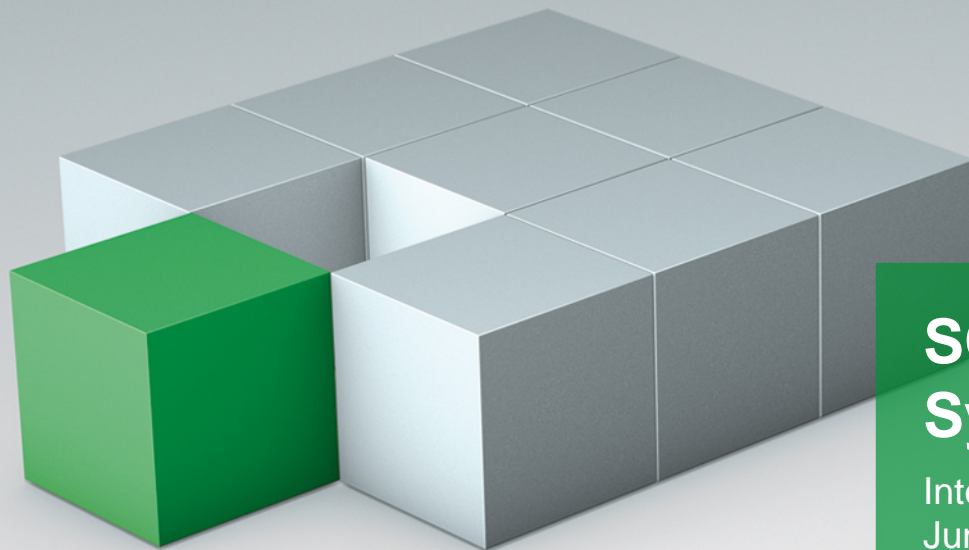


Quality Governance
Transforming IT into Business Value



SQS Software Quality Systems AG

Interim results for the 6 months ended
June 30th, 2008

Rudolf van Megen – Chief Executive Officer
René Gawron – Chief Financial Officer
David Cotterell – Chief Sales Officer

SQS Software Quality Systems AG

Agenda



SQS Group and Strategy

- Strategic priorities for 2008 – a reminder
- SQS Group – an overview

Financials

- Profit & Loss statement
- Balance sheet
- Cash flow statement
- Employee numbers
- Dividend policy

SQS in the market

- Clients
- Market
- Competitors

Strategic summary and outlook



SQS has achieved all strategic goals for HY1 2008.



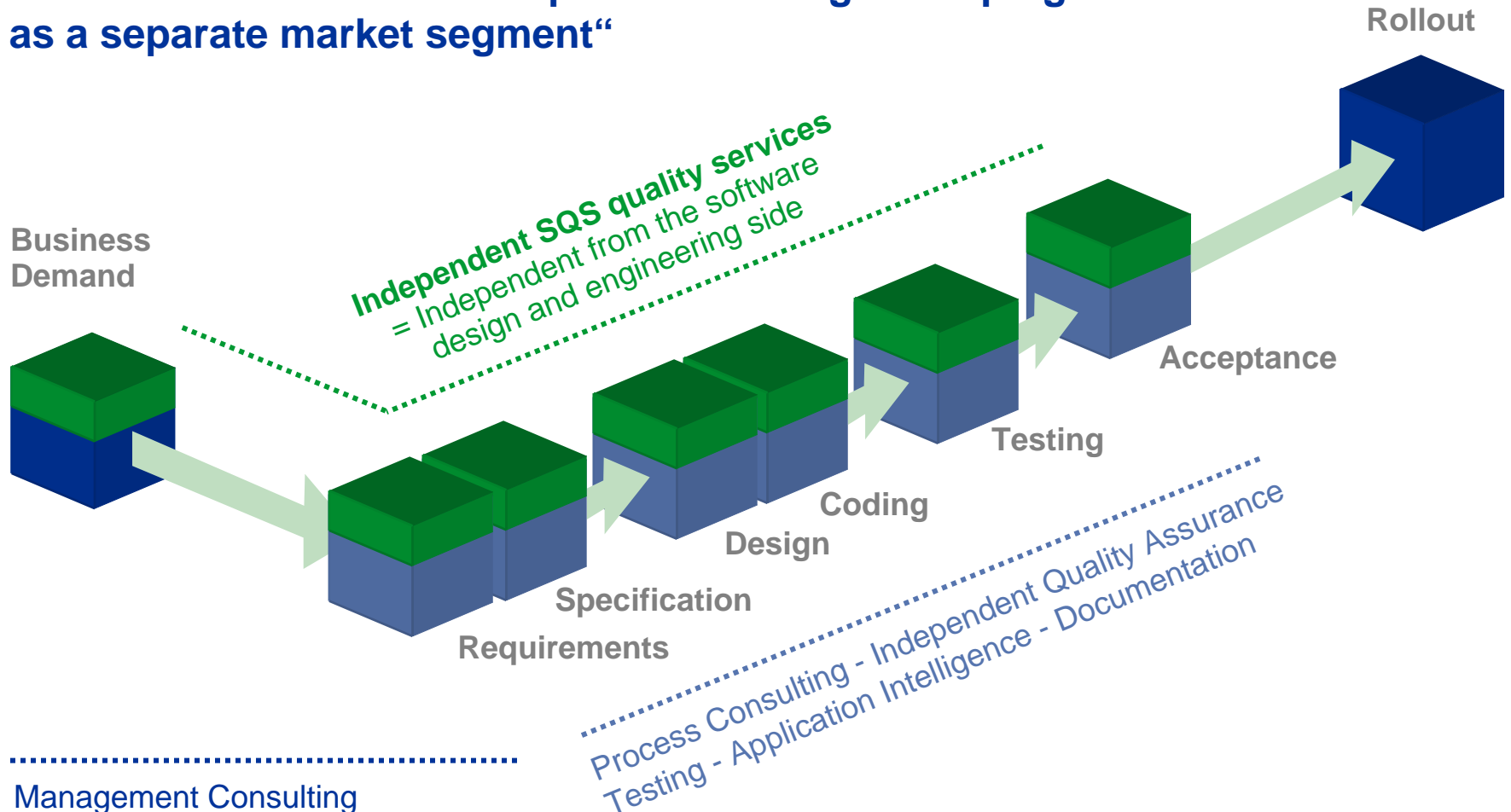
■ Strengthen market position	▶	✓ 65 strategic clients / two thirds of total revenue
■ Expand market verticals	▶	✓ 7 market verticals expanded from 25% (2005) to 43% of revenue
■ Target clients for long term outsourcing and offshoring contracts	▶	✓ Long term contracts share of revenue increased from 11% to 13%
■ Continue to improve profits	▶	✓ Adj. PBT up 45%, again outpacing revenue growth
■ Improve operating cash flow	▶	✓ Operating cash flow increased by 12%
■ Make appropriate acquisitions	▶	✓ Three earnings enhancing acquisitions in the last 12 months
■ Continue growth	▶	✓ 23% top line growth, outpacing market five times
■ Investment to support growth	▶	✓ Nearly 140 new consultants added
■ Pay an enhanced dividend	▶	✓ Dividend of 0,20 € was paid

Key SQS services in software quality management and testing

In many of its large customer projects SQS provides the full range of independent quality services.



Gartner: “It seems that independent testing is shaping as a separate market segment“



Management Consulting for Business

SQS is the global leader in independent software testing and quality management services.



- 26 years of prosperous operations
- Over 4,500 successfully completed projects
- Growing 4-5 times faster than the IT services market growth rate
- The customer base includes 36 FTSE-100 companies, half of the DAX 30 companies and nearly a third of the STOXX-50 companies
- SQS has evolved from a European onsite service company to a global onsite/offshore model with multi-language & culture sourcing

Austria
Finland
Germany
Ireland
Netherlands
Norway
Portugal
Sweden

Switzerland
United Kingdom

Spain
(Partnership)



PBT growth again strongly outpaces revenue growth.



