

# Consolidated Income Statements

## SAP Group 2nd Quarter

(unaudited)

(€millions)

	2007	2006	Δ
Software revenue	715	604	18%
Support revenue	948	840	13%
Subscription and other software related service revenue	44	33	33%
Software and software related service revenue	1,707	1,477	16%
Consulting revenue	556	567	-2%
Training revenue	104	98	6%
Other service revenue	28	23	22%
Professional services and other service revenue	688	688	0%
Other revenue	29	30	-3%
<b>Total revenue</b>	<b>2,424</b>	<b>2,195</b>	<b>10%</b>
Cost of software and software related services	-309	-266	16%
Cost of professional services and other services	-524	-514	2%
Research and development	-353	-316	12%
Sales and marketing	-538	-471	14%
General and administration	-127	-109	17%
Other income/expense, net	4	5	-20%
<b>Total operating expenses</b>	<b>-1,847</b>	<b>-1,671</b>	<b>11%</b>
<b>Operating income</b>	<b>577</b>	<b>524</b>	<b>10%</b>
Other non-operating income/ expense, net	-4	2	-300%
Financial income, net	35	29	21%
<b>Income before income taxes</b>	<b>608</b>	<b>555</b>	<b>10%</b>
Income taxes	-157	-139	13%
Minority interest	-2	-1	100%
<b>Net income</b>	<b>449</b>	<b>415</b>	<b>8%</b>
<b>Basic earnings per share (in €)</b>	<b>0.37</b>	<b>0.34</b>	<b>9%</b>
Weighted average number of shares (in thousands), treasury stock excluded	1,208,067	1,228,597	
<b>Effective tax rate</b>	<b>25.8%</b>	<b>25.0%</b>	

# Consolidated Income Statements

## SAP Group 1st Half Year

(unaudited)

(€millions)

	2007	2006	Δ
Software revenue	1,278	1,118	14%
Support revenue	1,865	1,690	10%
Subscription and other software related service revenue	83	57	46%
Software and software related service revenue	3,226	2,865	13%
Consulting revenue	1,074	1,102	-3%
Training revenue	198	187	6%
Other service revenue	56	45	24%
Professional services and other service revenue	1,328	1,334	0%
Other revenue	36	37	-3%
<b>Total revenue</b>	<b>4,590</b>	<b>4,236</b>	<b>8%</b>
Cost of software and software related services	-601	-537	12%
Cost of professional services and other services	-1,029	-1,019	1%
Research and development	-692	-627	10%
Sales and marketing	-1,018	-910	12%
General and administration	-246	-219	12%
Other income/expense, net	6	9	-33%
<b>Total operating expenses</b>	<b>-3,580</b>	<b>-3,303</b>	<b>8%</b>
<b>Operating income</b>	<b>1,010</b>	<b>933</b>	<b>8%</b>
Other non-operating income/ expense, net	-7	-15	-53%
Financial income, net	71	65	9%
<b>Income before income taxes</b>	<b>1,074</b>	<b>983</b>	<b>9%</b>
Income taxes	-313	-285	10%
Minority interest	-2	-1	100%
<b>Net income</b>	<b>759</b>	<b>697</b>	<b>9%</b>
<b>Basic earnings per share (in €)</b>	<b>0.63</b>	<b>0.57</b>	<b>11%</b>
Weighted average number of shares (in thousands), treasury stock excluded	1,211,055	1,232,107	
<b>Effective tax rate</b>	<b>29.1%</b>	<b>29.0%</b>	

**Consolidated Balance Sheets**  
**SAP Group - (unaudited) - (in € millions)**

**Assets**

	06/30/2007	12/31/2006	Δ
Cash and cash equivalents	1,930	2,399	-20%
Short-term investments	880	931	-5%
Accounts receivables, net	2,283	2,440	-6%
Other assets, inventories	367	371	-1%
Deferred income taxes	133	108	23%
Prepaid expenses/deferred charges	129	75	72%
<b>Current assets</b>	<b>5,722</b>	<b>6,324</b>	-10%
Goodwill, Intangible assets, net	1,657	1,250	33%
Property, plant and equipment, net	1,271	1,206	5%
Investments	88	95	-7%
Accounts receivable, net	3	3	0%
Other assets	689	533	29%
Deferred income taxes	102	69	48%
Prepaid expenses/deferred charges	25	23	9%
<b>Noncurrent assets</b>	<b>3,835</b>	<b>3,179</b>	21%
<b>Total assets</b>	<b>9,557</b>	<b>9,503</b>	<b>1%</b>

