



3 – MONTH REPORT 2003

USU-Openshop AG

3-MONTH REPORT 2003 <i>in Thsd. EUR, except the number of employees</i>	2003	2002	
	01.01.-31.03.2003	01.01.-31.03.2002	01.01.-31.03.2002 <i>pro forma</i>
REVENUES	5,607	1,903	6,341
EBITDA	-517	-2,912	-4,697
EBIT	-790	-3,233	-6,278
NET LOSS	-182	-2,501	-7,832
EARNINGS PER SHARE (EUR)	-0,01	-0,22	-0,69
NUMBER OF EMPLOYEES			
AT THE END OF THE PERIOD	245	385	385

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Dear shareholders,
dear readers,

In the 2002 annual report, we presented the problems of the 2002 financial year in an open and transparent way and described the necessary measures for the realignment of the USU-Openshop Group. These were hard and drastic steps which, however, had as their objective the future common success of USU-Openshop AG, for its customers and employees, and not least for its shareholders. We were able to present an initial partial success with the figures of the fourth quarter of 2002. For the first time since the initial public offering, the company generated a positive quarterly result. The operating result of this period, in comparison to the previous quarters, improved considerably to EUR -0.8 million.

In the first three months of the 2003 financial year, we continued on this track and generated an operating result of EUR -0.8 million. In the equivalent period of the previous year, the company posted an operating result of EUR -3.2 million, on a pro forma basis EUR -6.3 million. In the first quarter of 2003, the net result of EUR -0.2 million was still negative as scheduled. However, in comparison to the previous year there was a significant improvement (PY: EUR -2.5 million, PY pro forma: EUR -7.8 million).

External conditions, which cannot be forecast with any degree of assurance, continued to impact the development of business. Although the gross domestic product in Germany declined by 0.2% against the previous quarter, the leading economic institutes and the German government expect economic growth to improve for the whole of 2003. Due to current developments at USU-Openshop AG, we too are looking to the future with cautious optimism, and, after a modest second quarter, expect sales to increase in the second half of the year together with a positive development of earnings. For the whole year, our primary target of reaching profitability remains unchanged.

Yours

Bernhard Oberschmidt

Chairman of the Management Board of USU-Openshop AG

The reporting period covers the first quarter of the 2003 financial year, consisting of the three months from 1 January 2002 to 31 March 2002. Thus the comparative quarter of the previous year is the three months from 1 January 2002 to 31 March 2002. In the previous year, USU AG was consolidated as of 11 March 2002.

To ensure the comparability of the figures for the first quarter of 2003 with those of comparable period of the previous year, additional pro forma information on the income statement will be provided which represent a pro forma consolidation of USU AG as of 1 January 2002

Economic development. After the German economy stagnated to the end of 2002, the gross domestic product even posted a decline of 0.2% in the first three months of 2002 against the previous quarter. As the Federal Statistical Office stated, key factors for the negative development were the decline in construction investment (-3.3%) and investment in other equipment (-1.2%, particularly computer software). The German Association for Information Technology, Telecommunications and New Media cites the reasons as budget freezes in the public sector and high investments for UMTS licenses which are thus not available for other investments.

Business development. Despite these difficult general conditions, USU-Openshop maintained the development of the fourth quarter of 2002 and posted EBIT of EUR -0.8 million (PY: EUR -3.2 million, PY pro forma: EUR -6.3 million) in the first three months of the 2003 financial year. The figures show, especially in comparison to the first quarter of 2002, the sustained impact of the restructuring measures and the reduction of the cost basis in the Group. In the reporting period, the operating costs were reduced significantly against the previous year, especially selling and marketing expenses, research and development expenses and general and administrative expenses to EUR 2.9 million (PY: EUR 4.2 million, PY pro forma: EUR 8.1 million).

Sales in the first quarter of 2003 totaled EUR 5.6 million (PY: EUR 1.9 million, PY pro forma: EUR 6.3 million). The decline on a pro forma basis resulted from the streamlining of the portfolio implemented last year and the necessary personnel measures, which included the consultancy area. The IT-Controlling segment generated EUR 2.4 million, the Business Solutions segment EUR 3.2 million.

Due to the stable sales situation in the core business and the considerably reduced cost basis, the net loss of EUR -0.2 million was considerably less than in the previous year (PY: EUR -2.5 million, PY pro forma: EUR -7.8 million). Accordingly, with an average number of 17,211,186 outstanding shares (PY and PY pro forma: 11,299,277 shares) this resulted in an improvement of earnings per share of EUR -0.22 in the first quarter of 2002 (PY pro forma: EUR -0.69 per share) to EUR -0.01 per share in the reporting period.

