



6 – MONTH REPORT 2012

USU Software AG

6 - MONTH REPORT 2012	2012	2011
<i>in Thsd. EUR, except the earnings per share and number of employees</i>	01.01.-30.06.2012	01.01.-30.06.2011
REVENUES	24,956	20,803
ADJUSTED EBIT	2,878	2,245
ADJUSTED NET RESULT	1,886	1,728
ADJUSTED EARNINGS PER SHARE (EUR)	0.18	0.16
EBITDA	1,127	2,471
EBIT	270	1,465
NET RESULT	-791	816
EARNINGS PER SHARE (EUR)	-0.08	0.08
CASH-FLOW FROM ORDINARY OPERATIONS	5,071	3,949
NUMBER OF EMPLOYEES AT THE END OF THE PERIOD	334	301
	30.06.2012	31.12.2012
CASH AND CASH EQUIVALENTS	13,387	17,630
SHAREHOLDERS EQUITY	49,130	49,908
BALANCE SHEET	65,985	70,050
EQUITY RATIO	74.5%	71.2%

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 and Readers,

The last quarter was positive and eventful, with USU again posting significant two-digit growth and a further increase in *adjusted EBIT**. International business performed extremely well and more than doubled compared to the previous year.

In the quarter under review, as previously advised, the 100% acquisition of Aspera GmbH was carried out by cash payment of the remaining purchase price. As a result, Aspera is now a 100% subsidiary of USU Software AG. However, after the end of the reporting period, USU Software AG put in place another important milestone in its growth strategy. In Q3 2012, through its subsidiary Aspera, USU concluded a long-term partnership agreement with CA Technologies (CA) and, as a result, the USU Group became a global market leader in software license management. CA, one of the biggest global software companies, will now operate Aspera's license management software SmartTrack as well as its service management product suite. From 2013, after an initial phase without a significant impact on sales and earnings in the reporting year, the Management Board expects CA to contribute annual earnings of over EUR 1 million to the USU Group as a result of the expected license and maintenance income. As planned, USU will continue to drive its international growth forward on the basis of this strategic partnership. The Management Board therefore remains highly optimistic for the coming years and expects significant growth in international business as well as positive growth in Germany.

The Management Board is confirming its sales and earnings forecast for fiscal 2012, and intends to share the success of the company with shareholders in the form of a dividend, in line with its dividend policy. Accordingly, at the USU Software AG's Annual General Meeting on July 18, 2012, the Management Board confirmed its intended dividend ratio of approximately half of operating profit, subject to acquisition activities, and announced that at least the dividend amount of the previous year would be paid in order to ensure dividend continuity. For 2011, the Annual General Meeting agreed a dividend at the previous year's level of EUR 0.20 per share, taking into account the remaining Aspera purchase price. The Annual General Meeting, attended by some 250 shareholders, press representatives, employees and guests of the company, also passed a resolution creating a new authorized capital to provide greater flexibility in future acquisitions.

* For an explanation of adjusted EBIT, see the note "Adjusted consolidated earnings" of group report on page 10 of this 2012 six-month report.

The shareholders also approved the proposal of the management to implement postal voting in the Annual General Meeting. With a large majority, the Annual General Meeting also authorized the Management Board and the Supervisory Board to appoint the Stuttgart-based accountancy firm Prof. Dr. Binder, Dr. Dr. Hillebrecht & Partner GmbH as the auditors for 2012 fiscal year. Finally, the Annual General Meeting also approved a profit and loss transfer agreement between USU Software AG and Aspera GmbH. The Management Board expects positive future tax effects as a result of the existing tax loss carryforwards in the Group's parent company, which is likely to have a positive effect on the company's profit.

As the above has shown, the USU Group is on track exceed the consolidated sales target of EUR 50 million in 2013 with a further increase in adjusted EBIT. We are already occupying future growth areas, developing new product innovations and looking for additional acquisition opportunities to pursue successfully the planned growth path in subsequent years, and to increase the company value of your USU further based on a good, sustainable business policy.

Yours,

Bernhard Oberschmidt,

Chairman of the Management Board of USU Software AG

Economic development

In Q2 2012, the German economy continued to grow at a slightly slower rate, according to an initial report from the German Federal Statistical Office (Destatis). Destatis announced that German's gross domestic product (GDP) increased by 0.3% compared to the previous quarter in the months April to June 2012 (Q2 2011: 0.5%) after adjustment for inflation, seasonal and calendar effects. Positive impetus was generated by consumption and exports compared with the previous quarter, whilst investments declined further. As against the same quarter of the previous year, German GDP grew by 1.0% in the second quarter of 2012 (Q2 2011: 3.0%). According to Eurostat, the Statistical Office of the European Communities, economic performance in the euro zone in Q2 2012 declined by 0.2% from Q1 2012, after rising by 0.2% in the previous year. Compared to the same quarter of the previous year, the euro zone posted a decrease of GDP after adjustment for seasonal effects of 0.2% in the period under review (Q2 2011: increase of 1.6%).

Sector performance

According to the latest studies by the Federal Association for Information Technology, Telecommunications and New Media (BITKOM), the business climate in the German high-tech sector remained stable in Q2 2012. According to BITKOM, 69% of providers of IT, telecommunications and entertainment technology (ICT) posted a year-on-year sales increase in the quarter under review. IT companies were particularly optimistic. Its research indicated that 75% software providers and 72% of IT service providers were anticipating growth in sales. According to BITKOM information, 73% of ICT companies expect a sales increase for the year as a whole, rising to 81% of software companies and 79% of IT service companies, which anticipate particularly strong growth compared to other ICT sectors.

