



**3 – MONTH REPORT 2010**

**USU Software AG**

<b>3 - MONTH REPORT 2010</b>	<b>2010</b>	<b>2009</b>
<i>in Thsd. EUR, except the earnings per share and number of employees</i>	<b>01.01.-31.03.2010</b>	<b>01.01.-31.03.2009</b>
<b>REVENUES</b>	7,537	8,325
<b>EBITDA</b>	146	279
<b>EBIT</b>	-128	8
<b>NET RESULT</b>	-120	109
<b>EARNINGS PER SHARE (EUR)</b>	-0.01	0.01
<b>CASH-FLOW FROM ORDINARY OPERATIONS</b>	1,162	2,371
<b>NUMBER OF EMPLOYEES AT THE END OF THE PERIOD</b>	279	256
	<b>31.03.2010</b>	<b>31.12.2009</b>
<b>CASH AND CASH EQUIVALENTS</b>	12,031	10,888
<b>SHAREHOLDERS EQUITY</b>	45,782	45,881
<b>BALANCE SHEET</b>	54,969	53,530
<b>EQUITY RATIO</b>	83.3%	85.7%

**USU Software AG**  
**Spitalhof**  
**D-71696 Möglingen**  
**Tel. +49.7141.4867-0**  
**Fax +49.7141.4867-200**  
**www.usu-software.de**

**Investor Relations**  
**Falk Sorge**  
**Tel. +49.7141.4867-351**  
**Fax +49.7141.4867-108**  
**investor@usu-software.de**

Dear shareholders,  
dear readers,

Following a very strong 2009 with increases in sales and earnings, the USU Group saw a modest start to the first quarter of the current fiscal year. In the Service Business segment, customers' propensity to invest was initially very restrained at the beginning of the new fiscal year. In the Product Business segment, USU generated a higher profit with sales remaining almost constant. In this segment, USU customers utilize products relating to knowledge-based service management. In light of the positive response from the market, the existing contacts to a large number of interested parties, and not least the positive feedback from USU World, our first international event for customers, interested parties and partners that was attended by nearly 200 specialist and management staff from more than 100 companies, all in all we are optimistic for the future. As such, in the second half of the current fiscal year in particular, we anticipate another significant improvement in sales and earnings. Overall, we are therefore confirming our forecast for increased sales and operating earnings (EBITDA) in fiscal 2010, as in the previous year.

Further information on recent business developments in the first quarter of 2010 and on USU Software AG's strategy and planning will be provided in this quarterly report and presented in detail at the company's forthcoming Annual General Meeting on July 15, 2010 at Forum am Schlosspark, Stuttgarter Strasse 33-35, Ludwigsburg. As already announced, the Management Board and Supervisory Board of USU Software AG will propose to the Annual General Meeting that the company's shareholders participate in the successful business development of USU Software AG and its Group subsidiaries, as in previous years, with a dividend distribution of EUR 0.15 per share. I am therefore pleased to take this opportunity to invite all shareholders of USU Software AG to this year's Annual General Meeting.

Yours,

Bernhard Oberschmidt

Chairman of the Management Board of USU Software AG

## **Economic development**

In the first quarter of 2010, the German economy continued the slight upwards trend seen in the two previous quarters at a low level. According to an initial report from the German Federal Statistical Office (Destatis), gross domestic product (GDP) rose by 0.2% in the first three months of 2010 as against the previous quarter, adjusted for inflation, seasonal and calendar effects. There was particular positive impetus from equipment investments and exports as well as the increase in state consumer spending. Year-on-year, GDP grew by 1.7% in real terms in the first quarter of 2010 as against the first quarter of 2009. Economic performance also improved in the euro zone as a whole in the period from January to March 2010, increasing by 0.2% quarter-on-quarter. As compared to the first quarter of 2009, GDP rose by 0.5% in the euro zone.