**Liabilities, Minority interests and Shareholders' equity**

	06/30/2007	12/31/2006	Δ
Accounts payable	581	610	-5%
Income tax obligations	90	297	-70%
Other liabilities, provisions	1,143	1,461	-22%
Deferred income	1,128	405	179%
<b>Current liabilities</b>	<b>2,942</b>	<b>2,773</b>	6%
<b>Accounts payable</b>	<b>14</b>	<b>34</b>	-59%
<b>Income tax obligations</b>	<b>229</b>	<b>83</b>	176%
<b>Other liabilities, provisions</b>	<b>451</b>	<b>412</b>	9%
<b>Deferred income</b>	<b>66</b>	<b>55</b>	20%
<b>Total Liabilities</b>	<b>3,702</b>	<b>3,357</b>	10%
Minority interests	1	10	-90%
Shareholders' equity	5,854	6,136	-5%
<b>Total Liabilities, Minority interests and Shareholders' equity</b>	<b>9,557</b>	<b>9,503</b>	<b>1%</b>
Days Sales Outstanding	67	68	

## **Consolidated Statement of Cash Flows for the six months ended June 30,**

*unaudited - in € millions*

	2007	2006
<b>Net income</b>	<b>759</b>	<b>697</b>
Minority interests	2	1
<b>Income before minority interests</b>	<b>761</b>	<b>698</b>
Adjustments to reconcile income before minority interests to net cash provided		
by operating activities:		
Depreciation and amortization	121	108
Loss from equity investees	1	0
Gains on disposal of property, plant, and equipment	0	-1
Gains on disposal of investments	-2	-1
Write-ups/downs of financial assets	0	-1
Impacts of STAR hedging	13	-63
Stock-based compensation including income tax benefits	10	52
Excess tax benefit from stock-based compensation	0	-2
Deferred income taxes	1	-9
Change in accounts receivables	153	218
Change in other assets	-310	-200
Change in accrued and other liabilities	-485	-501
Change in deferred income	755	679
<b>Net cash provided by operating activities</b>	<b>1,018</b>	<b>977</b>
Acquisition of minority interests in subsidiaries	-48	0
Business combinations, net of cash and cash equivalents acquired	-345	-486
Purchase of intangible assets and property, plant, and equipment	-196	-131
Proceeds from disposal of intangible assets and property, plant, and equipment	11	14
Purchase of investments	-512	-812
Sales of investments	538	1,597
Purchase of other financial assets	-7	-7
Sales of other financial assets	7	5
<b>Net cash used in/provided by investing activities</b>	<b>-552</b>	<b>180</b>
Dividends paid	-556	-447
Purchase of treasury stock	-506	-947
Proceeds from reissuance of treasury stock	42	134
Proceeds from issuance of common stock (stock-based compensation)	13	42
Excess tax benefit from stock-based compensation	0	2
Proceeds from short-term and long-term debt	18	35
Repayments of short-term and long-term debt	-13	-32
Proceeds from the exercise of equity-based derivative instruments (STAR hedge)	75	57
Purchase of equity-based derivative instruments (STAR hedge)	0	-53
		-
<b>Net cash used in financing activities</b>	<b>-927</b>	<b>1,209</b>
Effect of foreign exchange rates on cash and cash equivalents	-8	-6
<b>Net change in cash and cash equivalents</b>	<b>-469</b>	<b>-58</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>2,399</b>	<b>2,064</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>1,930</b>	<b>2,006</b>

## **Footnotes**

This press release discloses certain financial measures, such as free cash flow, and constant currency period-over-period changes in revenue and operating income, that are not prepared in accordance with U.S. GAAP and are therefore considered non-GAAP measures. Our non-GAAP measures may not correspond to non-GAAP measures that other companies report. The non-GAAP measures that we report should be considered as additional to, and not as substitutes for or superior to, revenue, operating income, cash flows, or other measures of financial performance prepared in accordance with U.S. GAAP. Our non-GAAP measures are reconciled to the nearest U.S. GAAP measure in this report.