■ Overhead costs (G&A, S&M, R&D) reduced by 1% of revenue leveraging from operational synergies resulting from successful integration of acquisitions

■ If £/€ ex-change rate would have stayed at HY 1 2007 levels, revenue would have been € 2.8m higher, PBT €0.54m higher

in € ,000	HY 1 2008	in % of sales	HY 1 2007	in % of sales	Change	YE 2007	in % of sales
Revenue	68,867		56,214		22.5%	121,059	
Gross Margin	23,900	34.7%	19,413	34.5%	23.1%	41,752	34.5%
G&A	10,909	15.8%	8,943	15.9%		19,004	15.7%
S&M	4,765	6.9%	3,931	7.0%		8,621	7.1%
R&D	1,449	2.1%	1,811	3.2%		3,614	3.0%
EBITDA	8,474	12.3%	6,202	11.0%		14,124	11.7%
Depreciation	1,697		1,474			3,611	
adj. EBIT	6,777	9.8%	4,728	8.4%	43.3%	10,513	8.7%
Net interest financial	- 126		- 153			- 46	
adj. PBT	6,651	9.7%	4,575	8.1%	45.4%	10,467	8.6%
IFRS interest on Cresta/Triton purchase	- 353		- 281			- 561	
IFRS regular amortisation on acqu.	- 362		0			- 241	
PBT	5,936	8.6%	4,294	7.6%	38.2%	9,665	8.0%
Taxes	1,672		1,369			2,932	
Profit after taxes	4,264	6.2%	2,925	5.2%	45.8%	6,733	5.6%

Balance Sheet HY1 2008

Strong asset base



in €,000

- Trade receivables at 65 debtor days (HY 1 2007: 70) due to improvements in invoicing and collection

- Majority of liabilities for Cresta and Triton purchases will be settled with SQS shares

		HY 1 2008	HY 1 2007	YE 2007
Assets	Non current assets	57,233	35,567	56,598
	Goodwill Cresta	35,244	28,313	35,244
	Goodwill / intangible assets Triton	13,205	0	13,324
	Other assets	8,784	7,254	8,030
	Current assets	38,299	31,803	35,689
	Cash/marketable securities	1,774	4,598	7,220
	Trade receivables/work in progress	30,703	25,785	27,173
	Other receivables	5,822	1,420	1,296
	Total assets	95,532	67,370	92,287
Equity and Liabilities	Current liabilities	36,665	25,113	33,930
	Bank loans & overdrafts	2,827	989	191
	Trade creditors	5,010	3,250	3,547
	Short term liab. Cresta/Triton purchase	11,921	7,304	11,861
	Other short term liabilities	11,779	9,075	12,918
	Tax accruals and liabilities	5,128	4,495	5,413
	Non current liabilities	9,484	8,101	9,339
	Bank loans	102	109	105
	Long term liabilities Triton purchase	4,299	3,617	4,116
	Other non current liabilities	5,083	4,375	5,118
	Equity/Net Assets	49,383	34,156	49,018
	Total liabilities	95,532	67,370	92,287

Improved operating cash flow enabling further growth.

in €,000

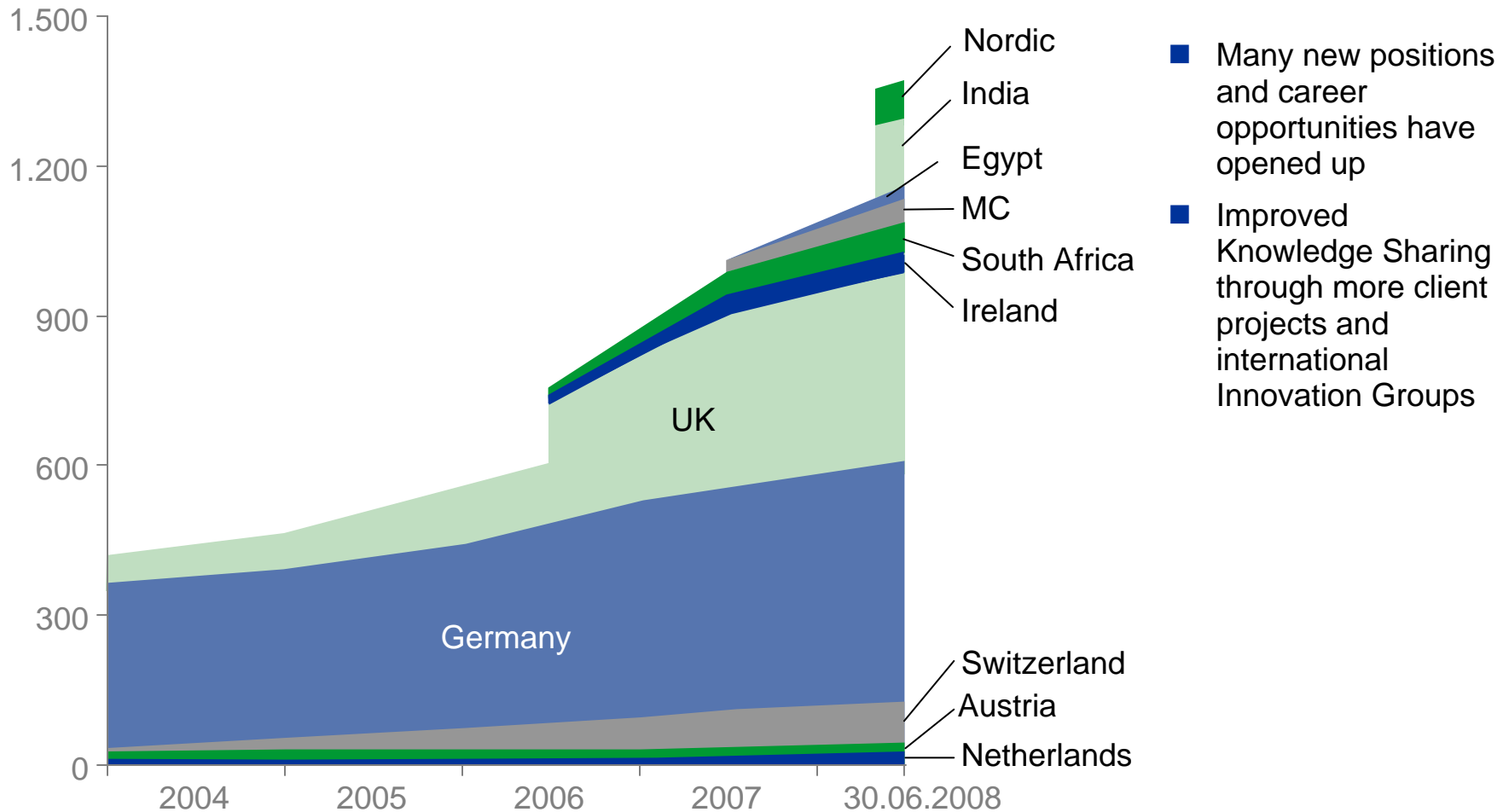
	HY 1 2008	HY 1 2007	YE 2007
Net cash flow from Operating activities	4,210	3,759	13,540
Interest payments	- 184	- 216	- 497
Tax payments / exchange rate movements	- 1,614	- 152	- 1,689
Current business activities	2,412	3,391	11,354
Acquisition and capitalization of tangible / intangible assets (w/o goodwill)	- 3,004	- 1,418	- 2,930
Purchase of marketable sec.	0	-1,020	0
Acquisition / disposal of subsidiaries	- 3,270	0	- 3,088
Foreign currency result / interest received	168	27	490
Investment activities	- 6,106	- 2,411	- 5,528
Increase in share capital / dividends	- 4,180	4,817	4,817
Costs of floatation / secondaries	0	- 98	- 100
Redemption of finance loans	2,633	- 4,686	- 5,497
Increase of finance loans	0	0	0
Redemption / termination of leasing contracts	- 205	0	- 391
Financing activities	- 1,752	33	- 1,171
Cash at beginning	7,220	2,565	2,565
Cash at end	1,774	3,578	7,220

- Investment activities include € 3.3m on Nordic and Indian acquisitions (post balance sheet event), financing activities include € 4.2m dividend payment.