## **Sector performance**

According to research by BITKOM (Bundesverband Informationswirtschaft, Telekommunikation und neue Medien e.V.), sentiment on the IT market has improved significantly. For instance, the latest BITKOM industry barometer for Q1 2010 found that 80% of IT service providers and software providers are anticipating rising or stable sales after only 68% of companies asked in the IT service sector and 61% of software providers had been so optimistic in the previous quarter. In this context, BITKOM anticipated in particular that the investment backlog for IT solutions for companies will gradually be reduced, leading to a 1.4% increase in IT market volume in 2010 as a whole (2009: decrease of 5.4%). On the basis of new data from the European Information Technology Observatory (EITO), BITKOM expects that Europe will see a similar turnaround. According to EITO projections, the European IT market volume will climb by 0.2% in 2010 after a decline of more than 2% in 2009.

## **Development of sales and costs**

### ***Group sales***

USU Software AG saw a modest start to the new fiscal year in the first three months of 2010. This was due in project postponements and customers' limited propensity to invest. In total, sales at USU Software AG in the Group as a whole declined by 9.5% year-on-year to EUR 7,537 thousand (Q1 2009: EUR 8,325 thousand). While maintenance business increased by 8.0% to EUR 1,859 thousand (Q1 2009: EUR 1,721 thousand), sales from consulting business were down 16.8% to EUR 4,596 thousand (Q1 2009: EUR 5,521 thousand) and sales from license business sank 25.2% to EUR 639 thousand (Q1 2009: EUR 854 thousand).

Other income amounted to EUR 443 thousand in the first quarter of 2010 (Q1 2009: EUR 229 thousand) and essentially related to merchandise sales from third-party hardware and software.

### ***Sales by segment***

In the Product Business segment, the USU Group saw only a slight decrease in sales to EUR 5,042 thousand in the first quarter of 2010 (Q1 2009: EUR 5,197 thousand) as a result of strong maintenance business. The decline was primarily due to projects being postponed to the following quarters. Following a strong fourth quarter of 2009, consolidated sales of the USU Group generated outside Germany were also down year-on-year at EUR 467 thousand in the period under review (Q1 2009: EUR 507 thousand). The share of Group sales generated outside Germany thus amounted to 6.2% (Q1 2009: 6.1%). USU anticipates a significant improvement in this segment in the second half of 2010, resulting in part from the expansion of activities in its international partner business.

At EUR 2,485 thousand, consulting revenue in the Service Business segment was still considerably lower than the previous year's level (Q1 2009: EUR 3,117 thousand). The main reasons for this decline were customers' limited propensity to invest and delays in their implementation of project plans. During the first quarter of 2010, USU gained several customer orders, which are already reflected in the positive development of the orders on hand and will contribute to a visible improvement in the coming quarters.

The sales not assigned to the segments amounted to EUR 10 thousand in the first three months of fiscal 2010 (Q1 2009: EUR 11 thousand).

### ***Operating costs***

Through strict cost management and a streamlined administrative structure, the USU Group reduced its Group-wide operating cost base by 7.7% year-on-year to EUR 7,515 thousand in the first quarter of 2010 (Q1 2009: EUR 8,144 thousand).

The cost of sales decreased by 5.0% as against the previous year to EUR 4,149 thousand in the first quarter of 2010 (Q1 2009: EUR 4,367 thousand), chiefly as a result of the reduced use of freelance staff and consequently the lower fees. As a percentage of Group sales, the cost of sales came to 55.0% in the reporting period (Q1 2009: 52.5%). Gross income totaled EUR 3,388 thousand (Q1 2009: EUR 3,958 thousand), corresponding to a gross margin of 45.0% (Q1 2009: 47.5%).

Despite the push in the USU Group's international and partner activities since the start of the previous year, USU reduced its marketing and sales expenses in the period from January to March 2010 by 20.7% year-on-year to EUR 1,248 thousand (Q1 2009: EUR 1,574 thousand). Among other factors, this was partially due to the USU Group's decision not to participate in the IT trade fair CeBIT or in various conferences this year, but instead to hold its own, customer-specific event USU World 2010 from May 19 to May 20, 2010, which was attended by approximately 200 German and international customers, interested parties and partners. Accordingly, the ratio of marketing and sales expenses to Group sales fell to 16.6% in the period under review (Q1 2009: 18.9%).

Thanks to an efficient administrative organization, general administrative expenses remained 9.5% lower than in the previous year at EUR 739 thousand (Q1 2009: EUR 816 thousand). The ratio of administrative expenses to Group sales was 9.8%, exactly at the level of the previous year.