Business development in Q2 2012

In Q2 2012, USU Software AG and its subsidiaries (hereinafter also referred to as "the USU Group" or "USU") increased consolidated sales under IFRS by 21.1% to EUR 12,374 thousand (Q2 2011: EUR 10,220 thousand), resulting in stronger growth than the market as a whole. In the reporting quarter, international sales posted strong development and more than doubled to EUR 2,119 thousand from the previous year (Q2 2011: EUR 1,002 thousand). The Product Business segment also posted strong growth with sales increasing by 27.7% to EUR 8,592 thousand (Q2 2011: EUR 6,730 thousand). In the reporting quarter, the Service Business segment did not fully match the strong Q1 2012. However, sales increased by 8.6% compared to Q2 2011 to EUR 3,777 thousand (Q2 2011: EUR 3,479 thousand).

The cost base amounted to EUR 11,259 thousand (Q2 2011: EUR 9,082 thousand), an increase of 24.0%. This results from the business expansion and, in particular, from employing additional consultants, for which the costs have not yet been fully covered because of the induction phase and which have a lower utilization rate, as well as from the additional deployment of freelance workers in the Product and Service Business.

In the reporting quarter, USU's adjusted earnings before interest and taxes (adjusted EBIT) increased by 5.5% to EUR 1,203 thousand (Q2 2011: EUR 1,140 thousand), and the adjusted net income for the quarter increased by 1.1% to EUR 885 thousand (Q2 2011: EUR 875 thousand). Adjusted earnings per share remained the same as the previous year at EUR 0.08 (Q2/2011: EUR 0.08). Unadjusted earnings before interest, taxes, depreciation and amortization (EBITDA) also remained close to the previous year at EUR 1,246 thousand (Q2 2011: EUR 1,259 thousand). USU's earnings before interest and taxes (EBIT) also increased by 11.6% to EUR 837 thousand (Q2 2011: EUR 750 thousand), and the net income for the quarter increased by 12.7% to EUR 473 thousand (Q2 2011: EUR 420 thousand). The USU Group's earnings per share, calculated according to IFRS, remained at EUR 0.04 in Q2 2012 (Q2 2011: EUR 0.04).

Business development for the first six months of the 2012 fiscal year

Development of sales and costs

Group sales

In the first half of 2012, the USU Group continued its positive growth trend with group revenues increasing by 20.0% to EUR 24,956 thousand (H1 2011: EUR 20,803 thousand). USU's international business was particularly successful, doubling its international sales to EUR 4,375 thousand (H1 2011: EUR 2,166 thousand).

In the first half of 2012, USU increased its license business by 26.1% compared to the first six months of 2011 to EUR 3,605 thousand (H1 2011: EUR 2,859 thousand). Maintenance income also rose by 9.5% with the increased license business to EUR 5,717 thousand (H1 2011: EUR 5,221 thousand). USU also increased its consulting business significantly compared to the previous year to EUR 14,708 thousand (H1 2011: EUR 11,175 thousand), representing a year-on-year increase of 31.6%. USU benefited particularly from larger project contracts in its product business, which resulted in a higher utilization of salaried and freelance workers as well as the majority acquisition of USU Consulting GmbH at the end of July 2011, which generated sales of EUR 286 thousand in the reporting period. Other income in the first half of 2012 amounted to EUR 926 thousand (H1 2011: EUR 1,549 thousand) and mainly included merchandise sales of third-party hardware and software.

Sales by segment

The range of services in the Product Business segment, to which the new Group subsidiary USU Consulting GmbH has been assigned, covers all activities relating to USU products in the markets for knowledge-based service management solutions and knowledge management. The Service Business segment comprises consulting services relating to IT projects as well as individual application development.

In the first half of 2012, the USU Group's Product Business segment posted a sales increase of 19.9% to EUR 16,766 thousand (H1 2011: EUR 13,979 thousand), primarily due to an organic increase in license and maintenance income. Consulting sales in the Service Business segment climbed 20.2% to EUR 8,175 thousand in the period under review (H1 2011: EUR 6,801 thousand). Sales not assigned to the segments amounted to EUR 15 thousand in the first six months of fiscal 2012 (H1 2011: EUR 23 thousand).

In the first six months of the current fiscal year, the USU Group's international business doubled year-on-year to EUR 4,375 thousand (H1 2011: EUR 2,167 thousand). The share of consolidated sales generated outside Germany therefore rose to 17.5% (H1 2011: 10.4%), meaning that in the first half of 2012 it was higher than the medium-term target of at least 15%.

Operating costs

In the first six months of 2012, the USU Group's operating cost base increased year-on-year by 20.5% to EUR 22,368 thousand (H1 2011: EUR 18,558 thousand), primarily due to the targeted expansion of the workforce and additional deployment of freelance workers for numerous project contracts.

The cost of sales increased by 30.2% year-on-year to EUR 13,062 thousand (H1 2011: EUR 10,036 thousand) as a result of the development of resources in the area of consulting. As a percentage of consolidated sales, the cost of sales amounted to 52.3% in the reporting quarter (H1 2011: 48.2%). USU posted gross income for the same period of EUR 11,894 thousand (H1 2011: EUR 10,768 thousand), representing a gross margin of 47.7% (H1 2011: 51.8%).