In the last 4 years SQS has developed from a mainly German based company to an international onsite/offshore company.



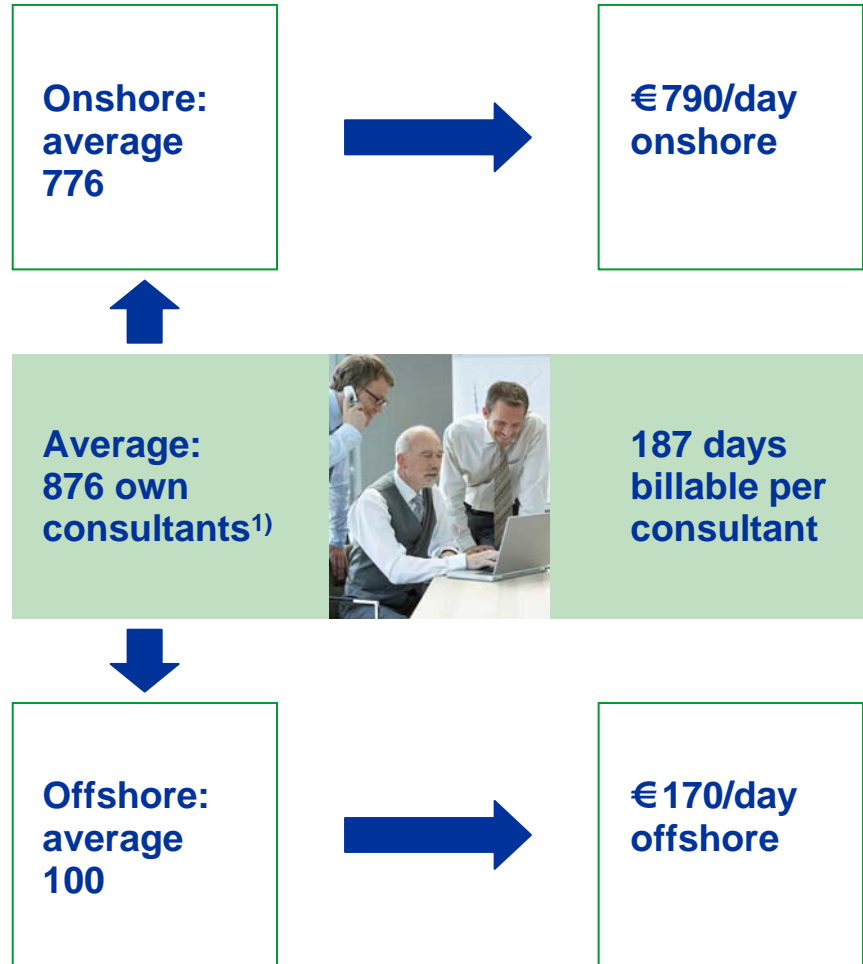
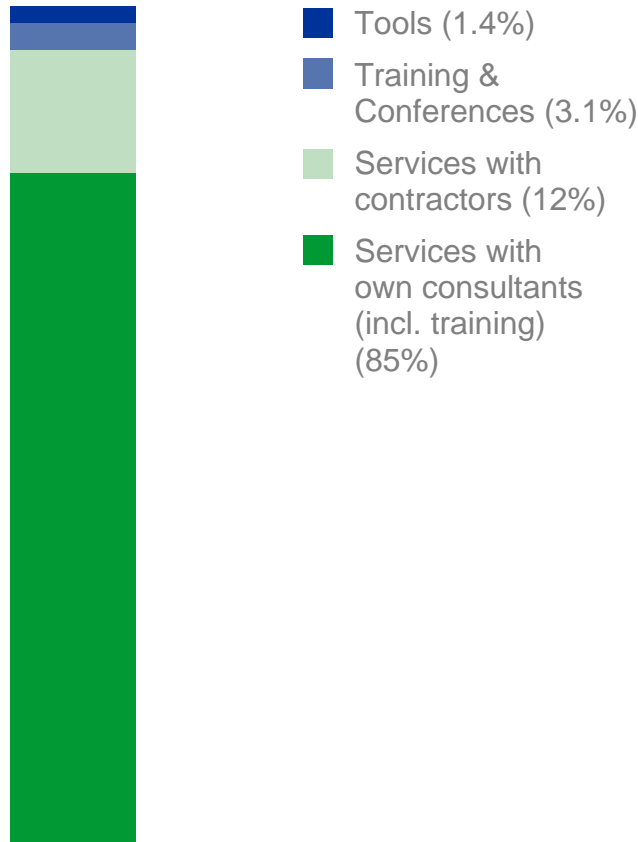
Number of Employees



85% of SQS revenues are billable days by its own consultants.



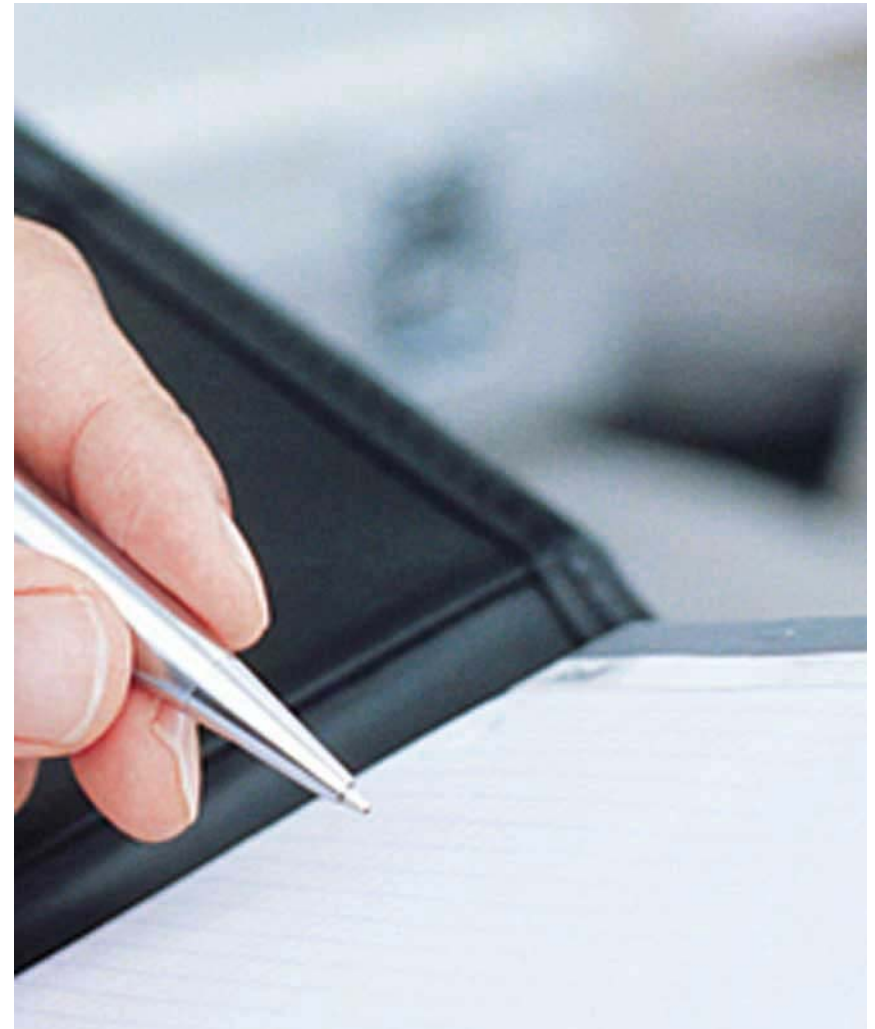
Revenue HY1 2008: €68.9 m



1) 943 at end of HY1 2008

We have paid an enhanced dividend for 2007.

