difference from converting foreign financial statements	0.00	0.00	0.00	0.00	-141,178.42	0.00	-141,178.42	0.00	-141,178.42
<b>Total recognised expenses / income</b>	<b>0.00</b>	<b>0.00</b>	<b>0.0</b>	<b>0.00</b>	<b>-141,178.42</b>	<b>-922,242.79</b>	<b>-1,063,421.21</b>	<b>0.00</b>	<b>-1,063,421.21</b>
<b>March 31, 2008</b>	<b>2,235,000.00</b>	<b>20,616,179.21</b>	<b>78,988.99</b>	<b>1,335,188.34</b>	<b>-341,703.84</b>	<b>-892,860.25</b>	<b>23,030,792.45</b>	<b>0.00</b>	<b>23,030,792.45</b>

Notes



## Notes to the Interim Financial Report as of March 31, 2008, according to IFRS (unaudited)

### General Information

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

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

### Bases for preparing the financial report

The consolidated interim financial report for the period of January 1, 2008, through March 31, 2008, was prepared in accordance with IAS 34 "Interim Financial Reporting".

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

### Changes of the group of consolidated companies

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

### Equity capital

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

### Treasury shares

The Company holds no treasury shares.

### Sales revenue

The sales revenue is divided into the following business areas:

in TEUR	1 Jan. – 31 March 2008	1 Jan. – 31 March 2007
Licence revenues	337	970
Maintenance revenues	899	735
Service revenues	1,082	940
<b>Total</b>	<b>2,318</b>	<b>2,645</b>

The sales revenues are divided among the following sales regions:

in TEUR	1 Jan. – 31 March 2008	1 Jan. – 31 March 2007
Germany, Austria, Switzerland	1,089	1,166
Other foreign countries	1,229	1,479
<b>Total</b>	<b>2,318</b>	<b>2,645</b>

### Taxes on income and earnings

Taxes on income and earnings are classified as follows:

in TEUR	1 Jan. – 31 March 2008	1 Jan. – 31 March 2007
Income taxes	128	98
Deferred taxes	-881	-309
<b>Total</b>	<b>-753</b>	<b>-211</b>

### **Executive Board**

As of March 31, 2008, the Executive Board of InVision Software AG consists of the following members:

- Peter Bollenbeck Chairman
- Matthias Schroer Member

### **Supervisory Board**

As of March 31, 2008, the Supervisory Board of InVision Software AG consists of the following members:

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

### **Securities transactions by Company executives and directors**

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

### **Significant transactions between related parties**

In the reporting period, the Company purchased project and consulting services from eTimum Software GmbH, Ratingen, in the amount of TEUR 109.5.

### **Number of employees**

As of March 31, 2008, the InVision Group had 190 employees.

### **Segment reporting**

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

### **Earnings per share**

Earnings per share were calculated and reported by dividing the earnings for the period as attributable to the InVision Software AG shareholders by the average weighted number of shares issued and outstanding during the reporting period. InVision Software AG has issued only ordinary shares. In the first three months of 2008, the assumed number of shares equaled 2,235,000. Earnings per share for this period therefore equaled -0.44 Euro compared to -0.05 Euro in the first three months of the previous year, based on the same number of shares.

### **Events after the balance sheet date**

After the reporting period, there have been no transactions of special significance which are of a material significance to the consolidated interim report.

### **Responsibility Statement**

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

*InVision Software AG  
The Executive Board*

*Ratingen, May 28, 2008*

## Financial Calendar

Annual Shareholders' Meeting	20 June 2008
Analysts' Conference SCC - Small Cap Conference, Frankfurt/Main	25-27 August 2008
Publication of the report for the first and second quarter of 2008	29 August 2008
Analysts' Conference German Equity Forum Fall, Frankfurt/Main	10-12 November 2008
Publication of the report for the third quarter of 2008	28 November 2008

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**Software**

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