### **1) Non-GAAP Measures**

This press release discloses certain financial measures, such as free cash flow, and constant currency period-over-period changes in revenue and operating income, that are not prepared in accordance with U.S. GAAP and are therefore considered non-GAAP measures. Our non-GAAP measures may not correspond to non-GAAP measures that other companies report. The non-GAAP measures that we report should be considered as additional to, and not as substitutes for or superior to, revenue, operating income, cash flows, or other measures of financial performance prepared in accordance with U.S. GAAP. Our non-GAAP measures are reconciled to the nearest U.S. GAAP measure in this press release.

### **FREE CASH FLOW**

We believe that free cash flow is a widely accepted supplemental measure of liquidity. Free cash flow measures a company's cash flow remaining after all expenditures required to maintain or expand the business have been paid off. We calculate free cash flow as operating cash flow minus additions to long-lived assets excluding additions from acquisitions. Free cash flow should be considered in addition to, and not as a substitute for or superior to, cash flow or other measures of liquidity and financial performance prepared in accordance with U.S. GAAP.

Free cash flow reconciles to the nearest U.S. GAAP measure as follows:

RECONCILIATION FOR SIX MONTH  
ENDED JUNE 30

In €millions | unaudited

	H1 2007	H1 2006
Net cash provided by operating activities	1,018	977
Additions to long-lived assets excluding additions from acquisitions	-196	-131
Free cash flow	822	846

CONSTANT CURRENCY PERIOD-OVER-PERIOD CHANGES

We believe it is important for investors to have information that provides insight into our sales growth. Revenue measures determined under U.S. GAAP provide information that is useful in this regard. However, both growth in sales volume and currency effects impact period-over-period changes in sales revenue. We do not sell standardized units of products and services, so we cannot provide relevant information on sales volume growth by providing data on the growth in product and service units sold. To provide additional information that may be useful to investors in breaking down and evaluating sales volume growth, we present information about our revenue growth and various values and components relating to operating income that are adjusted for foreign currency effects. We calculate constant currency year-over-year changes in revenue and operating income by translating foreign currencies using the average exchange rates from the previous (comparator) year instead of the report year.

Constant currency period-over-period changes should be considered in addition to, and not as a substitute for or superior to, changes in revenues, expenses, income, or other measures of financial performance prepared in accordance with U.S. GAAP.

We believe that data on constant currency period-over-period changes have limitations, particularly as the currency effects that are eliminated constitute a significant element of our revenues and expenses and may severely impact our performance. We therefore limit our use of constant currency period-over-period changes to the analysis of changes in volume as one element of the full change in a financial measure. We do not evaluate our growth and performance without considering both constant currency period-over-period changes on the one hand and changes in revenues, expenses, income, or other measures of financial performance prepared in accordance with U.S. GAAP on the other. We caution the readers of this press release to follow a similar approach by considering data on constant currency period-over-period changes only in addition

to, and not as a substitute for or superior to, changes in revenues, expenses, income, or other measures of financial performance prepared in accordance with U.S. GAAP.

Constant currency year-over-year changes in revenue and operating income reconcile to the respective unadjusted year-over-year changes as follows:

#### RECONCILIATION 2ND QUARTER

unaudited	Percentage change from 2006 to 2007 as reported	Constant currency percentage change from 2006 to 2007	Currency effect
	%	%	Percentage points
Software revenue	18	21	-3
Support revenue	13	16	-3
Subscription and other software related service revenue	33	36	-3
<b>Software and software related service revenue</b>	16	19	-3
Consulting revenue	-2	1	-3
Training revenue	6	10	-4
Other service revenue	22	26	-4
<b>Professional services and other service revenue</b>	0	3	-3
Other revenue	-3	1	-4
<b>Total revenue</b>	10	14	-4
<b>Software revenue by region<sup>1)</sup>:</b>			
EMEA region	22	23	-1
Americas region	10	15	-5
Asia Pacific Japan region	27	31	-4
<b>Software revenue</b>	18	21	-3
<b>Software and software related service revenue by region<sup>1)</sup>:</b>			