Balance sheet structure. As of 31 March 2003, USU-Openshop reduced current and non-current liabilities in a targeted manner to EUR 9.9 million (31 December 2002: EUR 13.0 million). Accordingly liquid assets and investments of EUR 55.3 million at the end of the 2002 financial year declined to EUR 52.0 million as of 31 March 2003. The repayment of liabilities is reflected in the balance sheet total declining to EUR 83.0 million (31 December 2002: EUR 86.4 million).

At EUR 72.6 million, shareholders equity remained nearly unchanged (31 December 2002: EUR 72.9 million). Logically, the equity ratio moved up to 87.6% (31 December 2002: 84.4%).

Investments. With the disposal of the securities which had fallen due, USU-Openshop generated inflows of EUR 10.2 million in the first quarter of 2003. This was offset by investments in securities of EUR 0.2 million. Investments in property, plant and equipment of EUR 0.1 million were made, primarily for replacements and extensions in the IT area.

The investments in company acquisitions of EUR 40.3 million posted to 31 December 2002 resulted from the acquisition of USU AG completed in the first quarter of 2002.

Research and Development. In comparison to the previous year, expenses for research and development in the first quarter 2003 were EUR 0.8 million (PY: EUR 2.1 million). The reduction here due primarily from the discontinuation of the research and development activity for the e-commerce products and the concentration on core products in the IT-Controlling segment such as the Valuation Suite and in further developing solutions in the Business Solutions segment (including USU KnowledgeMiner, USU KnowledgeDesk, USU e-Consultant).

Order situation. In the first quarter of 2003, key factors impacting the order situation were the longer decision-making cycles in awarding orders and intensified price and competitive pressure, particularly in the solution-oriented consultancy area. In spite of this, the order book as of 31 March 2003 at EUR 5.7 million was almost constant in comparison to the end of the previous period (31 December 2002: EUR 5.9 million). Alongside the positive development in Knowledge Business solutions in the Business Solutions segment, high utilization levels for consultancy services in the IT-Controlling segment contributed to the stable order situation.

Employees. Employee numbers in the USU-Openshop Group as of 31 March 2003 were reduced in comparison to the previous quarter to 245 staff (31 December 2002: 283). The decline in employee numbers was the result of last year's restructuring measures.

By bundling or outsourcing individual product areas and streamlining the group structure, there was a reduction in employee numbers of approx. 36% against the previous year (31 March 2002: 385).

USU-Openshop employed 96 staff in Consultation and Services, 73 in Research and Development, 44 in Administration and Finance and 32 in Sales and Marketing.

USU-Openshop share. In the first quarter of 2003, the USU-Openshop AG (ISIN DE0007804700 // SIN 780470) share price was very stable and posted an increase of approx. 5% in Xetra trading to EUR 5.50 from its year-end price of EUR 5.25 on 31 December 2002. In the same period, the NEMAX-All-Share-Index, whose successor in the wake of the resegmentation of the stock exchange by the Deutsche Börse is the Technology All Share, declined by just under 10%. The German share index, the DAX, posted a decline of over 20%. Afterwards, the USU-Openshop share also moved downwards and was quoted on Xetra at a price level of EUR 5.0.

Important events after 31 March 2003. As part of the announced reduction of the Supervisory Board from six to three members, the members of the Supervisory Board Karl Heinz Achinger, Klaus Langer and Dr. Thomas Gutschlag left the Supervisory Board. Markus Kress, Chairman of the USU-Openshop AG Supervisory Board, Werner Preuschhof and Udo Strehl remain as members of the Supervisory Board. The Management Board and the Supervisory Board of USU Openshop AG would like to thank Karl Heinz Achinger, Klaus Langer and Dr. Thomas Gutschlag for their active and committed support.

In addition, USU-Openshop AG, which owns an equity stake of more than 95% in USU AG, submitted a request to the USU AG Management Board, to resolve in the Annual General Meeting of USU AG on 13 June 2003 that the shares of the outstanding shareholders of USU AG are transferred to USU-Openshop AG against an appropriate cash settlement. The object of this so-called squeeze out, is the complete takeover of USU AG by USU-Openshop.

