



9 – MONTH REPORT 2010

USU Software AG

9 - MONTH REPORT 2010	2010	2009
<i>in Thsd. EUR, except the earnings per share and number of employees</i>	01.01.-30.09.2010	01.01.-30.09.2009
REVENUES	25,088	24,825
EBITDA	1,411	1,359
EBIT	425	544
NET RESULT	437	668
EARNINGS PER SHARE (EUR)	0.04	0.07
CASH-FLOW FROM ORDINARY OPERATIONS	-956	1,088
NUMBER OF EMPLOYEES AT THE END OF THE PERIOD	307	267
	30.09.2010	31.12.2009
CASH AND CASH EQUIVALENTS	7,749	10,888
SHAREHOLDERS EQUITY	44,821	45,881
BALANCE SHEET	62,393	53,530
EQUITY RATIO	71.8%	85.7%

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Dear Shareholders,

Dear Readers,

With a successful third quarter, USU Software AG has continued the positive growth trend of previous years from a nine-month perspective as well. In addition to a noticeable improvement in companies' willingness to invest and the associated recovery of recently postponed projects, the majority takeover of Aspera GmbH also contributed to this success. Furthermore, it is especially pleasing that USU successfully mastered entering the Arabic market with an order from MODON, the Saudi Arabian government agency for the development and construction of industrial areas. USU has therefore tapped an additional region with enormous growth possibilities in addition to its core European market and the USA and also expects further project successes in this new area in the near future. USU's first relations with business partners in Asia have also uncovered considerable potential on this continent, causing it to look extremely optimistically towards the future in terms of further expanding its internationalization.

In this context, a central pillar of its further growth is the new product versions of the USU Group, mainly the new product suite Valuation 4. In the coming quarters, the new software generation, which has come up with a large number of new, customer-related functionalities and allows for enormous payoff and value creation, is expected to lead to a significant positive organic business expansion. The improved software versions of LeuTek's ZIS products, OMEGA's myCMDB, and USU AG's USU KnowledgeCenter will also contribute to the successful performance of the USU Group. Lastly, Aspera will contribute to an acquisition-related increase in Group sales and earnings.

In summary, the Management Board confirms its target of an above-average increase in sales and operating earnings (EBITDA) in the current fiscal year and also expects a significant expansion of income and operating profitability in 2011 as well. As in the previous years, USU Software AG will also closely involve the USU shareholders in the company's success.

Yours,

Bernhard Oberschmidt

Chairman of the Management Board of USU Software AG

Economic development

The upswing of the German economy has continued in the third quarter of 2010, albeit at a somewhat slower pace. According to an initial report from the German Federal Statistical Office (Destatis), gross domestic product (GDP) rose by 0.7% in the months of July to September 2010 as against the previous quarter, adjusted for inflation, seasonal and calendar effects. Positive impetus was generated both in Germany and abroad. According to Destatis, public and private consumer spending, equipment investment and the trade balance contributed equally to the GDP increase. In real terms, GDP grew by 3.9% in the third quarter as against the same period of 2009. According to information from Eurostat, the statistical office of the European Union, economic performance in the euro zone as a whole rose by 0.4% from July to September 2010 as compared with the previous quarter. As against the third quarter of the previous year, GDP rose by 1.9% in the euro zone.

Sector performance

The upwards trend in the IT sector continued in the third quarter of 2010 according to information from BITKOM (Bundesverband Informationswirtschaft, Telekommunikation und neue Medien e.V.). For instance, the latest BITKOM industry barometer for Q3 2010 found that 93% (Q2 2010: 84%) of software providers and 88% (Q2 2010: 77%) of IT service providers are anticipating rising or stable sales for the reporting quarter after only about 60% of the companies questioned had been so optimistic in the same quarter of the previous year. In addition, 93% of software companies and 87% of IT service providers are optimistic about generating at least stable sales or even sales growth in 2010 overall.

Business performance in the third quarter of 2010.

