



Interim Financial Report as of September 30, 2010

InVision Software AG

## Overview



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.

## Financial Summary

Group Figures as of September 30, 2010, according to IFRS (unaudited)

Income Statement (in Euro)	1 Jan - 30 Sep 2010	1 Jan - 30 Sep 2009	Δ
<b>Revenues</b>	<b>10,735,497</b>	<b>9,159,100</b>	<b>+17%</b>
Licences	4,191,197	3,530,569	+19%
Maintenance	3,656,000	3,272,985	+12%
Services	2,888,300	2,355,546	+23%
<b>EBIT</b>	<b>-186,881</b>	<b>-4,185,256</b>	
as percentage of revenue	-2%	-46%	+44 PP
<b>Result after tax</b>	<b>819,316</b>	<b>-3,104,323</b>	
as percentage of revenue	8%	-34%	+42 PP
<b>Earnings per share</b>	<b>0,37</b>	<b>-1,39</b>	<b>abs. +1,76</b>

Balance sheet (in Euro)	as of 30 Sep 2010	as of 31 Dec 2009	Δ
<b>Total assets</b>	<b>17,017,982</b>	<b>16,574,491</b>	<b>+3%</b>
<b>Liquid funds</b>	<b>6,186,918</b>	<b>4,511,603</b>	<b>+37%</b>
<b>Equity</b>	<b>11,900,728</b>	<b>11,080,139</b>	<b>+7%</b>
as percentage of total assets	70%	67%	+3 PP

Employees	as of 30 Sep 2010	as of 31 Dec 2009	Δ
<b>Total</b>	<b>163</b>	<b>203</b>	<b>-20%</b>
Thereof in Germany	73	86	-15%

Information on shares <sup>1</sup>	1 Jan-30 Sep 2010	1 Jan - 30 Sep 2009	Δ
Closing price as of 30 September, in Euro <sup>2</sup>	10.20	8.60	+19%
High, in EURO <sup>1</sup>	10.20	9.05	+12%
Low, in EURO <sup>1</sup>	4.31	3.19	+35%
Market capitalisation as of 30 September, in EuroFehler!	22.80 Mio	19.22 Mio	+19%
<b>Textmarke nicht definiert.</b>			
Number of shares as of 30 SeptemberFehler! Textmarke nicht definiert.	2,235,000	2,235,000	

<sup>1</sup> XETRA closing price

<sup>2</sup> End of period



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# Group Management Report

## Group Management Report to the Interim Financial Report as of September 30, 2010, according to IFRS (unaudited)

### Specific Events during the reporting period

In January of 2010 and for the second year in a row, InVision Enterprise WFM received the Product of the Year award from the American trade magazine "Customer Interaction Solutions".

During the reporting period, sales partners for new regions have been added. In Europe and in the US a number new clients were acquired in the Call Centre segment as well as in the Retail segment.

### Results of operation

In the first nine months of 2010, Group revenues increased by 17 percent to TEUR 10,735 (previous year: TEUR 9,159). Licence revenues increased by 19 percent to TEUR 4,191 (previous year: TEUR 3,531). Maintenance revenues increased by 12 percent to TEUR 3,656 (previous year: TEUR 3,273). Service revenues increased 23 percent to TEUR 2,888 (previous year: TEUR 2,356).

Revenues in the "Germany, Austria and Switzerland" region increased during the reporting period by 41 percent to TEUR 5,519 (previous year: TEUR 3,907). This region therefore makes up 51 percent of revenues (previous year: 43 percent). Revenues generated in other foreign countries totalled TEUR 5,216 (previous year: TEUR 5,252), thereby remaining almost unchanged. Revenues generated in other foreign countries as a percentage of total revenue thus constitute 49 percent (previous year: 57 percent).

During the reporting period, the operating result (EBIT) was TEUR -187 (previous year: TEUR -4,185). The EBIT margin was -2 percent during the reporting period (previous year: -45 percent).

For the first nine months of 2010, the Group result was TEUR 819 (previous year: TEUR -3,104), while earnings

per share came to EUR 0.37 (previous year: EUR -1.39), in each case based on 2,235,000 shares.

### Financial condition

The cash flow from operating activity reached TEUR 1,132 (previous year: TEUR -5,600) during the reporting period.

During the reporting period, the liquid funds and securities totalled TEUR 6,187 (as of December 31, 2009: TEUR 4,512). As of end of September 2010, financial liabilities were TEUR 630 (as of December 31, 2009: TEUR 9).

The balance sheet total equalled by TEUR 17,018 (as of December 31, 2009: TEUR 16,574). The equity capital is now TEUR 11,901 (as of December 31, 2009: TEUR 11,080), and the equity capital ratio is now 70 percent (as of December 31, 2009: 67 percent). The equity capital therefore provides a solid basis for the continued growth of the Company.

### 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 solution, InVision Enterprise WFM.

In the first nine months of 2010, the focus of development work was on making quality improvements to product releases distributed on the market and on developing future product versions.

**Employees**

On September 30, 2010, the InVision Group employed 163 employees worldwide, thereof 30 in Sales, 75 in Research & Development, and 37 in Professional Services. Thus, the number of employees has declined by 20 percent (December 31, 2009: 203 employees). 73 employees worked in Germany and 90 employees worked outside Germany.