In the first three months of 2010, research and development expenses amounted to EUR 1,380 thousand and were thus on par with Q1 2009 (EUR 1,387 thousand). This results in a ratio of research and development expenses to Group sales of 18.3% (Q1 2009: 16.7%). Net other operating income and expenses totaled EUR 33 thousand in the quarter under review (Q1 2009: EUR 9 thousand).

### **Earnings situation**

Thanks to a streamlined cost structure, earnings before interest, taxes, depreciation and amortization (EBITDA) in the first quarter of 2010 were positive at EUR 146 thousand (Q1 2009: EUR 279 thousand) despite the decline in sales. Depreciation and amortization totaled EUR 274 thousand in the period under review (Q1 2009: EUR 271 thousand), resulting in earnings before interest and taxes (EBIT) of EUR -128 thousand (Q1 2009: EUR 8 thousand). Due to a lower interest rate and the drop in financial income this entailed, net financial income decreased from EUR 132 thousand in the first quarter of 2009 to EUR 8 thousand in the quarter under review. Owing to the pre-tax loss of EUR -120 thousand (Q1 2009: profit of EUR 140 thousand,) no tax expenses were incurred in the first quarter of 2010 (Q1 2009: EUR 31 thousand). The Group's net loss for the period thus amounted to EUR -120 thousand (Q1 2009: net profit of EUR 109 thousand), equivalent to earnings per share of EUR -0.01 (Q1 2009: EUR 0.01).

### Balance sheet structure

On the assets side of the balance sheet, non-current assets amounted to EUR 33,906 thousand as of the end of the first quarter of 2010 (December 31, 2009: EUR 34,104 thousand). The decline in this balance sheet item is mainly due to the amortization of intangible assets. Current assets rose to EUR 21,063 thousand as of March 31, 2010 (December 31, 2009: EUR 19,426 thousand), primarily due to the positive operating cash flow and the associated increase in cash and cash equivalents including securities to EUR 12,031 thousand in total (December 31, 2009: EUR 10,888 thousand).

On the equity and liabilities side, current and non-current liabilities amounted to EUR 9,187 thousand as of March 31, 2010 (December 31, 2009: EUR 7,649 thousand). This increase results primarily from deferred income in the amount of EUR 4,557 thousand (December 31, 2009: EUR 1,159 thousand) for maintenance agreements invoiced at the start of the year for which the service will be rendered and the sales recognized later in the year. In contrast, staff and social security provisions and liabilities decreased to EUR 2,076 thousand (December 31, 2009: EUR 3,100 thousand) due to the payment of the variable salary components for 2009. Other provisions and liabilities also decreased to EUR 1,114 thousand as of the end of the first quarter of 2010 (December 31, 2009: EUR 2,075 thousand). There was a slight decline in equity to EUR 45,782 thousand as against EUR 45,881 thousand at the balance sheet date of December 31, 2009 due to the net loss for the period generated by the USU Group. Based on total assets of EUR 54,969 thousand (December 31, 2009: EUR 53,530 thousand), the equity ratio amounted to 83.3% as of March 31, 2010 (December 31, 2009: 85.7%).

### Cash-Flow and investments

Cash and cash equivalents not including securities amounted to EUR 9,839 thousand (Q1 2009: EUR 7,009 thousand) as of March 31, 2010.

The USU Group's cash flow from operating activities was positive in the quarter under review at EUR 1,162 thousand but remained below the previous year's figure of EUR 2,371 thousand. This results both from changes in working capital and from the year-on-year decrease in earnings.

Cash flow from investing activities in the amount of EUR -1,746 thousand (Q1 2009: EUR -1,509 thousand) reflects the investment of cash and cash equivalents in low-risk securities with short terms, while the previous year's figure particularly includes the final earn-out payment for the acquired LeuTek GmbH. This item also includes investments in property, plant and equipment and intangible assets totaling EUR 53 thousand (Q1 2009: EUR 134 thousand) for hardware and software.

As in the previous year, there were no changes in cash flow from financing activities in the first quarter of 2010.