As expected, in the third quarter of 2010 USU Software AG posted a noticeable improvement in its operating performance, resulting from companies' increased willingness to invest. USU accordingly generated a 21.1% increase in consolidated sales to EUR 9,861 thousand in the quarter under review (Q3 2009: EUR 8,145 thousand). USU benefited here both from the expansion of organic business and from the majority takeover of Aspera GmbH, Aachen ("Aspera"). With the Product Business assigned to newly acquired Aspera, the USU Group generated a 24.0% rise in sales to EUR 6,767 thousand (Q3 2009: EUR 5,458 thousand), while Service Business climbed 15.0% to EUR 3,083 thousand (Q3 2009: EUR 2,681 thousand). Revenues not assigned to segments amounted to EUR 11 thousand in the third quarter of 2010 (Q3 2009: EUR 6 thousand).

As a result of the business expansion, the USU Group doubled its EBITDA to EUR 1,111 thousand in the third quarter of 2010 as against the same quarter of the previous year (Q3 2009: EUR 547 thousand). EBIT also saw strong growth of 270%, amounting to EUR 676 thousand (Q3 2009: EUR 272 thousand). With net interest income of EUR 24 thousand (Q3 2009: EUR 27 thousand) and tax expense of EUR 120 thousand (Q3 2009: EUR 26 thousand), net income for the third quarter of the fiscal year 2010 totaled EUR 580 thousand (Q3 2009: EUR 273 thousand), or twice the amount as compared with the third quarter of 2009. With an average number of outstanding shares of 10,021,054 (Q3 2009: 10,021,054), this corresponds to earnings per share of EUR 0.06 (Q3 2009: EUR 0.03).

Business performance in the first six months of fiscal 2010

Development of sales and costs

Group sales

After a modest start to the first half of 2010 due to project postponements and reduced willingness to invest on the part of companies, there was a noticeable improvement in incoming orders starting from the end of the second quarter of 2010. Accordingly, the strong third quarter of 2010 led to a 1.1% increase in consolidated sales in the first nine months to EUR 25,088 thousand (Q1-Q3 2009: EUR 24,825 thousand). While maintenance business increased by 14.7% year-on-year to EUR 6,055 thousand in the first nine months of the current fiscal year (Q1-Q3 2009: EUR 5,278 thousand), license business was down by 17.6% year-on-year at EUR 2,651 thousand (Q1-Q3 2009: EUR 3,218 thousand) and consulting business fell by 2.4% year-on-year to EUR 15,153 thousand (Q1-Q3 2009: EUR 15,524 thousand). Other income amounted to EUR 1,229 thousand in the first nine months of 2010 (Q1-Q3 2009: EUR 805 thousand) and essentially related to merchandise sales from third-party hardware and software.

Sales by segment

In the Product Business segment, the USU Group generated sales of EUR 16,829 thousand, up 3.1% on the previous year (Q1-Q3 2009: EUR 16,324 thousand). In the consulting-based Service Business segment, however, sales of EUR 8,240 thousand (Q1-Q3 2009: EUR 8,478 thousand) were still 2.8% lower than the previous year's figure. Sales not assigned to the segments amounted to EUR 19 thousand in the first nine months of fiscal year 2010 (Q1-Q3 2009: EUR 23 thousand).

The USU Group's consolidated sales outside Germany rose to EUR 1,941 thousand in the period under review (Q1-Q3 2009: EUR 1,769 thousand), an increase of 9.7%. The share of Group sales generated outside Germany thus amounted to 7.7% (Q1-Q3 2009: 7.1%).

Operating costs

Due to the expansion of operating business and the majority takeover of Aspera GmbH, the USU Group slightly increased its Group-wide operating cost base by 1.2% to EUR 24,019 thousand (Q1-Q3 2009: EUR 23,729 thousand) in the first nine months of the current fiscal year.

The cost of sales increased by 1.2% year-on-year to EUR 13,070 thousand (Q1 Q3 2009: EUR 12,921 thousand) in the reporting period, mainly as a result of expanding the consulting team. As a percentage of Group sales, the cost of sales came to 52.1% in the reporting period (Q1-Q3 2009: 52.0%). Gross income totaled EUR 12,018 thousand (Q1-Q3 2009: EUR 11,904 thousand), corresponding to a gross margin of 47.9% (Q1-Q3 2009: 48.0%).