Germany	7	7	0
Rest of EMEA region	22	23	-1
<b>EMEA region</b>	16	17	-1
United States	4	11	-7
Rest of Americas region	41	44	-3
<b>Americas region</b>	12	18	-6
Japan	24	39	-15
Rest of Asia Pacific Japan region	24	23	1
<b>Asia Pacific Japan region</b>	24	29	-5
<b>Software and software related service revenue</b>	16	19	-3
<b>Total revenues by region<sup>1)</sup>:</b>			
Germany	4	4	0
Rest of EMEA region	16	18	-2
<b>EMEA region</b>	12	12	0
United States	1	8	-7
Rest of Americas region	27	29	-2
<b>Americas region</b>	6	12	-6
Japan	14	29	-15
Rest of Asia Pacific Japan region	23	22	1
<b>Asia Pacific Japan region</b>	20	25	-5
<b>Total revenue</b>	10	14	-4
<b>Operating income</b>	10	11	-1

1) Based on customer location

RECONCILIATION FOR SIX MONTH  
ENDED JUNE 30

unaudited	Percentage change from 2006 to 2007 as reported	Constant currency percentage change from 2006 to 2007	Currency effect
	%	%	Percentage points
Software revenue	14	19	-5
Support revenue	10	14	-4
Subscription and other software related service revenue	46	51	-5
<b>Software and software related service revenue</b>	13	17	-4
Consulting revenue	-3	1	-4
Training revenue	6	10	-4
Other service revenue	24	31	-7
<b>Professional services and other service revenue</b>	0	3	-3
Other revenue	-3	3	-6
<b>Total revenue</b>	8	12	-4
<b>Software revenue by region<sup>1)</sup>:</b>			
EMEA region	16	17	-1
Americas region	11	18	-7
Asia Pacific Japan region	19	25	-6
<b>Software revenue</b>	14	19	-5
<b>Software and software related service revenue by region<sup>1)</sup>:</b>			
Germany	6	6	0
Rest of EMEA region	17	19	-2

<b>EMEA region</b>	13	14	-1
United States	8	17	-9
Rest of Americas region	23	29	-6
<b>Americas region</b>	12	20	-8
Japan	10	23	-13
Rest of Asia Pacific Japan region	16	17	-1
<b>Asia Pacific Japan region</b>	14	19	-5
<b>Software and software related service revenue</b>	13	17	-4
<b>Total revenues by region<sup>1)</sup>:</b>			
Germany	4	4	0
Rest of EMEA region	13	15	-2
<b>EMEA region</b>	10	10	0
United States	3	11	-8
Rest of Americas region	15	21	-6
<b>Americas region</b>	5	13	-8
Japan	4	16	-12
Rest of Asia Pacific Japan region	17	19	-2
<b>Asia Pacific Japan region</b>	12	18	-6
<b>Total revenue</b>	8	12	-4
<b>Operating income</b>	8	11	-3

1) Based on customer location

## 2) Core Enterprise Applications Vendor Share

Beginning in the first quarter of 2007, the Company began using software and software related service revenues for defining Core Enterprise Application Vendor Share because the Company believes that this is the most important indicator for vendor share oriented analysis with the realignment of its income statement structure. Prior to the first quarter of 2007, the Company had been using software revenues for defining Core Enterprise Application Vendor Share.

The Company provides share data based on the vendors of Core Enterprise Applications solutions, which account for approximately \$35.3 billion in software and software related service

revenues as defined by the Company based on industry analyst research. For 2007, industry analysts project approximately 7% year-on-year growth for core Enterprise Applications vendors. For its quarterly share calculation, SAP assumes that this approximate 7% growth will not be linear throughout the year. Instead, quarterly adjustments are made based on the financial performance of a sub set (approximately 25) of Core Enterprise Application vendors.

3) The Company defines the midmarket as consisting of companies with either less than 2,500 employees, or less than US\$1 billion in revenues.

4) As stated in its January 24, 2007 press release, the Company disclosed that it accommodated a US customer with a modification of contracts signed between SAP and this customer prior to 2006 (1997 – 2005). This accommodation entered into by the end of September, 2006 resulted in a reduction of license revenues by €31 million for the third quarter of 2006, but it did not impact the value of licenses sold in the US in 2006. In January, the Company stated that it expected to reinstate a portion of the €31 million of software revenue with this US customer in the first quarter of 2007. In the first quarter of 2007, the Company reinstated in software revenue €19 million of the €31 million reduction from the third quarter of 2006. The Company does not expect to recover any further software revenue amounts.