### **Orders on hand**

As of March 31, 2010, orders on hand throughout the USU Group amounted to EUR 15,056 thousand (March 31, 2009: EUR 14,362 thousand), equivalent to a year-on-year increase of 4.8%. As compared to the balance sheet date of the previous quarter (December 31, 2009: EUR 13,421 thousand), there was a 12.2% increase in orders on hand. The order book as of the end of the quarter shows the USU Group's fixed future sales based on binding contracts. These primarily consist of project-related orders as well as maintenance agreements.

### **Research and development**

In the first quarter of 2010, the Group subsidiary USU AG focused its research and development activities in the area of business service management almost entirely on creating the new version Valuation4, which among other things offers a completely new client technology. The first live presentation of this new product suite was given to a keen public at USU World 2010, which was attended by approximately 200 specialist and management staff from more than 100 companies in Germany and abroad.

Within USU AG's product suite USU KnowledgeCenter, the new version USU KnowledgeCenter5 was completed in the first quarter of 2010 and has since been released on the market. This new ergonomic software generation was developed specifically for call centers and user help desks and combines all existing USU AG knowledge management modules – i.e. the intelligent USU KnowledgeMiner search, the process-controlled solutions database USU KnowledgeBase and the USU KnowledgeGuide decision trees – in one application. In addition, the new USU KnowledgeCenter5 enables the customer's existing, external third-party applications to be easily integrated into the product suite. USU KnowledgeCenter5 is thus a central application for call centers and help desks.

At the Group subsidiary LeuTek GmbH, research and development activities were dominated by the user conference held in May 2010 and developments in the ZIS System software solution for systems management which were presented there. With over 100 registered participants, the annual LeuTek customer meeting, which this year was carried out by Finanz Informatik in Hannover, proved to be entirely resistant to the crisis. The software development innovations presented were broadly approved by those present.

These innovations include, for example, expanding the monitoring of IT services to include saving relevant additional information from supplying management systems such as incident, change and CMDB databases. Using this database, a newly developed, integrated service view has been set up which is completely web-enabled and contains all necessary information and operating interfaces for the central IT control center. Another highlight is the processing, correlation and historization of performance data.

Research and development activities at the Group subsidiary Omega Software GmbH focused on the advancement of the SME product suite myCMDB, implementing a number of new functions such as a new optional layout, a new shopping cart surface element, a completely revised task center, expanded software packages for software distribution, and documentation which is now available in the form of eBooks.

Cumulative research and development costs amounted to EUR 1,380 thousand in the first three months of fiscal 2010 (Q1 2009: EUR 1,387 thousand).

## **Employees**

As of the end of the first quarter of 2010, the USU Group employed 279 people (Q1 2009: 256), a year-on-year increase of 9.0%.

Broken down by functional unit, 112 (Q1 2009: 103) people were employed in consulting and services at the end of the reporting period, 95 (Q1 2009: 93) in research and development, 44 (Q1 2009: 34) in sales and marketing, and 28 (Q1 2009: 26) in administration.

Broken down by segment, the USU Group employed 198 (Q1 2009: 180) staff members in the Product Business division, 61 (Q1 2009: 57) in the Service Business division and 20 (Q1 2009: 19) in central administration.

## **USU shares (ISIN DE000A0BVU28).**

The shares of USU Software AG are listed in the Prime Standard of the Frankfurt Stock Exchange under German Securities Code Number (WKN) A0BVU2 and International Securities Identification Number (ISIN) DE000A0BVU28 and are authorized for trading on the regulated market of this stock exchange.

Following significant share price increases in the previous year, the equity markets also experienced a positive development overall in the first quarter of 2010, though this was characterized by high volatility. As compared to the balance sheet date of the previous quarter, December 31, 2009, the DAX increased by 3.3% to 6,153.55 points, while the Technology All Share grew by 2.6% to 957.01 points in the same period. The price of USU's shares in the XETRA electronic trading system saw an above-average increase of 9.1% to EUR 3.60 at the end of March 2010 as compared to December 31, 2009.

Alongside the positive market environment, the USU Software AG share also benefited from the publication of the figures for 2009 and from numerous positive press and analyst commentaries.