In the period from January to June 2012, sales and marketing expenses of the USU Group rose year-on-year by 7.0% to EUR 3,547 thousand (H1 2011: EUR 3,315 thousand).

The ratio of sales and marketing expenses to consolidated revenues remained below the previous year's level at 14.2% in the reporting quarter (H1 2011: 15.9%). As a result of the continued strong demand in Germany and the expanded international activities in connection with the recent establishment of the US subsidiary Aspera Technologies Inc., the company is planning to expand the sales team in the next few quarters.

In the reporting period, general administrative expenses increased by 12.3% year-on-year from to EUR 2,096 thousand (H1 2011: EUR 1,866 thousand). Administrative expenses as a percentage of consolidated sales, which fell from 9.0% in the first half of the previous year to 8.4%, reflected the USU Group's continued efficient administration resulting partly from combining Group activities of the subsidiaries.

In the first half of 2012, the USU Group's research and development costs increased by 9.6% to EUR 3,663 thousand (H1 2011: EUR 3,341 thousand). As a percentage of consolidated sales, research and development expenses decreased year-on-year from 16.1% in H1 2011 to 14.7% in H1 2012. USU is continuously investing in the new and further development of its own product portfolio and permanently works on innovative, market-related software solutions. For further information, please refer to the separate report *Research and development* in this Group management report.

Other operating income amounted to EUR 184 thousand in the first six months of fiscal 2012 (H1 2011: EUR 97 thousand). Other operating expenses of EUR 1,932 thousand (H1 2011: EUR 98 thousand) include an extraordinary item of EUR 1,855 thousand (H1 2011: EUR 0 thousand) resulting from the 100% acquisition of Aspera GmbH. As of December 31, 2011, the anticipated purchase price for the remaining 49% stake to be acquired in Aspera, which was dependent on Aspera's earnings in fiscal years 2010/11 (April 1, 2010 to March 31, 2011) and 2011/12 (April 1, 2011 to March 31, 2012), was recognized in the balance sheet as a purchase price liability at a total of EUR 6,648 thousand on the basis of the forecast business development of Aspera. Because the development of earnings at Aspera GmbH in the months January 2012 to March 2012 significantly exceeded expectations, the updated purchase price is EUR 1,855 thousand higher than the forecast value recognized in the balance sheet as of December 31, 2011. In accordance with IFRS, the resulting difference is reported in full in profit or loss under other operating expenses. For better comparability of the operating business development not including extraordinary items, the Management Board refers readers to the *Adjusted consolidated earnings* section of this Group management report.

Earnings situation

Owing to the extraordinary effect of the final Aspera acquisition and the associated nonrecurring expense for the purchase price adjustment of EUR 1,855 thousand, EBITDA for the first half of 2012 amounted to EUR 1,127 thousand (H1 2011: EUR 2,471 thousand). Not including depreciation and amortization of EUR 857 thousand (H1 2011: EUR 1,006 thousand), EBIT amounted to EUR 270 thousand (H1 2011: EUR 1,465 thousand). Taking into account the cumulative net finance costs of EUR -139 thousand (H1 2011: EUR -111 thousand), EBT amounted to EUR 131 thousand (H1 2011: EUR 1,354 thousand). In the first half of 2012, income taxes amounted to EUR -922 thousand (H1 2011: EUR -539 thousand), primarily as a result of profits generated by the subsidiary Aspera GmbH. Following the 100% acquisition of Aspera at the end of May 2012, the USU Software AG Annual General Meeting approved a profit and loss transfer agreement with die Aspera GmbH. Once this resolution has been recorded in the trading register, USU Software AG expects a positive tax impact from this contract, on the basis of the company's existing tax loss carryforwards. The USU Group's unadjusted net result for the period was EUR -791 thousand (H1 2011: EUR 816 thousand) as a result of the non-recurring effect of the Aspera acquisition. This represents earnings per share of EUR -0.08 (H1: EUR 0.08).

Adjusted consolidated earnings

As the consolidated earnings of the USU Group under IFRS have been and continue to be influenced by various extraordinary items which make it difficult to compare USU's earnings power from year to year, the company has calculated its *adjusted consolidated earnings* for information purposes. This shows consolidated earnings adjusted for the amortization of intangible assets capitalized as a result of business combinations, the results of the capitalization of tax loss carryforwards and the associated goodwill impairment, additional extraordinary items due to acquisitions and the corresponding tax effects.

Furthermore, on the basis of these *adjusted consolidated earnings*, USU Software AG reports *consolidated earnings per share* using the average number of shares outstanding. It also calculates its *adjusted EBIT*. *Adjusted consolidated earnings*, *adjusted EBIT* and *adjusted earnings per share* are not key indicators under IFRS.

Adjusted consolidated earnings <i>in EUR thousand</i>	01.01.2012 - 30.06.2012	01.01.2011 30.06.2011
Result of ordinary operations (EBIT)	270	1,465
Amortization of intangible assets capitalized as a result of business combinations	570	780
Amortization of goodwill	0	0
Nonrecurring effects relating to acquisitions	2,038	0
- stay bonus Aspera GmbH / USU Consulting GmbH	183	0
- davon aus Kaufpreisanpassungen	1,855	0
Adjusted EBIT	2,878	2,245
Financial income (as per consolidated income statement)	111	45
Financial costs (as per consolidated income statement)	-250	-156
Income taxes (as per consolidated income statement)	-922	-538
Tax effects relating to adjustments	77	132
- amortization	77	132
- deferred taxation from tax loss carryforwards	0	0
Minority interests (as per consolidated income statement)	-8	0
Adjusted consolidated earnings	1,886	1,728
Adjusted earnings per share (in EUR):	0.18	0.16
Weighted average number of outstanding shares:		
Basic and diluted	10,523,770	10,523,770

In the reporting period, the USU Group posted a 28.2% increase in *adjusted EBIT* to EUR 2,878 thousand (H1 2011: EUR 2,245 thousand). In the reporting period, *adjusted consolidated earnings* increased by 9.2% year-on-year to EUR 1,886 thousand (H1 2011: EUR 1,728 thousand). This corresponds to *adjusted earnings per share* of EUR 0.18 (H1 2011: EUR 0.16).