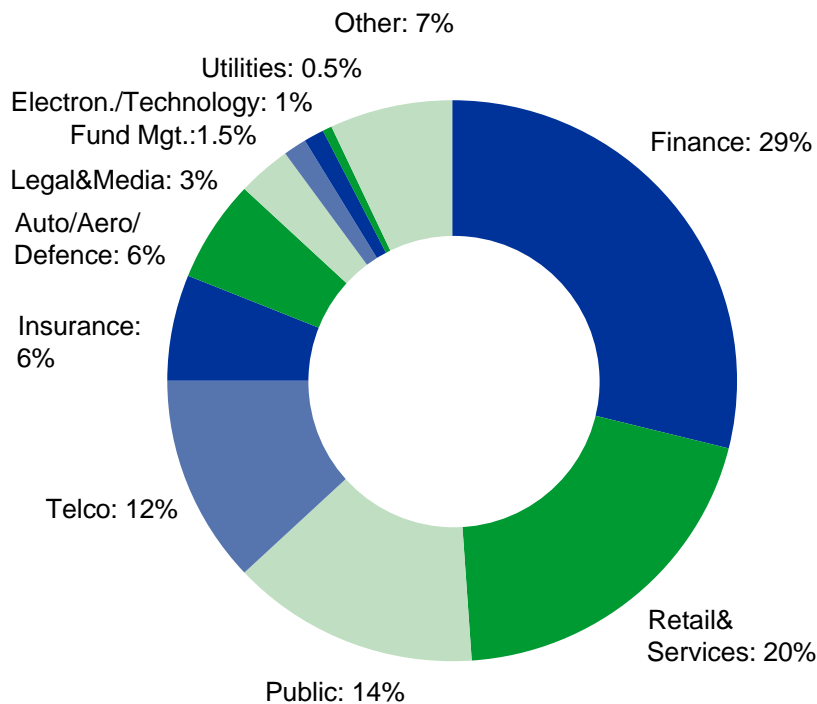
- SQS has paid an enhanced dividend (incl. 2006) of 20 €-cents per share for its 2007 financial year
- The 2007 dividend was paid following the AGM on May 28, 2008
- SQS proposes to continue to operate a dividend policy in line with earnings



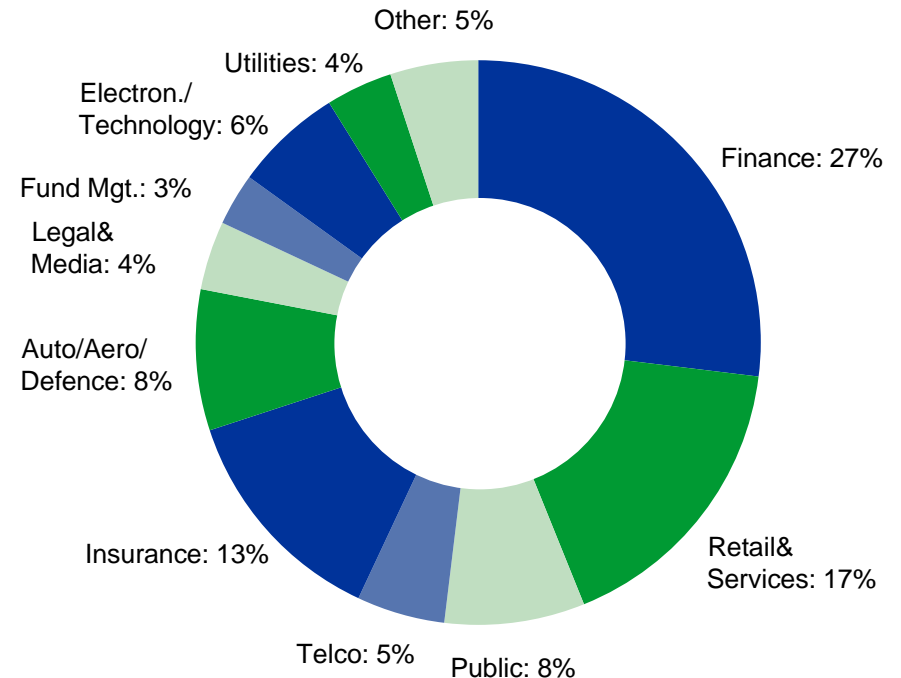
We have followed a strategy to develop the smaller verticals of our client base.



Verticals in 2005¹⁾



Verticals in HY 1/2008¹⁾

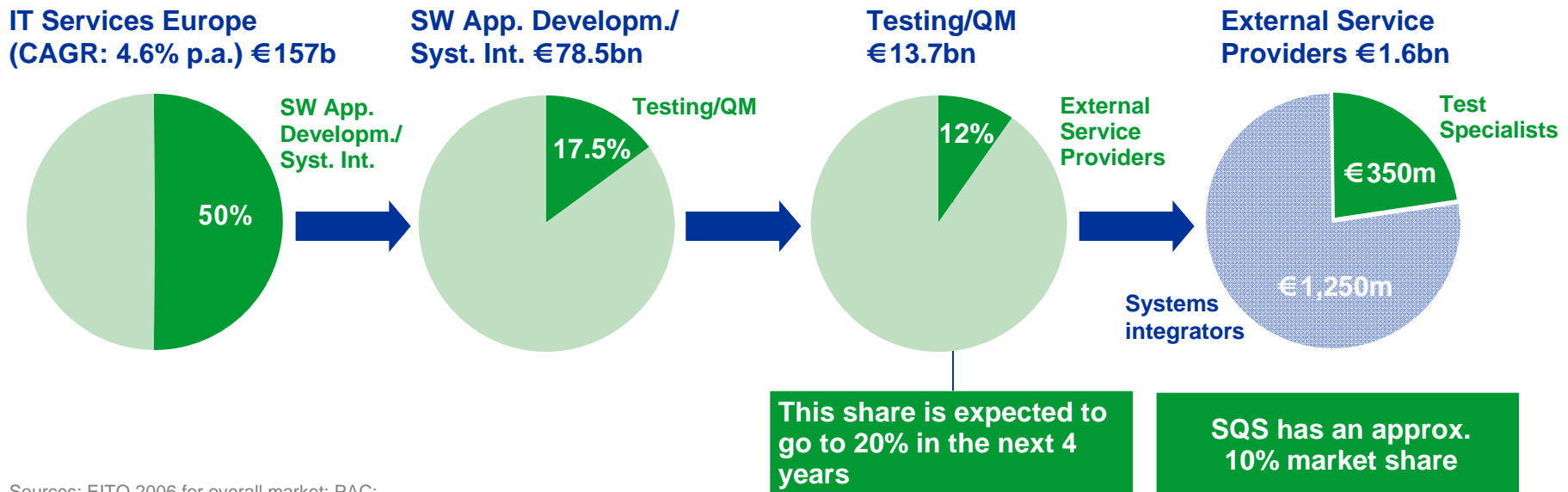


1) All percentages: percentage of total SQS Group revenue; 2005: 54.7m € revenue, 2008 HY1: 68.9m€ revenue

Strong growth potential for SQS due to an increase in testing outsourced to external service providers.