### **Supplementary report**

There were no transactions of special importance after the balance sheet date of March 31, 2010 that had a significant effect on the development of business in the USU Group. In this respect, there were no major changes to the net assets, financial position or earnings of the Group.

### **Opportunity and risk report**

There were no changes to the opportunities and risks of USU Software AG or of the Group as a whole as against the balance sheet date December 31, 2009. For more information, please see the risk report in the 2009 Annual Report.

### **Forecast report**

#### ***General economic***

In the *Gemeinschaftsdiagnose* spring report for 2010, Germany's leading economic research institutes forecast GDP growth in Germany of 1.5% in 2010 after a decline of 5.0% in the previous year. Experts are assuming that although the economy in Germany is increasingly recovering from its worst crisis since the Second World War, the momentum of the general economic recovery will remain low overall. The economic expansion will advance only at a moderate pace in the euro zone too, with research institutes forecasting that GDP will grow by 0.9% (2009: -4.1%).

#### ***Sector***

According to the latest studies by BITKOM released at the 2010 annual press conference on March 31, 2010, the German IT market will expand slightly in the current year 2010 and recover from the dip in growth in 2009. According to BITKOM forecasts, market volumes in the IT sector will grow by 1.4% in 2010 after a decline of 5.4% in 2009. While BITKOM is predicting growth of 2.2% in the IT services segment in 2010 (2009: -2.5%), the software market is expected to see only a minor sales increase of 0.9% (2009: -5.2%). EITO predicts similar results for the USU Group's target European market. According to EITO projections, the European IT market volume will rise by 0.2% in the current year after a slide of more than 2% in the previous year.

**Outlook**

After the modest start to fiscal 2010, the Management Board expects the USU Group to see considerable growth in sales and earnings in the following quarters. In addition to maintenance business, which is developing positively, license revenue in particular is expected to increase substantially with the market launch of the new Valuemation and USU KnowledgeCenter product versions. At the same time, product-related consulting business should also be intensified as a result of the expansion of license business. Starting from the second half of 2010, the Management Board also expects a significant increase in international business as a result of the extensive partner activities in the past months, such as the roadshows successfully carried out various countries. In service business, the Management Board anticipates slightly positive business development despite the continuing price pressure in consultancy fees, due to the strong utilization of the expanded internal consultancy team. This is based on the positive development of incoming orders during the first quarter of 2010, which contributed to the higher number of orders on hand in the USU Group at the end of the quarter under review. Additional growth options also arise as a result of the continued increase in the use of freelance staff in service-related business with existing customers.

Overall, assuming a sustained economic recovery, the Management Board is confirms its forecast of generating sales growth in excess of the average for the IT market in the current year and again achieving a stronger increase in operating earnings before interest, taxes, depreciation and amortization (EBITDA) compared to sales.

USU Software AG

The Management Board

<b>ASSETS</b> (Thsd. EUR)	<b>3-month report</b> <b>31.03.2010</b>	<b>Annual report</b> <b>31.12.2009</b>
<b>Non current assets</b>		
Intangible assets	4,323	4,515
Goodwill	26,110	26,110
Property, plant and equipment	583	608
Other financial assets	377	377
Deferred tax assets	1,915	1,896
Other assets	598	598
<b>Total non current assets</b>	<b>33,906</b>	<b>34,104</b>
<b>Current assets</b>		
Inventories	600	616
Work in process	2,453	1,798
Trade receivables	4,692	4,835
Income tax receivables	900	900
Other financial assets	64	196
Other assets	34	34
Prepaid expenses	289	159
Securities	2,192	455
Cash on hand and bank balances	9,839	10,433
<b>Total non current assets</b>	<b>21,063</b>	<b>19,426</b>
<b>Total assets</b>	<b>54,969</b>	<b>53,530</b>