Balance sheet structure

In fiscal 2012, the balance sheet structure of the USU Group was significantly influenced by the final acquisition of Aspera GmbH, which was completed at the end of May 2012. On the assets side of the balance sheet, the USU Group's non-current assets totaled EUR 42,384 thousand as of June 30, 2012 (December 31, 2011: EUR 42,926 thousand). The reduction in this item is mainly due to the amortization of intangible assets. At the end of Q2 2012, current assets declined to EUR 23,601 thousand (December 31, 2011: EUR 27,124 thousand) as a result of the payment of the remaining purchase price for the total acquisition of Aspera. In completing the final Aspera acquisition, USU Software AG did not carry out a capital increase in order to avoid diluting existing USU shareholders, and met the full purchase price for the remaining 49% of the Aspera shares in cash.

As a result, cash and cash equivalents including securities fell to EUR 13,387 thousand as at June 30, 2012 (December 31, 2011: EUR 17,630 thousand). On the equity and liabilities side, provisions and liabilities in the form of current and non-current liabilities declined in the first half of 2012 to EUR 16,855 thousand (December 31, 2011: EUR 20,142 thousand), primarily due to the omission of the purchase price liability (December 31, 2011: EUR 6,648 thousand). At EUR 49,130 thousand, equity was also below the figure for December 31, 2011 of EUR 49,908 thousand, primarily due to the extraordinary item relating to the purchase price for the 100% acquisition of Aspera, which impacted the consolidated earnings of the USU Group in accordance with IFRS. With total assets of EUR 65,985 thousand (December 31, 2011: EUR 70,050 thousand), the equity ratio was 74.5% as of June 30, 2012 (December 31, 2011: 71.2%).

Cash-Flow and investments

As of June 30, 2012, the cash and cash equivalents of the USU Group not including securities declined only slightly year-on-year to EUR 12,893 thousand (H1 2011: EUR 14,313 thousand), despite the remaining purchase price payment of EUR 8,978 thousand for the 100% acquisition of Aspera.

The USU Group's cash flow from operating activities increased from EUR 3,949 thousand in the previous year to EUR 5,071 thousand in the half year under review, primarily due to the changes in working capital.

Cash flow from investing activities of EUR -9,320 thousand (H1 2011: EUR -197 thousand) was impacted particularly by the purchase price payment for the acquisition of the remaining 49% of Aspera shares by USU Software AG. In the first six months of 2012, investments in property, plant and equipment and intangible assets amounted to EUR -395 thousand (H1 2011: EUR -263 thousand).

As in the previous year, there were no changes in cash flow from financing activities in the first half of 2012.

Orders on hand

As of June 30, 2012, orders on hand throughout the USU Group increased by 7.8% year-on-year to EUR 24,471 thousand (June 30, 2011: EUR 22,707 thousand). As against the end of the previous year (December 31, 2011: EUR 21,501 thousand), USU generated a 13.8% 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 and maintenance agreements.

Research and development

With 108 employees across the Group as of the end of the reporting quarter, the USU Group systematically researches the use of new technologies, implements the latest customer-related developments, and designs its own innovations in its ongoing drive to improve and expand the Group-wide product portfolio. In the first half of 2012, in order to offer its customers practice-driven products and solutions based on state-of-the-art technology, the USU Group invested a total of EUR 3,663 thousand (H1 2011: EUR 3,341 thousand), or 14.7% (H1 2011: 16.1%) of consolidated sales in research and development. This portfolio is principally made up of the software products **Valuation** and **USU KnowledgeCenter** from USU AG, **SmartTrack** from Aspera, **ZIS-System** from LeuTek and **myCMDB** from OMEGA.

During the reporting quarter, the subsidiary USU AG focused completion of the new **Valuation** Release 4.3. **Valuation 4.3** automates the complete service life cycle, from implementing the service strategy and defining the service portfolio to the edited service offer in a service catalogue for end users. In addition, the CMDB integration of **Valuation** into the LeuTek monitoring application **ZIS-System**, which enables automated transfer of systems and components stored centrally in the **Valuation** CMDB and subsequent monitoring via the **ZIS-System**. The extended integration of **USU KnowledgeCenter** into **Valuation** now offers standard editing processes and document versioning, making solutions more up-to-date and improving quality. At the same time as delivering **Valuation 4.3**, work started on Release 4.4, which is currently due to appear at the start of Q3 2013. For **Valuation 4.4**, the priority is to implement additional improvements to the user interface, software ergonomics and usability. In addition, preliminary design work is taking place for a range of additional software as a Service (SaaS) products.

In Q2 2012, development work on USU AG's **USU KnowledgeCenter** product suite focused on continuing product improvements to the functions and interfaces in the user and maintenance process, as well as implementing improved security requirements. In addition, work continued on the integration of the **USU KnowledgeBase** module into the user interface of **USU KnowledgeCenter**, in order to create a standard user and editing process.