Outlook and forecast report. As a result of the restructuring measures of the 2002 financial year, USU-Openshop generated an improved result in comparison to the respective quarters in the previous year. This was due to the optimized cost structure and the focused portfolio of services and products. With this structure, USU-Openshop considers it is well positioned to operate successfully on the market and to generate corresponding growth in the medium term.

In the second quarter of 2003 the Management Board anticipates a negative quarterly result. However, for the second half of the year a positive result is expected, which should exceed the accumulated losses of the first half year and result in a profitable result for the year as a whole.

USU-Openshop AG

The Management Board

ASSETS <i>(Thsd. EUR)</i>	3-month report	Annual report
	31.03.2003	31.12.2002
Current assets		
Cash and cash equivalents	18,743	12,001
Short-term investments / Marketable securities	33,216	43,344
Trade accounts receivable less allowance for doubtful accounts	3,974	5,680
Accounts receivable due from related parties	63	0
Work in process	1,532	296
Inventories	0	0
Prepayments	16	0
Prepaid expenses and other current assets	4,994	4,460
Total current assets	62,538	65,781
Non current assets		
Property, plant and equipment	550	649
Intangible assets	2,081	2,199
Goodwill	17,279	17,279
Investments	310	311
Other assets	193	193
Total non current assets	20,413	20,631
Total assets	82,951	86,412

LIABILITIES AND SHAREHOLDERS' EQUITY (Thsd. EUR)	3-month report	Annual Report
	31.03.2003	31.12.2002
Current liabilities		
Trade accounts payable	1,143	2,063
Accounts payable due to related parties	268	228
Advance payments received	0	222
Payroll-related accruals and liabilities	2,379	3,759
Tax-related accruals and liabilities	303	302
Deferred revenues	918	931
Other current liabilities	3,971	4,641
Total current liabilities	8,982	12,146
Non-current liabilities		
Long-term debt / convertible bonds	94	94
Pension accruals	786	775
Total non-current liabilities	880	869
Minority interest	451	469
Shareholders' equity		
Share capital	17,211	17,211
Additional paid-in capital	137,841	137,848
Treasury stock	-1,859	-1,859
Accumulated deficit	-80,486	-80,304
Accumulated other comprehensive income/loss	-69	54
Deferred compensation	0	-22
Total shareholders' equity	72,638	72,928
Total liabilities and shareholders' equity	82,951	86,412

CONSOLIDATED INCOME STATEMENT (Thsd. EUR)	Quarterly report I / 2003	Quarterly report I / 2002
	01.01.2003 - 31.03.2003	01.01.2002 - 31.03.2002
Revenues	5,607	1,903
Cost of revenues	-3,509	-1,015
Gross profit	2,098	888
Selling and Marketing expenses	-1,419	-1,732
General and administrative expenses	-698	-346
Research and development expenses	-766	-2,088
Amortization (and impairment) of goodwill	0	-4
Stock compensation expense	-14	0
Operating income/loss	-799	-3,282
Interest income and expenses	684	720
Income from investments and participations	0	0
Income/expense from investments accounted for by the equity method	0	0
Foreign currency exchange gains/losses	1	0
Other income/expense	9	50
Result before income tax (and minority interest)	-105	-2,512
Income tax	-95	0
Extraordinary income/expenses	0	0
Result before minority interest	-200	-2,512
Minority interest	18	11
Net income / loss	-182	-2,501
Earnings per share (basic)	-0,01	-0,22
Earnings per share (diluted)	-0,01	-0,22
Weighted average shares outstanding (basic)	17,211,186	11,299,277
Weighted average shares outstanding (diluted)	17,211,186	11,299,277