<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b> (Thsd. EUR)	<b>3-month report</b> <b>31.03.2010</b>	<b>Annual Report</b> <b>31.12.2009</b>
<b>Shareholders' equity</b>		
Subscribed capital	10,021	10,021
Capital reserve	51,490	51,490
Legal reserve	250	250
Other comprehensive income	18	-3
Accumulated losses	-15,997	-15,877
<b>Total shareholders' equity</b>	<b>45,782</b>	<b>45,881</b>
<b>Non-current liabilities</b>		
Pension provisions	330	313
<b>Total non-current liabilities</b>	<b>330</b>	<b>313</b>
<b>Current liabilities</b>		
Provisions for income taxes	18	37
Personnel-related provisions and liabilities	2,076	3,100
Other provisions and liabilities	1,114	2,075
Liabilities from received payments	139	239
Trade payables	953	726
Deferred income	4,557	1,159
<b>Total current liabilities</b>	<b>8,857</b>	<b>7,336</b>
<b>Total liabilities and shareholders' equity</b>	<b>54,969</b>	<b>53,530</b>

<b>CONSOLIDATED INCOME STATEMENT</b> (Thsd. EUR)	<b>Quarterly report I / 2010</b>	<b>Quarterly report I / 2009</b>
	<b>01.01.2010 - 31.03.2010</b>	<b>01.01.2009 - 31.03.2009</b>
Sales revenue	7,537	8,325
Cost of sales	-4,149	-4,367
Gross profit	3,388	3,958
Sales and marketing expenses	-1,248	-1,574
General administrative expenses	-739	-816
Research and development expenses	-1,380	-1,387
Other operating income	75	45
Other operating expenses	-42	-36
Amortization of intangible assets recognized in the course of company acquisitions	-182	-182
Result of ordinary operations (EBIT)	-128	8
Interest income	33	173
Interest expenses	-25	-41
Result before taxes (EBT)	-120	140
Income taxes	0	-31
Group result	-120	109
Earnings per share (in EUR)		
(basic and diluted)	-0.01	0.01
Weighted average shares		
(basic and diluted)	10,021,054	10,021,054

<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b> (Thsd. EUR)	<b>Quarterly report I / 2010</b>	<b>Quarterly report I / 2009</b>
	<b>01.01.2010 - 31.03.2010</b>	<b>01.01.2009 - 31.03.2009</b>
<b>Group result</b>	<b>-120</b>	<b>109</b>
Available-for-sale financial instruments (securities)		
Fair value changes taken directly to equity	38	-6
Recognized to profit or loss	0	0
Deferred taxes from available-for-sale financial instruments (securities)	-15	0
Currency translation difference	-2	2
<b>Other comprehensive income</b>	<b>21</b>	<b>-4</b>
<b>Overall result</b>	<b>-99</b>	<b>105</b>

<b>CONSOLIDATED STATEMENT OF CASH FLOW</b> <i>(Thsd. EUR)</i>	<b>3-month report</b> <b>01.01.2010 -</b> <b>31.03.2010</b>	<b>3-month report</b> <b>01.01.2009 -</b> <b>31.03.2009</b>
<b>CASH FLOW FROM ORDINARY ACTIVITIES:</b>		
Result bevor taxes	-120	140
<b>Adjustments for:</b>		
Financial income / financial expenditure	-8	-132
Depreciation and amortization	273	270
Income taxes paid	-34	-31
Income taxes refunded	738	0
Interest paid	-2	-12
Interest received	24	181
Other non-cash income and expenses	-43	-40
<b>Change in working capital:</b>		
Inventories	18	-30
Work in process	-656	-642
Trade receivables	142	644
Prepaid expenses and other assets	-691	493
Trade payables	227	27
Personnel-related provisions and liabilities and pension provisions	-1,007	-797
Other provisions and liabilities	2,301	2,300
<b>Net cash flow form ordinary activities</b>	<b>1,162</b>	<b>2,371</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Acquisition of subsidiaries less cash and cash equivalents acquired	0	-877
Capital expenditure in property, plant and equipment	-39	-97
Capital expenditure in other intangible assets	-14	-37
Repayment of short-term loans	4	53
Sales of non-current assets	2	26
Sale of available-for-sale securities	0	10
Investments in available-for-sale securities	-1,699	-587
<b>Net cash flow from investing activities</b>	<b>-1,746</b>	<b>-1,509</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
<b>Net cash flow from financing activities</b>	<b>0</b>	<b>0</b>
Net effect of currency translation in cash and cash equivalents	-10	11
<b>NET INCREASE/DECREASE OF CASH AND CASH EQUIVALENTS</b>	<b>-594</b>	<b>873</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>10,433</b>	<b>6,136</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>9,839</b>	<b>7,009</b>