At the Group subsidiary Aspera GmbH, a variety of functional enhancements to the **SmartTrack** license management software were also implemented in the quarter under review. As well as the three-tier organizational structure in **SmartTrack**, in which the Group's legal structure is stored, a second structure can now be implemented for compliance reporting. This hierarchical reporting structure can have any number of levels and is linked to the cost centers. Aspera-Software now provides a range of authentication mechanisms to create a single sign-on. Additional security requirements, such as token expiry date and user

identification, can be adapted using the **SmartTrack** system configuration. A new standard report “Devices without installation” searches for terminals where selected products have not been installed, which allows devices without virus scan software to be identified easily.

In the reporting quarter, the Group subsidiary LeuTek GmbH brought out the new **ZIS** Version 5.4 with many new features and improvements to business service monitoring. The development team is also working on a new **ZIS System** module for complete planning of required service maintenance, as well as a new module to record and maintain an event reaction catalogue incorporating the **USU KnowledgeCenter**.

During the quarter under review, the subsidiary Omega Software GmbH finalized a Software as a Service (SaaS) solution for its SME-oriented product suite **myCMDB** under the name of **myCMDB Business**, which is specially designed for iPads and tablet PCs. The software is hosted by OMEGA or a provider, so that there are no installation and operating costs for the customer. **myCMDB Business** is available immediately after order and is pre-configured according to best practices. The administrator functions are limited to activation of services and subscribing or unsubscribing other users.

Employees

By the end of Q2 2012, the USU Group had expanded its workforce by 11.0% compared to the previous year to 334 (H1 2011: 301), primarily due to the planned expansion of the consulting team. As at June 30, 2012, broken down by functional unit, 155 people (H1 2011: 132) were employed in consulting and services at the end of the reporting period, 108 (H1 2011: 104) in research and development, 32 (H1 2011: 36) in sales and marketing, and 36 (H1 2011: 29) in administration. Broken down by segment, the USU Group employed 233 (H1 2011: 217) people in the Product Business segment, 69 (H1 2011: 62) in the Service Business segment and 32 (H1 2011: 22) 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 the German Securities Code (WKN) A0BVU2 and International Securities Identification Number (ISIN) DE000A0BVU28, and are admitted to trading on the regulated market of this stock exchange.

In the second quarter of 2012, the USU share tended to move sideways with a slight decline in the share price at the end of the reporting period, whilst both the DAX and Technology All Share suffered significant stock price losses. As at June 30, 2012, the USU share on the XETRA electronic trading system closed at EUR 5.00 (March 31, 2012: EUR 5.09), a decline of 1.7% from the previous quarter. In the same period, the DAX fell by 7.6% to 6,416.28 points, and the Technology All Share fell by 5.3% to 916.67 points.

In the first half of 2012, the USU share increased by 9.9% from the December 31, 2011 (EUR 4.55). As a result, it performed better than the DAX with growth of 8.8% (December 31, 2011: 5,898.35 points) and the Technology All Share with an increase of 7.5% (December 31, 2011: 852.65 points).

Supplementary report

In Q3 2012, the Group subsidiary Aspera concluded a partnership agreement with one of the biggest global software companies, the US company CA Technologies, from which the USU Group expects to generate earnings of over EUR 1 million from 2013. For further details, see Strategic Partnership with CA Technologies in the consolidated financial statements of this Q2 2012 report. There were no other transactions of particular significance with a material effect on the development of business in the USU Group after June 30, 2012. In this respect, there were no other major changes to the net assets, financial position or results of operations of the Group.

Opportunity and risk report.

There have been no changes in the risks and opportunities affecting USU Software AG and the Group as a whole since the balance sheet date December 31, 2011. In this regard, please refer to the risk report in the 2011 Annual Report.

Forecast report

General economy

In its Economic Forecast 2012/2013, the Institute for Economic Research (ifo), based at the University of Munich, predicts that the German economy will go through a weaker phase in the summer half-year as a result of the ongoing uncertainty over the course of the European debt crisis. From the final quarter of 2012 onwards, ifo expects a slight increase in overall economic production as a result of the stimulating monetary policy of the European Central Bank, the devaluation of the euro, and favorable interest rates for public and private borrowers. In 2012, according to ifo, average GDP is expected to increase by 0.7%, compared to growth of 3.0% in 2011. For 2013, the ifo Institute forecasts GDP growth of 1.3% in Germany due to robust private consumption and an increase in gross fixed capital formation.

For the euro zone as a whole, experts expect economic heterogeneity between the individual member states to increase further in the coming months. Whilst the economies of the crisis states such as Greece, Portugal, Spain and Italy will continue to shrink in 2013, export-oriented countries like Germany, Finland and Austria will benefit from the gradual increase in global demand after a weaker phase in the current year. According to ifo estimates, GDP in the euro zone is expected to fall by 0.5% in 2012 (2011: increase of 1.5%) and to stagnate in 2013.

Sector

According to BITKOM, the IT sector will act as a key growth driver for the German economy in 2012 as well. In particular, providers of software and IT services will benefit from continuing strong demand from the economy for new IT solutions. As in the previous year, BITKOM is therefore forecasting a rise in market volumes for the German IT market of 3.1%. The software market is expected to again expand strongly with a growth rate of 4.4% (2011: 5.1%), while IT services should grow by 2.5% (2011: 3.2%). Worldwide, the independent market analysis and consulting company PAC is anticipating a rise in market volume of more than 4% on the software market and more than 3% on the market for IT services. According to PAC, companies are focusing their activities on cost savings and on improving their efficiencies.