CONSOLIDATED STATEMENT OF CASH FLOW <i>(Thsd. EUR)</i>	3-month report 01.01.2003 - 31.03.2003	3-month report 01.01.2002 - 31.03.2002
CASH FLOW FROM OPERATING ACTIVITIES:		
Net income / loss	-182	-2,501
Adjustments for:		
Minority interest	-18	-8
Depreciation and amortization	272	316
Other non-cash expenses/income	15	281
Change in working capital:		
Trade accounts receivable	1,706	-671
Accounts receivable due from related parties	-63	0
Work in process	-1,457	1,085
Inventories	0	-387
Prepayments	-16	0
Prepaid expenses and other current assets	-535	-1,220
Trade accounts payable	-920	-373
Accounts payable due to related parties	40	0
Payroll-related accruals and liabilities	-1,380	-1,602
Tax-related accruals and liabilities	1	-598
Pension accruals	11	0
Other accruals and liabilities	-670	1,521
Deferred revenues	-13	-470
Net cash used in operating activities	-3,209	-4,627
CASH FLOW FROM INVESTING ACTIVITIES:		
Acquisition of subsidiaries, net of cash acquired	0	-40,251
Purchase of property and equipment	-54	-18
Sale of securities	10,160	0
Purchase of securities	-155	0
Net cash provided by/used in investing activities	9,951	-40,269
CASH FLOW FROM FINANCING ACTIVITIES:		
Net change in short-term debt to banks	0	-579
Capital increase	0	50,770
Purchase of treasury stock	0	-379
Net cash provided by financing activities	0	49,812
Net effect of currency translation in cash and cash equivalents	0	50
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,742	4,966
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	12,001	11,465
CASH AND CASH EQUIVALENTS AT END OF PERIOD	18,743	16,431

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY	Common stock		Addition-al paid-in capital	Treasury stock	Accumu- lated deficit	Deferred Compen- sation	Accumul. other compreh. Income/Loss	Total	Compre- hensive loss
	Shares	Thsd. EUR							
Balance at December 31, 2001	9,500,000	9,500	94,942	-1,240	-41,855	0	-543	60,804	
Purchase of USU AG	7,711,186	7,711	43,059	0	0	-272	0	50,498	
Purchase of treasury stock	0	0	0	-619	0	0	0	-619	
Adjustment of deferred compensation	0	0	-153	0	0	153	0	0	
Amortization of deferred compensation expense	0	0	0	0	0	97	0	97	
Net loss	0	0	0	0	-38,449	0	0	-38,449	-38,449
Unrealized gains on debt securities	0	0	0	0	0	0	60	60	60
Foreign currency translation adjustment	0	0	0	0	0	0	537	537	537
Comprehensive loss									-37,852
Balance at December 31, 2002	17,211,186	17,211	137,848	-1,859	-80,304	-22	54	72,928	
Adjustment of deferred compensation	0	0	-7	0	0	7	0	0	
Amortization of deferred compensation expense	0	0	0	0	0	15	0	15	
Net loss	0	0	0	0	-182	0	0	-182	-182
Unrealized expenses on debt securities	0	0	0	0	0	0	-123	-123	-123
Comprehensive loss									-305
Balance at March 31, 2003	17,211,186	17,211	137,841	-1,859	-80,486	0	-69	72,638	

Principles of Accounting

This 3-month report was prepared according to the regulations of the US-American Generally Accepted Accounting Principles (“US-GAAP”). The same accounting and valuation principles were used here as in the consolidated annual financial statements for the financial year ended 31 December 2002. This unaudited 3-month report is thus to be read in conjunction with the audited consolidated annual financial statements.

Segment reporting

SFAS No. 131 “Disclosures about Segments of an Enterprise and Related Information“ requires the reporting of specific information concerning the operating segments of the company, the geographic distribution of revenues and assets and concerning the most important customers.

For the segment IT-Controlling und Business Solutions which was form last year, the following segment related revenues apply (PY: pro forma):

	01.01.2003 - 31.03.2003	01.01.2002 - 31.03.2002
	Actual	Pro forma
Revenues	5,607	6,341
IT-Controlling	2,417	1,848
Business Solutions	3,190	3,754
Other	0	739

Outside Germany the USU-Openshop Group achieved less than 10% of consolidated revenues during the first three months of the 2003 financial year.

In the same period, less than 10% of consolidated revenues were achieved by a single customer. Some 40% of revenues were generated by the 10 largest customers.

Shares and stock options held by members of corporate bodies at USU-Openshop AG

The following shares and options in USU-Openshop AG were held by members of corporate bodies of the company as at 31 March 2003:

Holdings of members of corporate bodies	shares	stock options
Management Board		
Bernhard Oberschmidt	37,393	0
Supervisory Board		
Markus Kress	283,772	0
Udo Strehl	4,038,638	0
Werner Preuschhof	0	0
Klaus Langer	0	0
Karl-Heinz Achinger	0	0
Dr. Thomas Gutschlag	0	0

As at March 31, 2003 USU-Openshop AG held a unchanged level of 292,580 shares of treasury stock with a notional share in the equity capital pf EUR 292,580, 1.7% of the total equity capital.