**CONSOLIDATED STATEMENT OF  
SHAREHOLDERS EQUITY (unaudited)**



CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY	Subscribed capital		Capital reserve	Legal reserve	Treasury shares	Accumu- lated losses	Other comprehensive income		Total Thsd. EUR
	Shares	Thsd. EUR	Thsd. EUR	Thsd. EUR	Thsd. EUR	Thsd. EUR	Currency Trans- lation	Securities measured at fair value	
							Thsd. EUR	Thsd. EUR	
<b>Consolidated equity as of January 1, 2009</b>	<b>10,335,004</b>	<b>10,335</b>	<b>52,764</b>	<b>176</b>	<b>-1,588</b>	<b>-15,755</b>	<b>26</b>	<b>-37</b>	<b>45,921</b>
Group result	0	0	0	0	0	109	0	0	109
Other comprehensive income	0	0	0	0	0	0	2	-6	-4
<b>Overall result</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>109</b>	<b>2</b>	<b>-6</b>	<b>105</b>
<b>Consolidated equity as of March 31, 2009</b>	<b>10,335,004</b>	<b>10,335</b>	<b>52,764</b>	<b>176</b>	<b>-1,588</b>	<b>-15,646</b>	<b>28</b>	<b>-43</b>	<b>46,026</b>
<b>Consolidated equity as of January 1, 2010</b>	<b>10,021,054</b>	<b>10,021</b>	<b>51,490</b>	<b>250</b>	<b>0</b>	<b>-15,877</b>	<b>27</b>	<b>-30</b>	<b>45,881</b>
Group result	0	0	0	0	0	-120	0	0	-120
Other comprehensive income	0	0	0	0	0	0	-2	23	21
<b>Overall result</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-120</b>	<b>-2</b>	<b>23</b>	<b>-99</b>
<b>Consolidated equity as of March 31, 2010</b>	<b>10,021,054</b>	<b>10,021</b>	<b>51,490</b>	<b>250</b>	<b>0</b>	<b>-15,997</b>	<b>25</b>	<b>-7</b>	<b>45,782</b>

## Principles of Accounting

USU Software AG is a stock corporation under the law of the Federal Republic of Germany. The company is domiciled at Spitalhof, 71696 Möglingen, Germany and is entered in the commercial register of the Stuttgart Local Court, Dept. B., under no. 206442.

This three-month report for 2010 of USU Software AG was prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), London, as they are to be applied within the European Union. The same accounting and valuation principles were used as for the preparation of the consolidated financial statements for the preceding fiscal year ending December 31, 2009. This unaudited three-month report for 2010 should therefore be read in conjunction with the audited financial statements for 2009. It complies with the regulations of IAS 34 for interim reporting and of section 37x (3) of the *Wertpapierhandelsgesetz* (WpHG – German Securities Trading Act). Furthermore, the company used the German Accounting Standard 16 (Interim Financial Reporting) as a guideline in preparing this report.

This interim report contains all the necessary deferrals and, in the opinion of the management, provides a true and fair view of assets, liabilities, financial position, and profit or loss. All deferrals performed are in line with the customary accruals concept.

In preparing interim financial statements in line with IFRS, estimates and opinions relating to the assets and liabilities recognized at the reporting date and the income and expenses for the reporting period are required to a certain extent. Actual results may differ from those estimates.

Income taxes are recognized in the interim period based on the best estimate of the weighted average annual income tax rate expected for the year as a whole. This tax rate is applied to the pre-tax profit of the consolidated companies.

It is not necessarily possible to conclude the annual net profit from the profit of the interim periods.

## Sales revenues

Revenues from the sales of goods and services break down as follows:

	1.1.-31.3.2010 Thsd. EUR	1.1.-31.3.2009 Thsd. EUR
Consulting	4,596	5,521
Licences / products	639	854
Service and maintenance	1,859	1,721
Other	443	229
	<b>7,537</b>	<b>8,325</b>

### Segment reporting

For the purpose of segment reporting in accordance with IFRS 8, USU is active in “Product Business“ and “Service Business“, both of which have a major influence on the risks and equity return.

