

Consolidated Statements of Income SAP Group

3rd quarter

UNAUDITED

in € millions

	2007	2006	Δ	Δ const. curr. ²⁾
Software revenue	715	642	11%	15%
Support revenue	978	866	13%	16%
Subscription and other software related service revenue	46	36	28%	31%
Software and software related service revenue	1,739	1,544	13%	16%
Consulting revenue	544	539	1%	4%
Training revenue	102	91	12%	15%
Other service revenue	28	24	17%	17%
Professional services and other service revenue	674	654	3%	6%
Other revenue	9	16	-44%	-38%
Total revenue	2,422	2,214	9%	13%
Cost of software and software related services	-334	-268	25%	
Cost of professional services and other services	-502	-499	1%	
Research and development	-357	-332	8%	
Sales and marketing	-512	-451	14%	
General and administration	-121	-112	8%	
Other income/expense, net	5	-3	N/A	
Total operating expenses	-1,821	-1,665	9%	
Operating income	601	549	9%	
Other non-operating income/expense, net	-1	-4	-75%	
Financial income, net	32	26	23%	
Income before income taxes and minority interests	632	571	11%	
Income taxes	-223	-200	12%	
Minority interests	-1	-1	0%	
Net income	408	370	10%	
Earnings per share - basic in €	0.34	0.30	13%	
Weighted average number of shares (in thousands), treasury stock excluded	1,206,193	1,221,709		
Effective tax rate	35.3%	35.0%		
Operating margin	24.8%	24.8%		

Consolidated Statements of Income SAP Group for nine months ended September 30

UNAUDITED

in € millions

	2007	2006	Δ	Δ const. curr. ²⁾
Software revenue	1,993	1,760	13%	17%
Support revenue	2,843	2,556	11%	15%
Subscription and other software related service revenue	129	93	39%	43%
Software and software related service revenue	4,965	4,409	13%	16%
Consulting revenue	1,618	1,641	-1%	2%
Training revenue	300	278	8%	12%
Other service revenue	84	69	22%	26%
Professional services and other service revenue	2,002	1,988	1%	4%
Other revenue	45	53	-15%	-9%
Total revenue	7,012	6,450	9%	12%
Cost of software and software related services	-935	-805	16%	
Cost of professional services and other services	-1,531	-1,518	1%	
Research and development	-1,049	-959	9%	
Sales and marketing	-1,530	-1,361	12%	
General and administration	-367	-331	11%	
Other income/expense, net	11	6	83%	
Total operating expenses	-5,401	-4,968	9%	
Operating income	1,611	1,482	9%	
Other non-operating income/expense, net	-8	-19	-58%	
Financial income, net	103	91	13%	
Income before income taxes and minority interests	1,706	1,554	10%	
Income taxes	-536	-485	11%	
Minority interests	-3	-2	50%	
Net income	1,167	1,067	9%	
Earnings per share - basic in €	0.96	0.87	10%	
Weighted average number of shares (in thousands), treasury stock excluded	1,209,416	1,228,574		
Effective tax rate	31.4%	31.2%		
Operating margin	23.0%	23.0%		

Consolidated Balance Sheets SAP Group

CONDENSED AND UNAUDITED

in € millions

Assets

	09/30/2007	12/31/2006	Δ
Cash and cash equivalents	1,609	2,399	-33%
Short-term investments	962	931	3%
Accounts receivable, net	2,158	2,440	-12%
Other assets, inventories	438	371	18%
Deferred income taxes	117	108	8%
Prepaid expenses/deferred charges	100	75	33%
Current assets	5,384	6,324	-15%
Goodwill, intangible assets, net	1,602	1,250	28%
Property, plant, and equipment, net	1,291	1,206	7%
Investments	78	95	-18%
Accounts receivable, net	3	3	0%
Other assets	877	533	65%
Deferred income taxes	94	69	36%
Prepaid expenses/deferred charges	24	23	4%
Noncurrent assets	3,969	3,179	25%
Total assets	9,353	9,503	-2%

Liabilities, Minority interests and Shareholders' equity

	09/30/2007	12/31/2006	Δ
Accounts payable	543	610	-11%
Income tax obligations	88	297	-70%
Other liabilities, provisions	1,201	1,461	-18%
Deferred income	717	405	77%
Current liabilities	2,549	2,773	-8%
Accounts payable	12	34	-65%
Income tax obligations	170	83	105%
Other liabilities, provisions	478	412	16%
Deferred income	69	55	25%
Total liabilities	3,278	3,357	-2%
Minority interests	1	10	-90%
Shareholders' equity	6,074	6,136	-1%
Total liabilities, Minority interests and Shareholders' equity	9,353	9,503	-2%
Days Sales Outstanding	67	68	