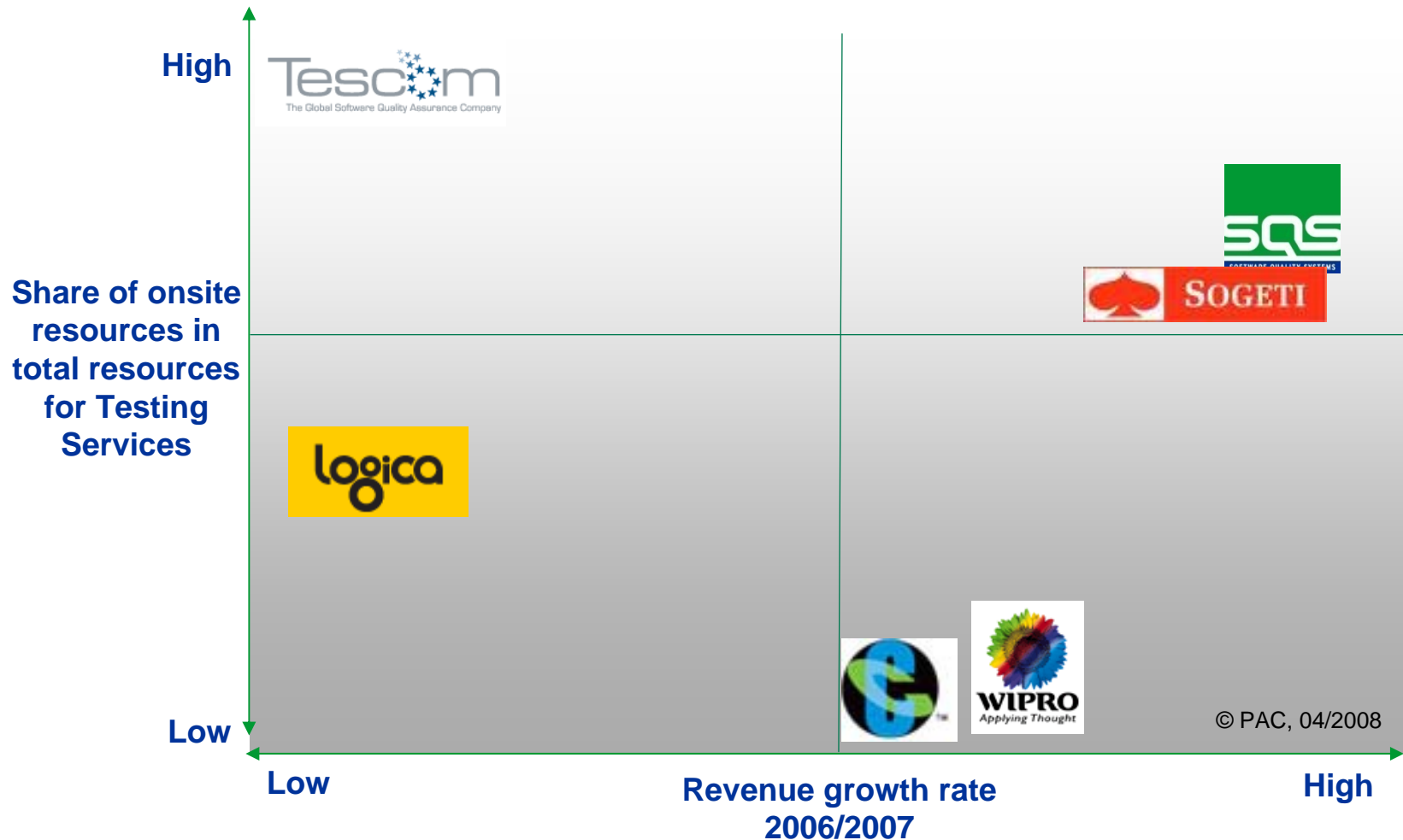


- 79% acknowledge that software testing is essential in IT product development
- Two thirds consider the independence of the test team from the software development team as important
- 79% agree that test automation strongly contributes to real value returns in IT investments
- 34% agreed that the budget for external test consultants will grow, 34% said it will remain the same and only 3% believed it will decrease



Sources: EITO 2006 for overall market; PAC: International Market Analysis „Software Testing“, 2008 for Testing/QM

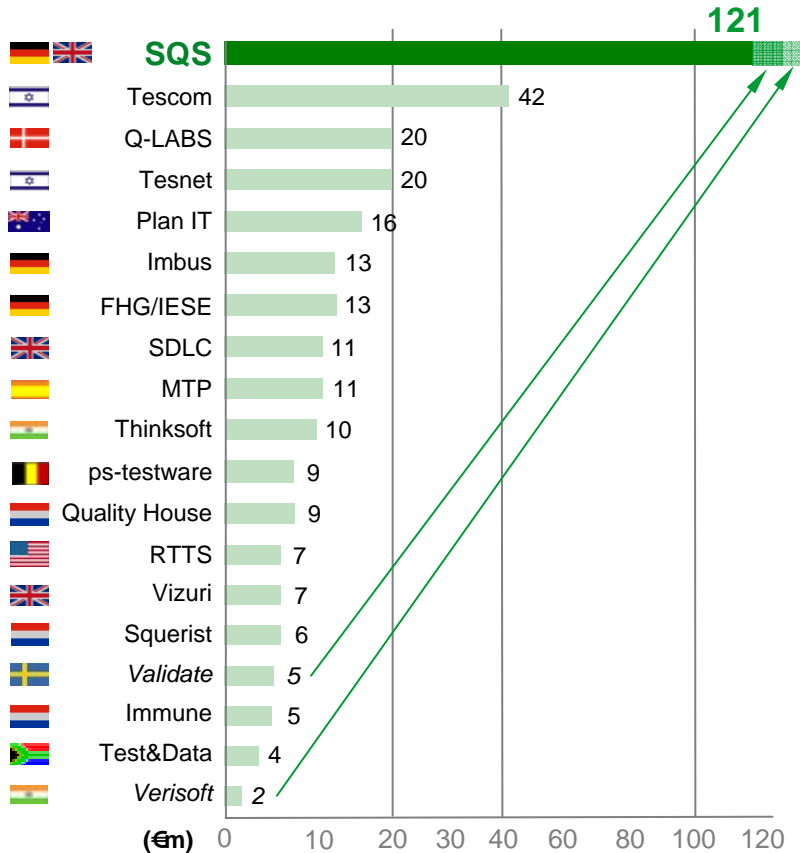
A sufficiently high share of onsite consultants in projects spurs growth rates: SQS is fastest growing.



SQS has strengthened its position as market leader and seeks to continue further market consolidation.

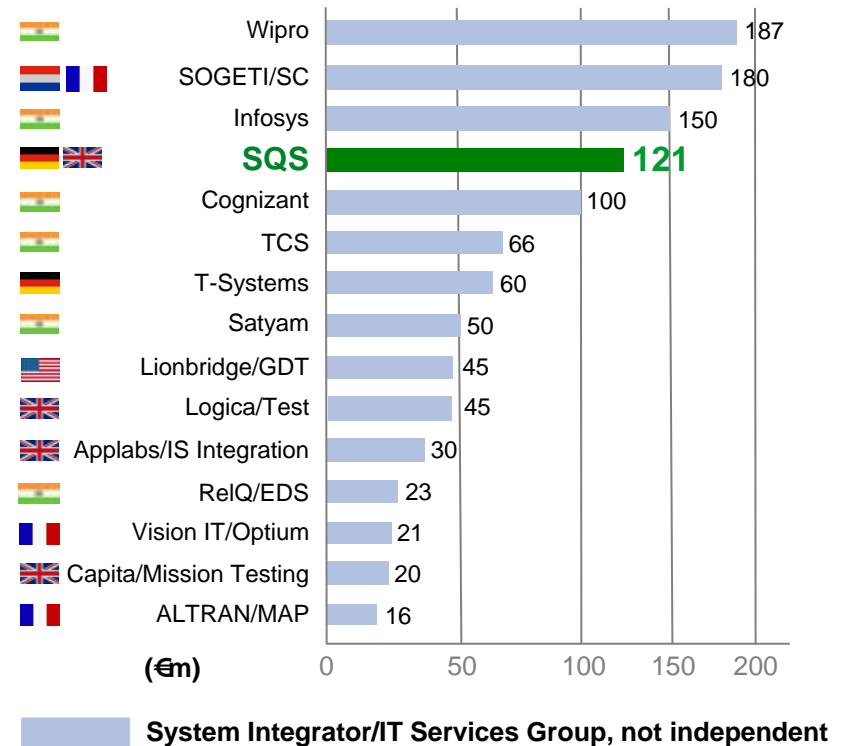


Pure Play Test Specialists



Independent Testing/QM Provider

System Integrators (testing part only)



Source: SQS, based on estimated or published 2007 revenue figures

Organic growth enhanced by selective acquisitions



Organic

- Further leverage SQS's existing client base and grow the 65 strategic clients
- Target existing clients for long term outsourcing and additional offshoring service contracts
- Focus on the European market whilst expanding SQS offshore capacities

Acquisition

- Successful track record of targeting and integrating appropriate acquisitions
- Strengthen foothold in Europe and explore opportunities to expand into Asia/Oceanic region

Outlook

- Trading has been very good in the year to date
- Strong pipeline
- We will consolidate our most recent acquisitions in the Nordic countries and India
- New strategic accounts with long term engagements
- We look to the future with confidence



Appendix

Global goals of SQS Group Strategy

Extend leadership in independent quality management and testing by delivering added value to our customers in order to achieve their goals

Grow the business significantly above the market growth rate for IT services

Further develop to be the financially strongest independent global quality service company

Extend and retain a strong base of highly motivated, skilled and best performing employees

Trendsetter for quality aspects in business/IT: Anticipate major trends and use this for clients' benefits

Market studies prove the need for independent software testing.