**Risks and opportunities**

Risks for the business development of InVision Group are described in the Group Management Report for

Fiscal Year 2009. The corresponding opportunities are described in the Outlook section of this management report and in the Group Management Report for Fiscal Year 2009.

**Outlook**

InVision continues to forecast an increase in revenues to TEUR 15,000 (previous year: TEUR 11,972) and a profit before taxes and interest amounts to TEUR 1,000 (previous year: TEUR -6,994) for 2010.

## Statement of Financial Position

Interim Statement of Financial Position as of September 30, 2010, according to IFRS (unaudited)

Assets (EUR)	as of 30 Sep 2010	as of 31 Dec 2009
<b>Short-term assets</b>		
Liquid funds	5,185,461	3,511,603
Securities	1,001,457	1,000,000
Trade receivables	3,901,926	5,413,282
Trade receivables Contract manufactory	173,819	119,000
Income tax claims	164,453	413,815
Prepaid expenses and other short-term assets	257,165	531,348
<b>Total short-term assets</b>	<b>10,684,281</b>	<b>10,989,048</b>
<b>Long-term assets</b>		
Intangible assets	128,899	117,910
Tangible assets	321,653	378,046
Deferred tax assets	5,883,149	5,054,640
Other long-term assets	0	34,847
<b>Total long-term assets</b>	<b>6,333,701</b>	<b>5,585,443</b>
<b>Total assets</b>	<b>17,017,982</b>	<b>16,574,491</b>



Equity and liabilities (EUR)	as of 30 Sep 2010	as of 31 Dec 2009
<b>Short-term liabilities</b>		
Short-term liabilities owed to financial institutions	629,954	9,302
Trade payables	576,639	822,189
Provisions	1,006,996	1,299,518
Income tax provisions	4,283	20,304
Short-term share in deferred income and other short-term liabilities	2,774,082	3,217,739
<b>Total short-term liabilities</b>	<b>4,991,954</b>	<b>5,369,052</b>
<b>Long-term liabilities</b>		
Deferred taxes	125,300	125,300
<b>Total long-term liabilities</b>	<b>125,300</b>	<b>125,300</b>
<b>Equity</b>		
Subscribed capital	2,235,000	2,235,000
Capital reserves	20,616,179	20,616,179
Earnings reserves	1,414,177	1,414,177
Equity capital difference from currency translations	-564,041	-578,599
Losses carried forward	-12,536,503	-7,813,115
Group result	819,316	-4,723,388
Minority shares	-83,400	-70,115
<b>Total equity</b>	<b>11,900,728</b>	<b>11,080,139</b>
<b>Total equity and liabilities</b>	<b>17,017,982</b>	<b>16,574,491</b>

## Statement of Comprehensive Income

Statement of Comprehensive Income as of September 30, 2010, according to IFRS (unaudited)

in EURO	1 Jan - 30 Sep 2010	1 Jan - 30 Sep 2009
<b>Revenues</b>	<b>10,735,497</b>	<b>9,159,100</b>
Other operating income	674,904	388,991
Cost of materials/costs of goods and services purchased	-30,528	-118,346
Personnel costs	-7,799,920	-9,411,452
Amortisation/depreciation of intangible and tangible assets	-132,821	-140,894
Other operating expenditures	-3,634,013	-4,062,657
<b>Operating result (EBIT)</b>	<b>-186,881</b>	<b>-4,185,256</b>
Financial result	10,987	26,586
Currency losses	212,186	-299,136
Extraordinary result	0	0
<b>Result before taxes (EBT) and minority shares</b>	<b>36,292</b>	<b>-4,457,807</b>
Income tax	769,739	1,316,317
<b>Consolidated net loss</b>	<b>806,031</b>	<b>-3,141,490</b>
Minority shares	-13,285	37,167
<b>Net profit/Group result</b>	<b>819,316</b>	<b>-3,104,323</b>

## Statement of Cash Flows

Statement of Cash Flows as of September 30, 2010, according to IFRS (unaudited)

EURO	1 Jan - 30 Sep 2010	1 Jan - 30 Sep 2009
<b>Net profit/Group result</b>	<b>819,316</b>	<b>-3,104,323</b>
Depreciation and amortisation of assets	132,821	140,894
De-/Increase of provisions	-292,222	-560,867
De-/Increase in income tax liabilities	-16,021	-1,119,744
De-/Increase in deferred taxes	-828,509	-1,265,275
Other payment-ineffective costs/earnings	-9,410	215,458
De-/Increase in trade receivables	1,456,537	-340,624
De-/Increase in other assets and prepaid expenses	309,030	20,827
De-/Increase in income tax claims	249,362	-163,411
De-/Increase in trade payables	-245,550	-44,719
De-/Increase in other liabilities and deferred income	-443,657	621,552
<b>Cash flow from operating activity</b>	<b>1,131,697</b>	<b>-5,600,230</b>
<b>Cash flow from investing activity</b>		
Payments made for investments in tangible assets	-39,010	-87,946
Payments made for investments in intangible assets	-39,480	-91,408
Receipt of payments for selling securities	1,000,000	5,407,927
Payments made for purchasing securities	-1,000,000	-10,216,179
<b>Cash flow from investing activity</b>	<b>-78,490</b>	<b>-4,987,606</b>
<b>Cash flow from financing activity</b>		
Payments received from equity capital increase	0	0
Payments received from finance loans	0	0
Payments made for repaying finance loans	0	0
<b>Cash flow from financing activities</b>	<b>0</b>	<b>0</b>
<b>Change in cash and cash equivalents</b>	<b>1,053,207</b>	<b>-10,587,836</b>
Cash and cash equivalents at the beginning of the period	3,502,300	10,860,347
<b>Cash and cash equivalents at the beginning of the period</b>	<b>4,555,507</b>	<b>272,511</b>