As a result of the concentration of the USU Group's marketing and sales activities in the field of trade fairs and conferences on its own, customer-specific events such as "USU World" and country-specific roadshows, USU has reduced its marketing and sales expenses by 4.4% year-on-year in the first nine months of 2010 to EUR 4,279 thousand (Q1-Q3 2009: EUR 4,474 thousand) in spite of the expansion of activities by Aspera. Accordingly, the ratio of marketing and sales expenses to Group sales fell to 17.1% in the period under review (Q1-Q3 2009: 18.0%).

As a result of the Aspera takeover, general administrative expenses recorded growth of 6.0% to EUR 2,335 thousand (Q1-Q3/2009: EUR 2,203 thousand), causing the ratio of administrative expenses to Group sales to rise slightly to 9.3% (Q1-Q3 2009: 8.9%).

Owing to increased research and development expenses due to Aspera, expenses for product-related research and development in the first three quarters of 2010 rose by 4.9% to EUR 4,335 thousand (Q1-Q3 2009: EUR 4,131 thousand). This resulted in a ratio of research and development expenses to Group sales of 17.3% (Q1-Q3 2009: 16.6%).

Net other operating income and expenses amounted to EUR 42 thousand from January to September 2010 (Q1-Q3 2009: EUR -6 thousand).

Earnings situation

With the 3.8% increase in consolidated EBITDA to EUR 1,411 thousand (Q1-Q3 2009: EUR 1,359 thousand), USU increased its earnings year-on-year in the first nine months of fiscal year 2010 as well. In the process, USU benefited from organic business development as well as the Aspera takeover.

Due to the Aspera acquisition, depreciation and amortization rose to EUR 986 thousand (Q1-Q3 2009: EUR 815 thousand), resulting in EBIT of EUR 425 thousand (Q1-Q3 2009: EUR 544 thousand). Due to a lower interest rate and the drop in financial income this entailed, net financial income decreased to EUR 130 thousand in the reporting period (Q1-Q3 2009: EUR 213 thousand). Tax expense totaled EUR 118 thousand after the first three quarters of 2010 (Q1-Q3 2009: EUR 89 thousand), thus ultimately leading to net income for the period of EUR 437 thousand (Q1-Q3 2009: EUR 668 thousand), or earnings per share of EUR 0.04 (Q1-Q3 2009: EUR 0.07).

Balance sheet structure

The balance sheet structure as of September 30, 2010 was significantly influenced by the majority takeover of Aspera GmbH. On the assets side of the balance sheet, non-current assets amounted to EUR 44,009 thousand as of the end of the third quarter of 2010 (December 31, 2009: EUR 34,104 thousand), primarily due to the increase in goodwill to EUR 32,946 (31 December 2009: EUR 26,110 thousand). As part of the Aspera takeover, USU also took over intangible assets such as the customer base, beneficial contracts, software rights, trademarks, and the orders on hand. Based on the provisional purchase price allocation, this corresponds to an increase in the intangible assets item to EUR 7,259 thousand (December 31, 2009: EUR 4,515 thousand). Current assets decreased to EUR 18,384 thousand as of the end of the third quarter of 2010 (December 31, 2009: EUR 19,426 thousand), chiefly as a result of the purchase price payment as consideration for the majority acquisition of Aspera and the dividend payment to the shareholders of USU Software AG. Cash and cash equivalents including securities thus decreased to a total of EUR 7,749 thousand (December 31, 2009: EUR 10,888 thousand).

On the equity and liabilities side, current and non-current liabilities amounted to EUR 17,572 thousand as of September 30, 2010 (December 31, 2009: EUR 7,649 thousand). This rise was chiefly a result of increased other provisions and liabilities, which include the liabilities for the purchase price payment as consideration for the remaining 49% share in Aspera GmbH due to the necessary full consolidation. In connection with this, please refer to *Changes in Group organization* in the notes to this quarterly report.

Equity decreased to EUR 44,821 thousand (December 31, 2009: EUR 45,881 thousand) as against the balance sheet date of December 31, 2009 due to the dividend payment in the third quarter of 2010. Based on total assets of EUR 62,393 thousand (December 31, 2009: EUR 53,530 thousand), the equity ratio amounted to 71.8% as of September 30, 2010 (December 31, 2009: 85.7%).