Outlook

After a positive operating development in the first half of 2012 by USU Software AG and its subsidiaries with a clear sales increase, the Management Board also expects significant growth potential for the year as a whole. This is based on the three main growth drivers of strategy, internationalization and acquisitions.

With its Product Business segment geared towards knowledge-based service management, the USU Group has focused on a promising future market offering the prospect of high rates of growth in the medium term. Here, USU is offering its modern Valuation product suite, a rapidly amortizing software solution for the optimization of entire IT resources aimed at large and larger medium-sized companies. Valuation operates as an integrated, comprehensive product suite and incorporates the Group products USU KnowledgeCenter, ZIS-System and SmartTrack. The worldwide ITIL certification of Valuation at the beginning of 2012 and positive evaluations from leading market analysts such as Gartner, Forrester and ECP are expected to lead to increasing awareness of the product internationally, accompanied by increasing market penetration. In addition to Product Business, which generates strong margins and growth from license, maintenance and product-related consulting income,

the consulting-intensive Service Business segment is also expected to form a stable basis for positive business development following an extremely strong start of the fiscal year with generally stable sales contributions. The USU Group's expected growth is underlined by a continued high level of orders on hand amounting to EUR 22,482 thousand as at June 30, 2012 (June 30, 2011: EUR 22,707 thousand).

In terms of the internationalization of the USU Group, following a very successful start to the current year, with the proportion of consolidated sales generated outside Germany at 18%, the Management Board continues to expect strong growth figures. These are primarily expected from the USU Group's established international partner business, which in future will also include Computer Associates Inc., one of the biggest global software groups in the USA. From 2013, USU expects CA to contribute annual income of over EUR 1 million from license and maintenance income. As a result of this strategic partnership and the creation of the US subsidiary Aspera Technologies Inc. in March 2012, USU will push further forward in international growth.

In addition to organic growth, another key element of the Company's strategy is the expansion of Group activities through the acquisition of companies and interests in companies. As a result, in the reporting quarter, the 100% acquisition of Aspera was carried out by exercising the call option for the remaining 49% of shares in Aspera. The extraordinary effect of the acquisition in Q1 2012 on the IFRS result will impact fiscal 2012 as a whole. In order to improve the comparability of the USU Group's sustainable earnings power, the Management Board is focusing corporate communications on EBIT adjusted for extraordinary acquisition and other effects (adjusted EBIT).

The Management Board is confirming its forecast consolidated sales of at least EUR 48 million for the current fiscal year of 2012 and adjusted EBIT in the range of between EUR 6.5 million and EUR 7.0 million. As previously disclosed, it also intends to allow the shares to participate largely in the company's success in the form of a dividend. Thanks to the growth drivers described above, the Management Board is extremely optimistic for the following year as well, and anticipates that the company will break through the EUR 50 million marker for consolidated sales while continuing to improve adjusted EBIT.

USU Software AG

The Management Board

ASSETS (Thsd. EUR)	6-month report 30.06.2012	Annual report 31.12.2011
Non current assets		
Intangible assets	6,197	6,783
Goodwill	32,395	32,395
Property, plant and equipment	1,103	1,007
Other financial assets	85	85
Deferred tax assets	1,843	1,843
Other assets	761	813
Total non current assets	42,384	42,926
Current assets		
Inventories	766	863
Work in process	2,532	1,330
Trade receivables	5,140	6,050
Income tax receivables	130	130
Other financial assets	680	544
Other assets	74	74
Prepaid expenses	892	503
Securities	494	485
Cash on hand and bank balances	12,893	17,145
Total non current assets	23,601	27,145
Total assets	65,985	70,050

LIABILITIES AND SHAREHOLDERS' EQUITY (Thsd. EUR)	6-month report 30.06.2012	Annual Report 31.12.2011
Shareholders' equity		
Subscribed capital	10,524	10,524
Capital reserve	52,792	52,792
Legal reserve	386	386
Other comprehensive income	-10	-23
Accumulated losses	-14,556	-13,773
Shareholders' equity not including minority interests	49,136	49,906
Minority interests	-6	2
Total shareholders' equity	49,130	49,908
Non-current liabilities		
Deferred tax liabilities	1,069	1,146
Pension provisions	524	482
Total non-current liabilities	1,593	1,628
Current liabilities		
Provisions for income taxes	728	529
Purchase price liabilities	0	6,648
Personnel-related provisions and liabilities	3,534	4,239
Other provisions and liabilities	1,542	1,949
Liabilities from received payments	2,413	1,860
Trade payables	1,487	1,303
Deferred income	5,558	1,986
Total current liabilities	15,262	18,514
Total liabilities and shareholders' equity	65,985	70,050