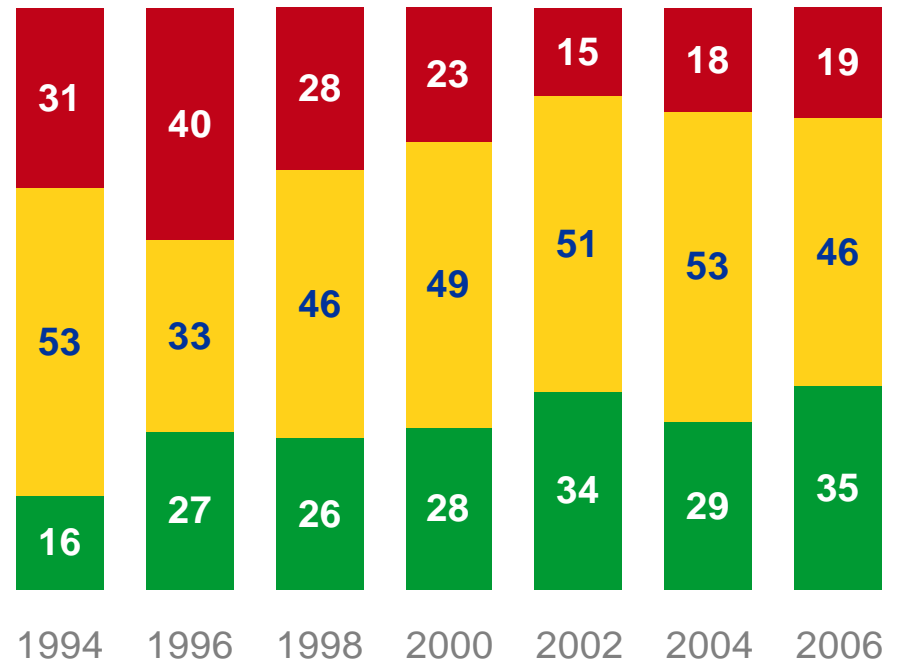
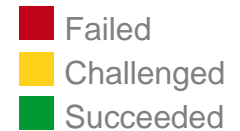


An international study by PAC¹⁾ showed:

- 79 per cent of survey respondents think that poor testing has a significant impact on the company in terms of costs
- 33 per cent see testing as essential investment in the product
- 65 per cent agree that software testing should be independent from development
- 34 per cent state they do not have a consistent approach to testing
- 68 per cent agree that they will have to adapt their testing to compliance and regulatory requirements
- Only 20 per cent have no problems in the first few months after the go-live of the product

Global study on success rate of IT projects²⁾

(in per cent)

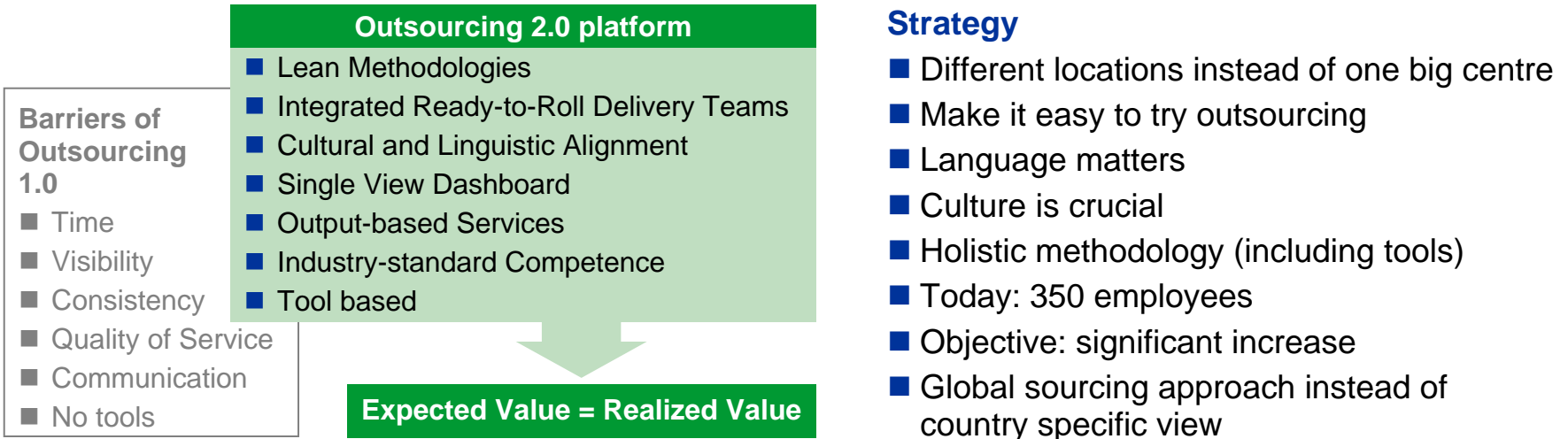


Our advice: Detect errors earlier

1) Independent study commissioned by SQS; carried out in 2008 with 1,030 companies in 13 countries

2) Standish Group Study 1994–2006

SQS follows “Multi-language Customer-related Sourcing” (MLCS) Strategy : language and culture matters.



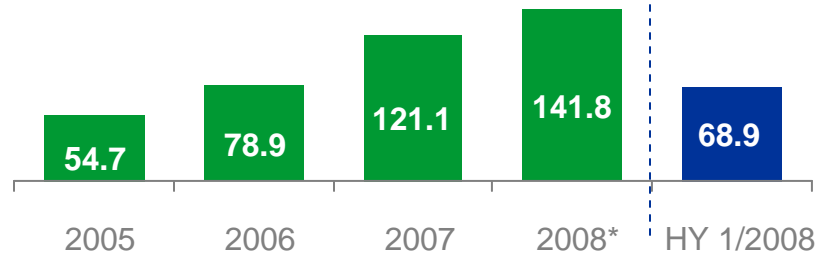
“Multi-language Customer-related Sourcing” (MLCS) Strategy

	South Africa	Egypt	India	Germany
Language				
Customer situation	International customers	National customers (Germany, Austria, Switzerland)	Development or test management in India	Testing in Germany required

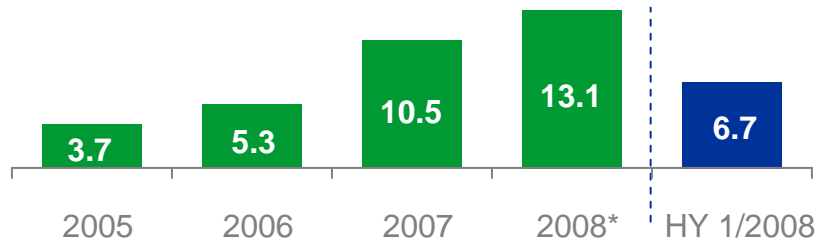
The half year results look encouraging in comparison with full year earnings estimates.