The breakdown of various key ratios by segment in line with IFRS 8 is represented in the following overview:

	Product Business		Service Business		Total Segments		Unallocated		Group	
	1.1.-31.3.2010	1.1.-31.3.2009	1.1.-31.3.2010	1.1.-31.3.2009	1.1.-31.3.2010	1.1.-31.3.2009	1.1.-31.3.2010	1.1.-31.3.2009	1.1.-31.3.2010	1.1.-31.3.2009
	Thsd. EUR	Thsd. EUR	Thsd. EUR	Thsd. EUR	Thsd. EUR	Thsd. EUR	Thsd. EUR	Thsd. EUR	Thsd. EUR	Thsd. EUR
Revenues	5,042	5,197	2,485	3,117	7,527	8,314	10	11	7,537	8.325
EBITDA	755	477	-35	462	720	939	-574	-660	146	279
EBIT	512	237	-62	437	450	674	-578	-666	-128	8
Net financial income	-	-	-	-	-	-	8	132	8	132
Taxes							0	-31	0	-31
Net profit / loss	512	237	-62	437	450	674	-570	-565	-120	109
Employees (as of March 31, 2010/09)	198	180	61	57	259	237	20	19	279	256

The USU Software Group generated a total of 6.2% or EUR 467 thousand of its consolidated sales outside Germany in the first three months of the 2010 financial year. In addition, less than 10% of the consolidated assets held are outside Germany. At the same time, the investments made outside Germany came to less than 10% of the consolidated total investments. Further details of the geographical data have thus not been provided.

### Shares and stock options held by members of corporate bodies at USU Software AG

The following shares and options in USU Software AG were held by members of corporate bodies of the company as at March 31, 2010:

Holdings of members of corporate bodies	shares 2010	shares 2009
<b>Management Board</b>		
Bernhard Oberschmidt	18,696	18,696
<b>Supervisory Board</b>		
Udo Strehl*	1,989,319	1,989,319
Erwin Staudt	100,000	100,000
Günter Daiss	85,500	85,500

\* An additional 3,773,868 (2009: 3,773,868) shares of USU Software AG can be allocated to Udo Strehl via Udo Strehl Private Equity GmbH as the majority shareholder of the company pursuant to Sec. 22 (1) Sentence 1 No. 1 WpHG. A further 32,000 (2009: 32,000) shares in USU Software AG are allocated to Udo Strehl through the "Knowledge is the future" foundation of which he is the Managing director pursuant to Sec. 22 (1) Sentence 1 No. 1 WpHG.

### **Related party disclosures**

In accordance with IAS 24, all related parties are persons or companies with the ability to control the Group or exercise significant influence over it, or on whom/which the Group can exert significant influence, including the management and the Supervisory Board. Companies that are already included as part of full consolidation in the interim consolidated financial statements are not considered related parties.

There were no significant changes to business relations between USU Software AG and the Supervisory Board Chairman and majority shareholder Udo Strehl and his wife compared with the information in the notes to the consolidated financial statements of fiscal 2009. For more information, please refer to the details in the consolidated financial statements of USU Software AG for the fiscal year ending December 31, 2009.

Möglingen, May 21, 2010

Chairman of the Management Board of USU Software AG

**JULY 15, 2010****ANNUAL GENERAL MEETING 2010**

at “Buergersaal” of  
Forum am Schlosspark,  
Stuttgarter Straße 33-35,  
D-71638 Ludwigsburg (Germany)  
Start: 10.30 a.m.  
Entrance: 9.30 a.m.

**AUGUST 19, 2010****6-MONTH REPORT 2010****NOVEMBER 18, 2010****9-MONTH REPORT 2010****NOVEMBER 22, 2010**

**ANALYST CONFERENCE OF USU SOFTWARE AG**  
**- GERMAN EQUITY FORUM -**  
Frankfurt am Main, Germany

**DECEMBER 9, 2010**

**ANALYST CONFERENCE OF USU SOFTWARE AG**  
**- X. MKK Munich Capital Market Conference -**  
*Munich, Germany*