CONSOLIDATED INCOME STATEMENT (Thsd. EUR)	Quarterly Report	Quarterly Report	6-Month Report	6-Month Report
	II / 2012	II / 2011	2012	2011
	01.04.2012 - 30.06.2012	01.04.2011 - 30.06.2011	01.01.2012 - 30.06.2012	01.01.2011 - 30.06.2011
Sales revenue	12,374	10,220	24,956	20,803
Cost of sales	-6,594	-5,061	-13,062	-10,036
Gross profit	5,780	5,159	11,894	10,767
Sales and marketing expenses	-1,778	-1,604	-3,547	-3,315
General administrative expenses	-1,054	-876	-2,096	-1,865
Research and development expenses	-1,834	-1,540	-3,663	-3,341
Other operating income	36	45	184	97
Other operating expenses	-28	-44	-1,932	-98
Amortization of intangible assets recognized in the course of company acquisitions	-285	-390	-570	-780
Result of ordinary operations (EBIT)	837	750	270	1,465
Interest income	69	25	111	45
Interest expenses	-87	-76	-250	-156
Result before tax (EBT)	819	699	131	1,354
Income taxes	-346	-279	-922	-538
Net profit / loss	473	420	-791	816
of which:				
- shareholders of USU Software AG	466	420	-783	816
- minority interests	7	0	-8	0
Earnings per share (EUR) on the basis of the share of earnings of shareholders of USU Software AG				
(basic and diluted)	0.04	0.04	-0.08	0.08
Weighted average shares				
(basic and diluted)	10,523,770	10,523,770	10,523,770	10,523,770

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Thsd. EUR)	Quarterly Report	Quarterly Report	6-Month Report	6-Month Report
	II / 2012	II / 2011	2012	2011
	01.04.2012 - 30.06.2012	01.04.2011 - 30.06.2011	01.01.2012 - 30.06.2012	01.01.2011 - 30.06.2011
Group result	473	420	-791	816
Available-for-sale financial instruments (securities)				
Fair value changes taken directly to equity	5	2	10	4
Recognized to profit or loss	0	0	0	0
Deferred taxes from available-for-sale financial instruments (securities)	0	0	0	0
Currency translation difference	-14	-5	3	1
Other comprehensive income	-9	-3	13	5
Overall result	464	417	-778	821
of which:				
- shareholders of USU Software AG	457	417	-770	821
- minority interests	7	0	-8	0

CONSOLIDATED STATEMENT OF CASH FLOW (Thsd. EUR)	6-month report 01.01.2012 - 30.06.2012	6-month report 01.01.2011 - 30.06.2011
CASH FLOW FROM ORDINARY ACTIVITIES:		
Result bevor taxes (EBT)	131	1,354
Adjustments for:		
Financial income / financial expenditure	139	111
Depreciation and amortization	857	1,006
Income taxes paid	-981	-528
Income taxes refunded	11	28
Interest paid	-141	-146
Interest received	107	44
Other non-cash income and expenses	-77	-124
Change in working capital:		
Inventories	96	-725
Work in process	-1,201	-733
Trade receivables	910	255
Prepaid expenses and other assets	-400	82
Trade payables	184	-355
Personnel-related provisions and liabilities and pension provisions	-664	80
Other provisions and liabilities	6,100	3,600
Net cash flow form ordinary activities	5,071	3,949
CASH FLOW FROM INVESTING ACTIVITIES:		
Acquisition of subsidiaries less cash and cash equivalents acquired	-8,978	0
Capital expenditure in property, plant and equipment	-360	-205
Capital expenditure in other intangible assets	-35	-58
Repayment of short-term loans	52	38
Sales of non-current assets	1	28
Investments in available-for-sale securities	0	0
Net cash flow from investing activities	-9,320	-197
CASH FLOW FROM FINANCING ACTIVITIES:		
Net cash flow from financing activities	0	0
Net effect of currency translation in cash and cash equivalents	-3	-11
NET INCREASE/DECREASE OF CASH AND CASH EQUIVALENTS	-4,252	3,741
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	17,145	10,572
CASH AND CASH EQUIVALENTS AT END OF PERIOD	12,893	14,313

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



CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY	Subscribed capital		Capital reserve	Legal reserve	Accum- lated losses	Other comprehensive income		Share- holder's equity not including minority interests	Minority interest	Total
	Currency Trans- lation	Securities measured at fair value								
	Shares	Thsd. EUR	Thsd. EUR	Thsd. EUR	Thsd. EUR	Thsd. EUR	Thsd. EUR	Thsd. EUR	Thsd. EUR	Thsd. EUR
Consolidated equity as of January 1, 2011	10,523,770	10,524	52,792	294	-15,125	9	-9	48,485	0	48,485
Group result	0	0	0	0	816	0	0	816	0	816
Other comprehensive income	0	0	0	0	0	1	4	5	0	5
Overall result	0	0	0	0	816	1	4	821	0	821
Consolidated equity as of June 30, 2011	10,523,770	10,524	52,792	294	-14,309	10	-5	49,306	0	49,306
Consolidated equity as of January 1, 2012	10,523,770	10,524	52,792	386	-13,773	-16	-7	49,906	2	49,908
Group result	0	0	0	0	-783	0	0	-783	-8	-791
Other comprehensive income	0	0	0	0	0	3	10	13	0	13
Overall result	0	0	0	0	-783	3	10	-770	-8	-778
Consolidated equity as of June 30, 2012	10,523,770	10,524	52,792	386	-14,556	-13	3	49,136	-6	49,130

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 six-month report for 2012 on USU Software AG was prepared in line with IAS 34. The same accounting policies were used as in the preparation of the consolidated financial statements for the preceding fiscal year ended December 31, 2011. This unaudited six-month report for 2012 should therefore be read in conjunction with the audited consolidated financial statements for 2011. The provisions of section 37x (3) of the *Wertpapierhandelsgesetz* (WpHG – German Securities Trading Act) were complied with. 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.