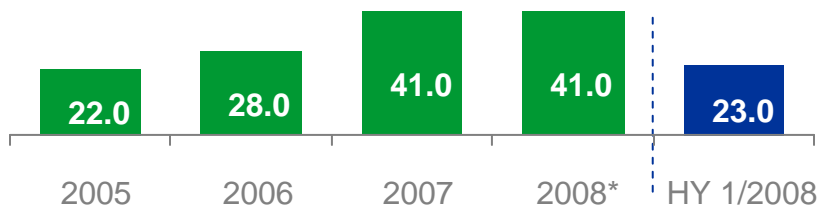
■ Revenue up 23% (in € m)



■ Adj. PBT up 45% (in € m)



■ Adj. EPS up 21% (in €-cent)



- Triton acquisition was successful and immediately earnings-enhancing
- Cresta earn out was finished by 30 June 2008 with PBT targets significantly exceeded
- Gross margin improved ahead of top line growth due to higher pricing and “efficient” consultant utilisation

* Analyst FC

9% EBIT margin was exceeded – targets under review

in €,000

		1. HY 2008	in % of sales	1. HY 2007	in % of sales
Germany and Group costs	Revenue ¹⁾	33,941		26,132	
	EBIT	3,720	11.0%	2,064	7.9%
UK/Irl/SA	Revenue ¹⁾	23,905		22,461	
	EBIT	2,213	9.3%	2,235	10.0%
Switzerland	Revenue ¹⁾	6,879		5,951	
	EBIT	247	3.6%	466	7.8%
Other countries (Austria, NL)	Revenue ¹⁾	4,142		1,670	
	EBIT	235	5.7%	- 37	- 2.2%
Total	Revenue¹⁾	68,867		56,214	
	Consolidation	-		-	
	EBIT (not adj.)	6,416	9.3%	4,728	8.4%

1) external revenue without intercompany

Earnings per share

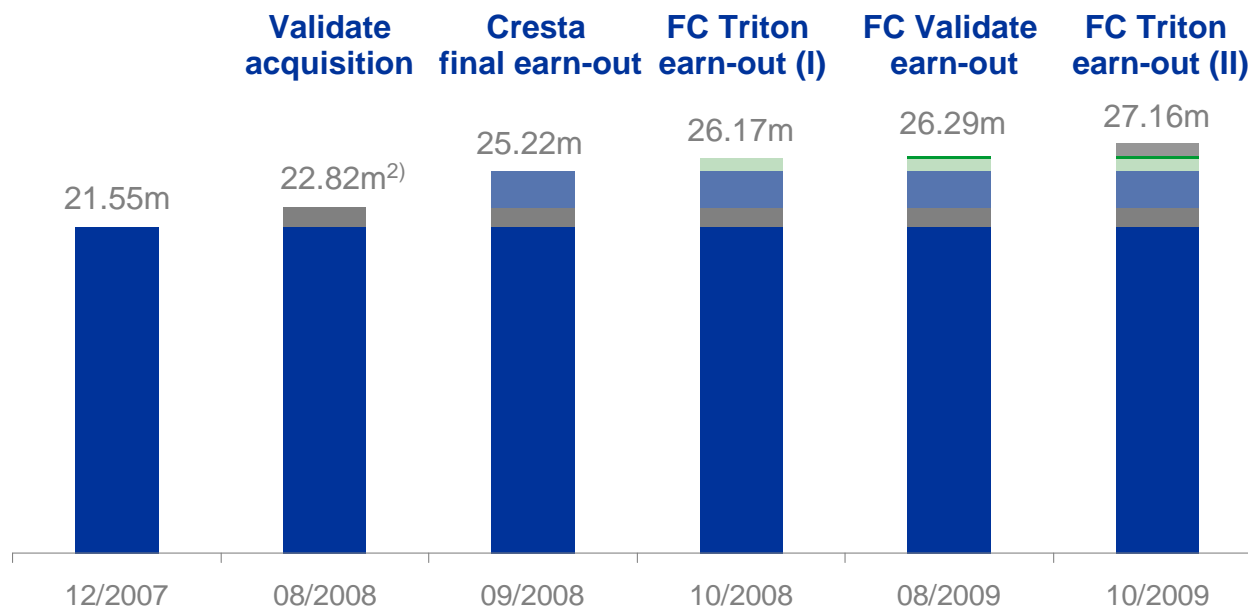
EPS up 21%



in €,000

	HY 1 2008	HY 1 2007	Change
PBT	5,936	4,293	38.3%
IFRS regular amortisation on acqu.	362	0	
IFRS interest on Cresta purchase	352	281	
taxes on income local GAAP	- 1,779	- 933	
Profit after taxes adjusted	4,871	3,641	
number of shares at HY end	21,599,109	18,690,823	
EPS adjusted	0.23	0.19	21.1%
differences to IFRS	- 607	- 717	
<i>o/w regular amortisation on acqu.</i>	- 362	0	
<i>o/w deferred taxes (e.g. on R&D)</i>	107	- 435	
<i>o/w IFRS interest on Cresta purchase</i>	- 352	- 281	
Profit after taxes acc. to IFRS	4,264	2,924	45.8%

The considerations payable in shares for acquisitions have been and are expected to be earnings-enhancing.



Add nb. of shares issued for acquisition	1.22m	2.40m	0.95m	0.13m	0.87m
Est. additional net earnings from consolidation	0.3m €	2.363m €	2.270m €	0.700m €	1.784m €
EPS on new shares	0.66 € ³⁾	0.98 €	2.40 €	5.60 €	2.05 €
Adj. EPS actual/estimates	0.409 € ¹⁾	0.409 € ¹⁾	0.409 € ¹⁾	0.429 € ¹⁾	0.429 € ¹⁾

Unaudited add. information, in case full earn out targets are met

Est. weighted number of shares:

- 2008: 22.947m shares
- 2009: 26.455m shares

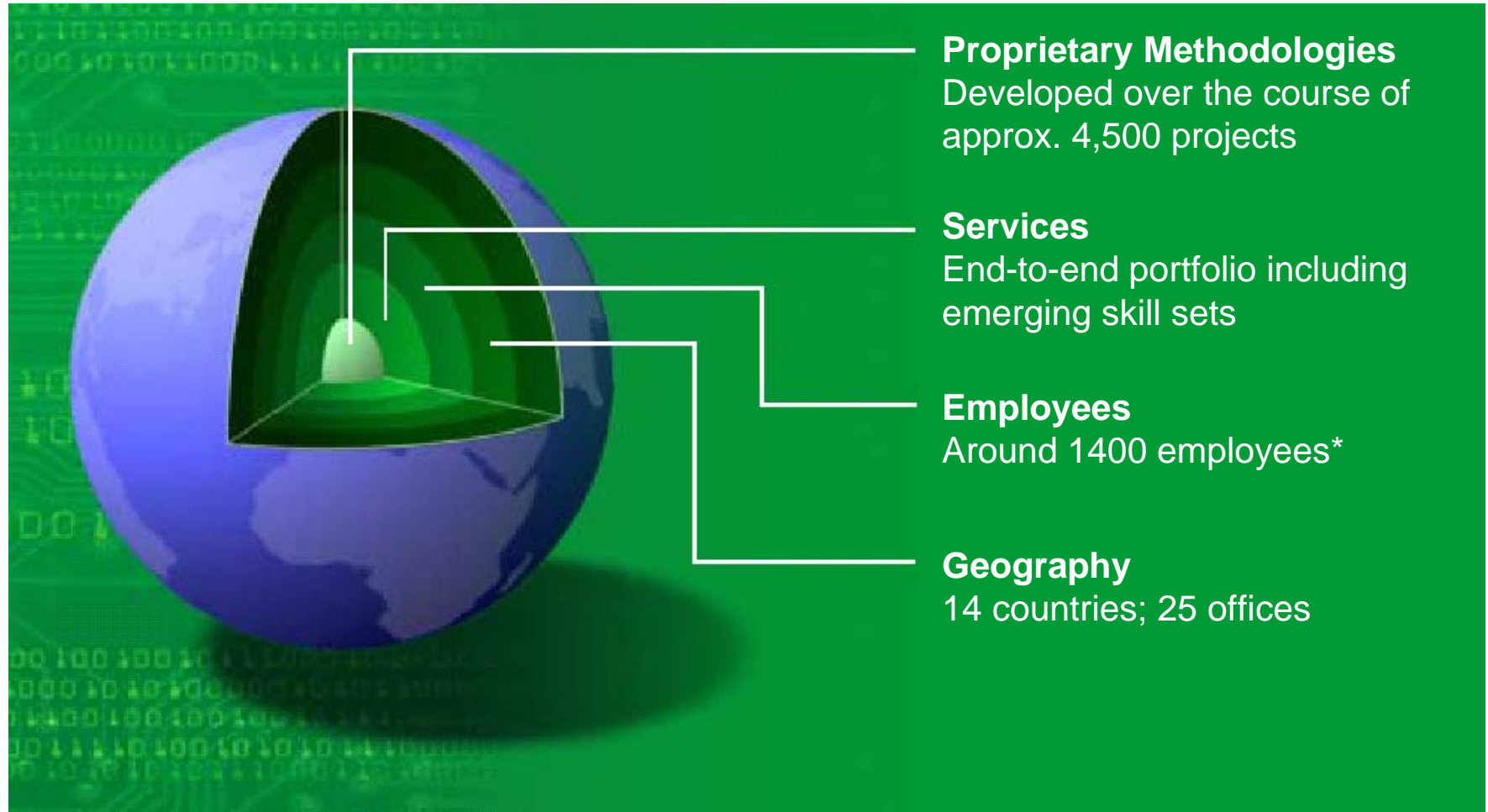
1) analyst estimate average

2) incl. 0.053m shares increase from convertible bonds in 02/2008

3) EPS based on weighted number of additional shares in 2008

What keeps SQS ahead from its competitors

Proprietary methodologies, our services and experience from over 4,500 projects keep us ahead of the competition.



*: at end of FY 2007

Our customers are of high value for the business.



» *The release was not only the largest deployment but was also delivered to an exceptional level. Several days after the deployment there are no significant operational issues in the performance of the system deployed.* «

Mike Stacey, CTO Vodafone Ireland

» *They were innovative and offered a service-based delivery — structured around Test Points and using the Cresta TestStrategist software application to provide visibility and predictability.* «

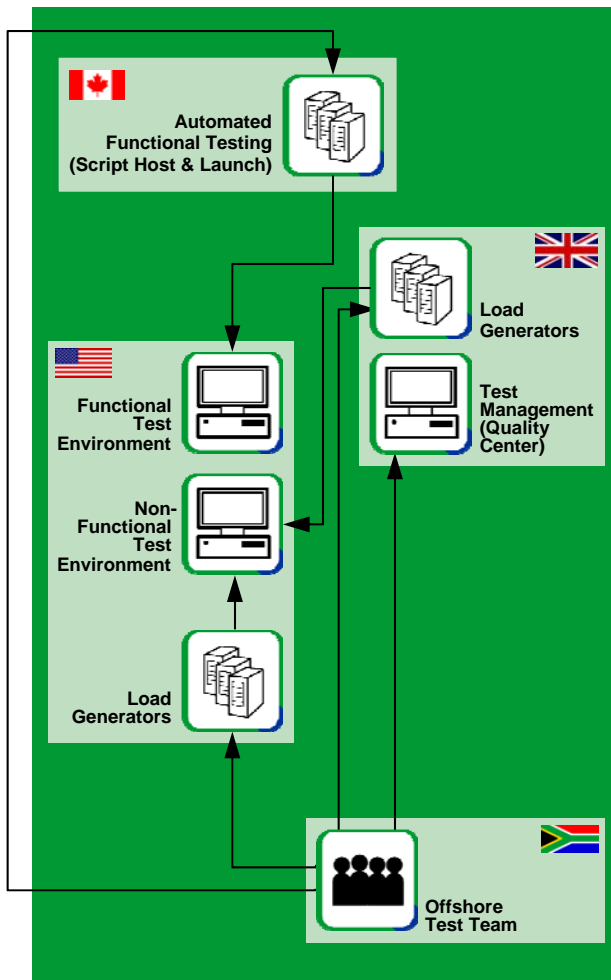
Tim Allen, Change and Execution Director Egg Bank

» *SQS have made a major contribution to helping us raise the bar on the quality of our application. They have had a significant impact on helping us increase the quality of our application in a fast-paced and dynamic environment whilst also helping us to deliver a quality application on time.* «

Dominic Shine, CIO Beazley

Case study – Offshore testing, South Africa

Offshore secures onshore business.



Client Background

- Existing onshore client (UK)
- Technology / IS company
- Leading provider of messaging security and management services to business
- South Africa staff involved in onshore projects in 2005

Project Background

- Secure “Enterprise Instant Messenger” messaging service/application
- Involving US & Canada
- Upgraded technology platform
- 2006 delivery (February to June 2006)
- Successful EIM launch 12th June 2006

Some key benefits

- Significant cost reduction by use of offshore resources and facilities
 - Approximately 50% reduction in cost using offshore test team
- Significant test coverage gains achieved through pioneering automation by technically-savvy offshore resources.
 - Reduced test execution from 8 hours to 6 minutes

Lloyds TSB – a long-term client with a huge potential to increase SQS revenue.



» *As a team we have shown what is possible and produced a major success for Group IT at the same time.* «

Bob Spencer,
Head of Group IT
Information Security

Objective

To meet December 2007 deadline for compliance with Sarbanes-Oxley regulations

Challenge

Covered more than 50 different applications over five platforms, with seven parallel streams of work being undertaken across multiple locations

Solution

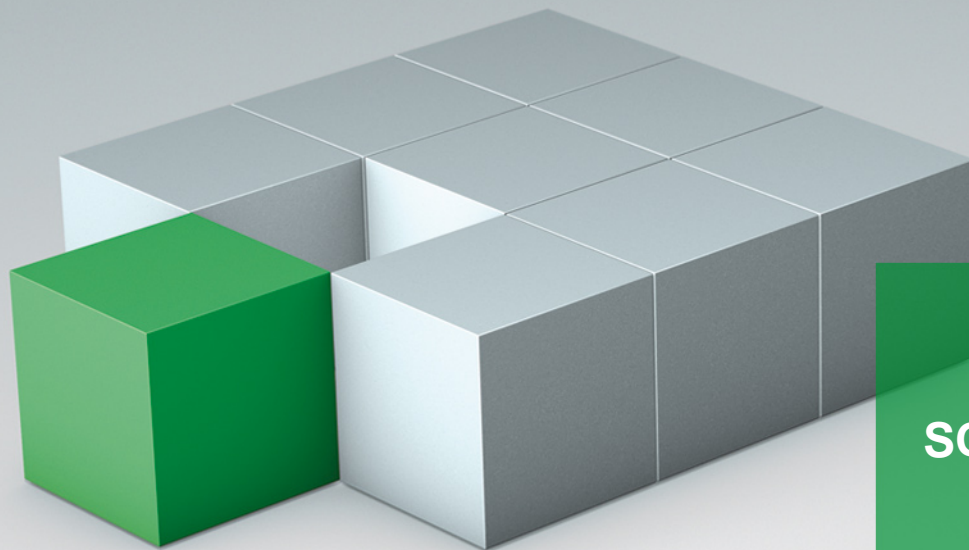
- Phase 1 - Definition of test approach
- Phase 2 - Test execution to ensure 100% coverage

Benefits

- Full compliance testing ensured that LloydsTSB were confident of full SOX compliance
- LloydsTSB internal deadline of 30 June was met



Quality Governance
Transforming IT into Business Value



SQS Software Quality Systems AG

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Thank you for your attention