Cash flow and investments

Despite the acquisition of Aspera and the dividend payment to USU Software AG shareholders, the company's cash and cash equivalents not including securities amounted to EUR 7,266 thousand as of September 30, 2010 (Q1-Q3 2009: EUR 4,572 thousand).

Cash flow from operating activities amounted to EUR -956 thousand in the reporting quarter (Q1-Q3 2009: EUR 1,088 thousand). The reported decline is mainly due to changes in working capital. Cash flow from investing activities in the amount of EUR -673 thousand (Q1-Q3 2009: EUR -1,129 thousand) essentially includes investments for the majority acquisition of Aspera, while the previous year's figure particularly includes the final earn-out payment for the acquisition of LeuTek GmbH. As in the previous year, cash flow from financing activities includes net expenses of EUR 1,503 thousand for the dividend payment to the shareholders of USU Software AG.

Acquisition

As of July 1, 2010, USU acquired a 51% stake in Aspera for the strategic expansion of its portfolio. Aspera is a highly specialized solution provider for software license management. Together with Aspera's products and expertise, USU will become one of the world's leading providers in the growth field of knowledge-based service management. The purchase price for 51% of the shares is EUR 3,565 thousand and will be settled roughly half in shares and around half in cash.

For more details, please refer to *Changes in Group organization* in the notes to this quarterly report.

Orders on hand

As of September 30, 2010, orders on hand throughout the USU Group amounted to EUR 16,599 thousand (September 30, 2009: EUR 12,476 thousand), equivalent to a year-on-year increase of 33.0%. This increase was due in equal measure to organic business and the Aspera takeover. The order book as of the end of the quarter shows USU'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 area of Business Service Management, the third quarter of 2010 saw Group subsidiary USU AG introduce its new software version Valuation 4 for its customer-related online community to test. All Valuation customers therefore received the option of learning about the large number of new functionalities in this version.

Customer feedback was directly incorporated into the current development, including expansions to the new Process Engine and to barrier-free application which are already being implemented. The Valuation development team is also working on a new Service Catalog Manager module, which IT companies can use to offer individually priced services to specialist areas as well as to provide different service levels by means of a request process. This Valuation version was also rendered into Arabic for the initial customers in Saudi Arabia, also laying the technological base for further interested parties in the Arabic market. Within USU AG's USU KnowledgeCenter product suite, the release of USU KnowledgeCenter 5.1 was completed in the course of third quarter. The user-related functionalities in this version make it even easier to provide call center employees in changing situations with precisely the information they need in the respective environment, whether it be for marketing campaigns or answering technical questions in the User Help Desk. In the new version, individually configurable color changes in the application represent the individual areas of the application and also provide users with better orientation.

Group subsidiary LeuTek GmbH is focusing its research and development activities on optimizing the ZIS System as well as expanding the Service Level Monitors (ZISSLM) in terms of the interface and performance. LeuTek development is also working on preparations for the new ZIS release, which will be approved in the fourth quarter of 2010. It focuses on a new service view in complex service structures, processing, correlating and visualizing performance data of systems and services, as well as linking up a new central fire alarm system.

Research and development activities at the Group subsidiary Omega Software GmbH concentrated on the advancement of the SME product suite myCMDB, implementing a number of expanded functions such as expanded shopping cart functions, various layout color possibilities, an expanded coordinator function and a product interface to Aspera.

At the new Group subsidiary Aspera GmbH, the SmartTrack product suite underwent a redesign of its compliance calculation and the realization of a large number of complex license metrics due to metric engines such as IBM PVU, Oracle DB Processor, Microsoft Windows Server and SQL Server, among other improvements. In addition, "Compliance Intelligence" interactive reporting was implemented as a management overview for the SLM process and detailed evaluation options in data importing were carried out for simpler monitoring of all connected data sources.

Cumulative research and development costs for the Group amounted to EUR 4,335 thousand in the first nine months of fiscal year 2010 (Q1-Q3 2009: EUR 4,131 thousand).

Employees

As of the end of the third quarter of 2010, the USU Group employed 307 people (Q1-Q3 2009: 267), a year-on-year increase of 15.0% mainly due to the majority takeover of Aspera GmbH.