Acquisition of non-controlling interests in Aspera GmbH

As of July 1, 2010, USU Software AG acquired 51% of shares in Aspera GmbH, Aachen, (“Aspera”), a highly specialized solution provider for software license management, which has been included in consolidation since this date using the purchase method in accordance with IFRS 3. To enable the advised full takeover of Aspera GmbH by USU Software AG, the parties agreed corresponding reciprocal options resulting in the full consolidation of Aspera GmbH from July 1, 2010. In particular, the purchase price for the remaining 49% is dependent on the earnings generated by Aspera in the fiscal years 2010/11 and 2011/12 and amounts to not more than EUR 8,070 thousand plus profit distribution rights until March 31, 2012. As of December 31, 2011, the anticipated purchase price for the non-controlling interests including the shares of earnings attributable to Aspera’s shareholders for fiscal 2011/12 had been recognized as a purchase price liability totaling EUR 6,648 thousand based on Aspera’s forecast business performance.

At the end of May 2012, USU Software AG exercised the call option and acquired the remaining Aspera shares. As the business performance of Aspera GmbH greatly exceeded expectations in the period from January 1, 2012 to March 31, 2012, the final purchase price including the profit distribution for fiscal 2011/12 is EUR 1,855 thousand higher than the amount forecast and recognized as of December 31, 2011. In accordance with IFRS, the resulting difference is to be recognized in full in profit or loss under the other operating expenses item of the income statement. The calculation of this expense item is shown in the table below:

Calculation of the purchase price for Aspera GmbH <i>in EUR thousand</i>	30.6.2012
Fixed purchase price minority interests	7,693
Pro rata profit distribution to non-controlling interests of Aspera for fiscal 2011/12	1,285
Deferred stay bonus from Aspera acquisition	-163
Total purchase price incl. pro rata profit distribution	8,815
Stay bonus expense recognized in H1/2012	-109
Interest expense of purchase price liability recognized in H1/2012	-203
Forecast purchase price liability for non-controlling interests as of Dec. 31, 2011	-6,648
	1,855

Strategic Partnership with CA Technologies

After the end of the quarter under review, the Group subsidiary Aspera GmbH entered into a contract for several years' duration with the US software company CA Technologies, establishing a global sales partnership.

CA Technologies will integrate and sell Aspera's license management software SmartTrack with its own IT Asset Manager software product.

From 2013, USU expects this partnership to generate annual earnings of over EUR 1 million from license and maintenance income. As planned, USU will continue to drive forward its international growth and to capture new markets on the basis of this strategic partnership.

Sales revenues

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

	1.1.-30.6.2012 Thsd. EUR	1.1.-30.6.2011 Thsd. EUR
Consulting	14,708	11,175
Licences / products	3,605	2,859
Service and maintenance	5,717	5,221
Other	926	1,548
	24,956	20,803

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.-30.6.2012 Thsd. EUR	1.1.-30.6.2011 Thsd. EUR								
Revenues	16,766	13,979	8,175	6,801	24,941	20,780	15	23	24,956	20,803
EBITDA	3,166	2,206	1,104	1,304	4,270	3,510	-3,142	-1,039	1,128	2,471
EBIT	2,405	1,254	1,045	1,259	3,450	2,513	-3,180	-1,048	270	1,465
Net financial income	-	-	-	-	-	-	-139	-111	-139	-111
Taxes	-	-	-	-	-	-	-922	-538	-922	-538
Net profit / loss	2,405	1,254	1,045	1,259	3,450	2,513	-4,241	-1,697	-791	816
Employees (as of June 30, 2012/11)	233	217	69	62	302	279	32	22	334	301

The USU Software Group generated a total of 17.5% (H1 2011: 10.4%) or EUR 4,375 thousand (H1 2011: EUR 2,166 thousand) of its consolidated sales outside Germany in the first six months of the 2012 financial year. In contrast, 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 held by members of corporate bodies at USU Software AG

The following shares in USU Software AG were held by members of corporate bodies of the company as at June 30, 2012:

Holdings of members of corporate bodies	shares 30.06.2012	shares 30.06.2011
Management Board		
Bernhard Oberschmidt	18,696	18,696
Supervisory Board		
Udo Strehl*	1,989,319	1,989,319
Erwin Staudt	100,000	100,000
Günter Daiss	85,500	85,500

* An additional 3,487,868 (2011: 3,473,868) shares of USU Software AG can be allocated to Udo Strehl via AUSUM GmbH (formerly: 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 (2011: 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 2011. For more information, please refer to the details in the consolidated financial statements of USU Software AG for the fiscal year ending December 31, 2011.

Responsibility statement

To the best of my knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Möglingen, August 16, 2012

Bernhard Oberschmidt

Chairman of the Management Board of USU Software AG

August 28, 2012

10.00 a.m.

**ANALYSTS AND INVESTORS CONFERENCE
OF USU SOFTWARE AG**

as part of the

- *10th SCC_SMALL CAP CONFERENCE* -

at DVFA Center, Mainzer Landstr. 37-39

60313 Frankfurt am Main, Germany

NOVEMBER 9, 2012

9-MONTH REPORT 2012

NOVEMBER 14, 2012

9.45 a.m.

**ANALYSTS AND INVESTORS CONFERENCE
OF USU SOFTWARE AG**

as part of the

- *GERMAN EQUITY FORUM 2012-*

at Congress Center of Frankfurt Fair,

Room "Zürich"

Ludwig-Erhard-Anlage 1

60327 Frankfurt am Main, Germany