Consolidated Statements of Cash Flows SAP Group for nine months ended September 30, unaudited

in € millions

	2007	2006
Net income	1,167	1,067
Minority interests	3	2
Income before minority interests	1,170	1,069
Adjustments to reconcile income before minority interests to net cash provided by operating activities:		
Depreciation and amortization	188	158
Loss from equity investees	1	0
Gains on disposal of property, plant, and equipment	0	-3
Gains on disposal of investments	-2	0
Write-ups/downs of financial assets	2	-1
Impacts of STAR hedging	13	-64
Stock-based compensation including income tax benefits	31	61
Deferred income taxes	2	-62
Change in accounts receivables	246	245
Change in other assets	-232	-159
Change in accrued and other liabilities	-448	-327
Change in deferred income	373	369
Net cash provided by operating activities	1,344	1,286
Acquisition of minority interests in subsidiaries	-48	0
Business combinations, net of cash and cash equivalents acquired (including prepayments)	-656	-497
Purchase of intangible assets and property, plant, and equipment	-293	-233
Proceeds from disposal of intangible assets and property, plant, and equipment	22	21
Purchase of investments	-720	-1,414
Sales of investments	646	2,016
Purchase of other financial assets	-15	-10
Sales of other financial assets	11	7
Net cash used in investing activities	-1,053	-110
Dividends paid	-556	-447
Purchase of treasury stock	-756	-971
Proceeds from reissuance of treasury stock	130	146
Proceeds from issuance of common stock (stock-based compensation)	39	44
Proceeds from short-term and long-term debt	32	40
Repayments of short-term and long-term debt	-32	-39
Proceeds from the exercise of equity-based derivative instruments (STAR hedge)	75	57
Purchase of equity-based derivative instruments (STAR hedge)	0	-53
Net cash used in financing activities	-1,068	-1,223
Effect of foreign exchange rates on cash and cash equivalents	-13	-17
Net change in cash and cash equivalents	-790	-64
Cash and cash equivalents at the beginning of the period	2,399	2,064

Cash and cash equivalents at the end of the period

1,609

2,000

Footnotes

1) 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.

2) 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 nine months ended September 30

In € millions

	2007	2006
Net cash provided by operating activities	1,344	1,286
Additions to long-lived assets excluding additions from acquisitions	-293	-233

Free cash flow	1,051	1,053
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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 of constant currency period-over-period changes for third quarter

Percentage change from 2006 to 2007 as reported	Constant currency percentage change from 2006 to 2007	Currency effect
%	%	Percentage

			points
Software revenue	11	15	-4
Support revenue	13	16	-3
Subscription and other software related service revenue	28	31	-3
Software and software related service revenue	13	16	-3
Consulting revenue	1	4	-3
Training revenue	12	15	-3
Other service revenue	17	17	0
Professional services and other service revenue	3	6	-3
Other revenue	-44	-38	-6
Total revenue	9	13	-4
Software revenue by region *:			
EMEA region	14	15	-1
Americas region	3	11	-8
Asia Pacific Japan region	25	28	-3
Software revenue	11	15	-4
Software and software related service revenue by region:			
Germany	3	3	0
Rest of EMEA region	21	22	-1
EMEA region	14	15	-1
United States	9	18	-9
Rest of Americas region	4	6	-2
Americas region	8	15	-7
Japan	6	16	-10
Rest of Asia Pacific Japan region	31	30	1
Asia Pacific Japan region	21	24	-3
Software and software related service revenue	13	16	-3
Total revenues by region:			
Germany	4	4	0
Rest of EMEA region	15	16	-1
EMEA region	10	11	-1
United States	7	15	-8
Rest of Americas region	2	4	-2
Americas region	6	13	-7
Japan	1	10	-9
Rest of Asia Pacific Japan region	27	27	0
Asia Pacific Japan region	16	20	-4
Total revenue	9	13	-4
Operating Income	9	14	-5

*) Based on customer location

Reconciliation of constant currency period-over-period changes for nine months ended September 30

	Percentage change from 2006 to 2007 as reported	Constant currency percentage change from 2006 to 2007	Currency effect
	%	%	Percentage points
Software revenue	13	17	-4
Support revenue	11	15	-4
Subscription and other software related service revenue	39	43	-4
Software and software related service revenue	13	16	-3
Consulting revenue	-1	2	-3
Training revenue	8	12	-4
Other service revenue	22	26	-4
Professional services and other service revenue	1	4	-3
Other revenue	-15	-9	-6
Total revenue	9	12	-3
Software revenue by region * :			
EMEA region	15	16	-1
Americas region	8	16	-8
Asia Pacific Japan region	22	26	-4
Software revenue	13	17	-4
Software and software related service revenue by region:			
Germany	5	5	0
Rest of EMEA region	19	20	-1
EMEA region	13	14	-1
United States	9	17	-8
Rest of Americas region	16	21	-5
Americas region	10	18	-8
Japan	8	20	-12
Rest of Asia Pacific Japan region	21	22	-1
Asia Pacific Japan region	16	21	-5
Software and software related service revenue	13	16	-3
Total revenue by region:			
Germany	4	4	0
Rest of EMEA region	14	15	-1
EMEA region	10	11	-1
United States	4	13	-9
Rest of Americas region	11	15	-4
Americas region	6	13	-7

Japan	3	14	-11
Rest of Asia Pacific Japan region	20	21	-1
Asia Pacific Japan region	14	18	-4
Total revenue	9	12	-3
Operating Income	9	14	-5

^{*)} Based on customer location

3) 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 \$35.9 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.