Broken down by functional unit, 126 (Q1-Q3 2009: 108) people were employed in consulting and services at the end of the reporting period, 104 (Q1-Q3 2009: 94) in research and development, 46 (Q1-Q3 2009: 38) in sales and marketing and 31 (Q1-Q3 2009: 27) in administration. Broken down by segment, the USU Group employed 224 (Q1-Q3 2009: 188) staff members in the Product Business division, 60 (Q1-Q3 2009: 60) in the Service Business division and 23 (Q1-Q3 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.

After a weak phase over the course of the second quarter of 2010, the stock markets saw a significantly more positive trend again in the quarter under review. As compared to the balance sheet date of the previous quarter, June 30, 2010, the DAX increased by 4.4% to 6,229.02 points, while the Technology All Share grew by 4.5% to 918.42 points in the same period. The price of USU's shares in the XETRA electronic trading system saw an above-average increase of 5.3% to EUR 3.749 at the end of September 2010 as compared to the previous quarter. Alongside the positive market environment, the USU Software AG share also benefited from the publication of the majority takeover of Aspera and from numerous positive press and analyst commentaries associated with this.

As against the balance sheet date December 31, 2009, the price of USU shares climbed 13.6% as of September 30, 2010, while the DAX rose 4.6% and the Technology All Share slipped by 1.6%.

USU's shares continued to rise strongly after the end of the reporting period, closing at EUR 4.25 on Xetra on November 17, 2010.

Supplementary report

There were no transactions of special importance after the balance sheet date of September 30, 2010 that had a significant effect on the development of business in the USU 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 their fall assessment entitled Joint Economic Forecast Autumn 2010, the leading German economic research institutes forecasted significant GDP growth in Germany of 3.5%, following a decline of 4.9% in 2009.

While a dynamic economic upswing was recorded especially in the first half of the year, growth is expected to slow noticeably in the second half, primarily due to weaker foreign demand. In this respect, the institutions also predict that the pace of economic expansion in 2011 will slow initially before a revival in world trade can be expected again later in the year. Average GDP growth in Germany should amount to 2.0%. The economic recovery will initially advance only at a moderate pace in the euro zone too, with research institutes forecasting that GDP will grow by 1.6% on average in 2010 (2009: -4.1%). Experts calculate GDP in the euro zone will rise by a total of 1.3% in 2011.

Sector

According to the latest studies by BITKOM in October of this year, the German IT market will expand in 2010 and recover from the dip in growth in 2009. According to the most recent BITKOM forecasts, market volumes in the IT sector will grow by 2.7% in 2010 after a decline of 6.5% in 2009. These same forecasts also state that the software market will record a jump in revenues of 2.4% in 2010 (2009: -4.9%), while BITKOM predicts growth of 1.4% (2009: -4.2%) in IT services in the same period.

Outlook

Following the successful development in the third quarter of 2010 that just ended, the Management Board also expects the business performance of USU Software AG and its subsidiaries to improve significantly in the traditionally very strong final quarter. Primarily due to the high-margin License and Maintenance Business, USU expects to considerably increase its profitability in the last three months of the current fiscal year as against the fourth quarter of 2009. This expectation is based on the new, customer-related product developments of the USU Group, which were recently launched on the market. In addition, the Management Board anticipates a further expansion of international business as a result of the extensive partner and sales activities in the past months. In the consulting-intensive Service Business, the Management Board also anticipates a positive business development following the recent successes. USU will also generate additional sales and earnings growth from the new Group subsidiary Aspera, whose profit contribution will take effect for the first time in the final quarter of the current year following the recognition in profit or loss of the incidental cost of acquisition in the third quarter of 2010.

For 2010 as a whole, the Management Board is confirming its forecast of generating sales growth higher than the IT market average and again achieving an increase in EBITDA stronger than the increase in sales. In the coming year, the acquired Aspera is expected to contribute to a further significant rise in sales and earnings in addition to organic growth from international partner business.