## Statement of Changes in Equity

Statement of Changes in Equity as of September 30, 2010, according to IFRS (unaudited)

EURO	Subscribed capital	Capital reserves	Statutory reserves	Other earnings reserves	Equity capital differences from currency translation	Group result	Equity	Minority shares	Total
<b>December 31, 2008</b>	<b>2,235,000</b>	<b>20,616,179</b>	<b>78,989</b>	<b>1,335,188</b>	<b>-763,509</b>	<b>-7,813,115</b>	<b>15,688,732</b>	<b>2,692</b>	<b>15,691,424</b>
Period result	0	0	0	0	0	-4,799,621	-4,799,621		-4,799,621
Minority shares	0	0	0	0	0	76,233	76,233	-72,807	3,426
Exchange rate difference from converting foreign financial statements	0	0	0	0	184,911	0	184,911	0	184,911
<b>Total recognised expenses/ income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>184,911</b>	<b>-4,723,388</b>	<b>-4,538,477</b>	<b>-72,807</b>	<b>-4,611,284</b>
<b>December 31, 2009</b>	<b>2,235,000</b>	<b>20,616,179</b>	<b>78,989</b>	<b>1,335,188</b>	<b>-578,598</b>	<b>-12,536,503</b>	<b>11,150,255</b>	<b>-70,115</b>	<b>11,080,140</b>
Period result	0	0	0	0	0	806,031	806,031	0	806,031
Minority shares	0	0	0	0	0	13,285	13,285	-13,285	0
Exchange rate difference from converting foreign financial statements	0	0	0	0	14,557	0	14,557	0	14,557
<b>Total recognised expenses/ income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14,557</b>	<b>-819,316</b>	<b>833,873</b>	<b>-13,285</b>	<b>820,588</b>
<b>September 30, 2010</b>	<b>2,235,000</b>	<b>20,616,179</b>	<b>78,989</b>	<b>1,335,188</b>	<b>-564,041</b>	<b>-11,717,187</b>	<b>11,984,128</b>	<b>-83,400</b>	<b>11,900,728</b>

# Notes

## Notes to the Interim Financial Report as of September 30, 2010, 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, 2010, through September 30, 2010, 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, 2009.

### Changes of the group of consolidated companies

The group of consolidated companies has not changed since December 31, 2009.

### 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:

<u>In TEUR</u>	<u>1 Jan.- 30 Sep 2010</u>	<u>1 Jan.- 30 Sep 2009</u>
Licence revenues	4,191	3,530
Maintenance revenues	3,656	3,273
Service revenues	<u>2,888</u>	<u>2,356</u>
Total	<u>10,735</u>	<u>9,159</u>

The sales revenues are divided among the following sales regions:

<u>In TEUR</u>	<u>1 Jan.- 30 Sep 2010</u>	<u>1 Jan.- 30 Sep 2009</u>
Germany,Austria and Switzerland	5,519	3,907
Other foreign countries	<u>5,216</u>	<u>5,252</u>
Total	<u>10,735</u>	<u>9,159</u>

### Taxes on income and earnings

Taxes on income and earnings are classified as follows:

<u>In TEUR</u>	<u>1 Jan.- 30 Sep 2010</u>	<u>1 Jan.- 30 Sep 2009</u>
Income taxes	0	33
Deferred taxes	<u>769</u>	<u>1,283</u>
Total	<u>769</u>	<u>1,316</u>

### Executive Board

As of September 30, 2010, the Executive Board of InVision Software AG consists of the following members:

Peter Bollenbeck	Chairman
Matthias Schroer	Member

### Supervisory Board

As of September 30, 2010, 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 § 15a 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 TEUR 5 in a given calendar year. In the first six months of 2010, no transactions were reported to the company.

### 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 348.

### Number of employees

As of September 30, 2010, the InVision Group had 163 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 IFRS 8 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 number of shares issued and outstanding during the reporting period. InVision Software AG has issued only ordinary shares. In the first nine months of 2010, the assumed number of shares equalled 2,235,000. Earnings per share for this period therefore equalled 0.37 Euro compared to -1.39 Euro in the first nine 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, 15<sup>th</sup> of November 2010*

# Financial Calendar

Interim Report 9M 2010

15 November 2010

Analysts' Conference (German Equity Forum, Frankfurt/Main)

22-23 November 2010

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