USU Software AG

The Management Board

ASSETS (Thsd. EUR)	9-month report 30.09.2010	Annual report 31.12.2009
Non current assets		
Intangible assets	7,259	4,515
Goodwill	32,946	26,110
Property, plant and equipment	867	608
Other financial assets	377	377
Deferred tax assets	1,962	1,896
Other assets	598	598
Total non current assets	44,009	34,104
Current assets		
Inventories	916	616
Work in process	3,453	1,798
Trade receivables	5,292	4,835
Income tax receivables	143	900
Other financial assets	547	196
Other assets	35	34
Prepaid expenses	249	159
Securities	483	455
Cash on hand and bank balances	7,266	10,433
Total non current assets	18,384	19,426
Total assets	62,393	53,530

LIABILITIES AND SHAREHOLDERS' EQUITY (Thsd. EUR)	9-month report 30.09.2010	Annual Report 31.12.2009
Shareholders' equity		
Subscribed capital	10,021	10,021
Capital reserve	51,490	51,490
Legal reserve	250	250
Other comprehensive income	3	-3
Accumulated losses	-16,943	-15,877
Total shareholders' equity	44,821	45,881
Non-current liabilities		
Deferred tax liabilities	937	0
Pension provisions	364	313
Total non-current liabilities	1,301	313
Current liabilities		
Provisions for income taxes	389	37
Personnel-related provisions and liabilities	2,654	3,100
Other provisions and liabilities	9,344	2,075
Liabilities from received payments	85	239
Trade payables	1,199	726
Deferred income	2,600	1,159
Total current liabilities	16,271	7,336
Total liabilities and shareholders' equity	62,393	53,530

CONSOLIDATED INCOME STATEMENT (Thsd. EUR)	Quarterly Report	Quarterly Report	9-Month Report	9-Month Report
	III / 2010	III / 2009	2010	2009
	01.07.2010 -	01.07.2009 -	01.01.2010 -	01.01.2009 -
	30.09.2010	30.09.2009	30.09.2010	30.09.2009
Sales revenue	9,861	8,145	25,088	24,825
Cost of sales	-4,855	-4,214	-13,070	-12,921
Gross profit	5,006	3,931	12,018	11,904
Sales and marketing expenses	-1,534	-1,393	-4,279	-4,474
General administrative expenses	-914	-678	-2,335	-2,203
Research and development expenses	-1,571	-1,367	-4,335	-4,131
Other operating income	49	21	154	128
Other operating expenses	-38	-60	-112	-134
Amortization of intangible assets recognized in the course of company acquisitions	-322	-182	-686	-546
Result of ordinary operations (EBIT)	676	272	425	544
Interest income / expenses	24	27	130	213
Result before tax (EBT)	700	299	555	757
Income taxes	-120	-26	-118	-89
Net profit / loss	580	273	437	668
Earnings per share (in EUR) (basic and diluted)	0.06	0.03	0.04	0.07
Weighted average shares (basic and diluted)	10,021,054	10,021,054	10,021,054	10,021,054

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Thsd. EUR)	Quarterly Report	Quarterly Report	9-Month Report	9-Month Report
	III / 2010	III / 2009	2010	2009
	01.07.2010 -	01.07.2009 -	01.01.2010 -	01.01.2009 -
	30.09.2010	30.09.2009	30.09.2010	30.09.2009
Group result	580	273	437	668
Available-for-sale financial instruments (securities)				
Fair value changes taken directly to equity	8	43	28	50
Recognized to profit or loss	0	0	0	0
Deferred taxes from available-for-sale financial instruments (securities)	0	0	-13	0
Currency translation difference	-5	3	-9	22
Other comprehensive income	3	46	6	72
Overall result	583	319	443	740

CONSOLIDATED STATEMENT OF CASH FLOW <i>(Thsd. EUR)</i>	9-month report 01.01.2010 - 30.09.2010	9-month report 01.01.2009 - 30.09.2009
CASH FLOW FROM ORDINARY ACTIVITIES:		
Result bevor taxes (EBT)	555	757
Adjustments for:		
Financial income / financial expenditure	-130	-212
Depreciation and amortization	986	815
Income taxes paid	-236	-89
Income taxes refunded	87	0
Interest paid	-8	-18
Interest received	201	332
Other non-cash income and expenses	-99	-52
Change in working capital:		
Inventories	-246	-32
Work in process	-1,656	-1,867
Trade receivables	-195	1,013
Prepaid expenses and other assets	271	660
Trade payables	455	-348
Personnel-related provisions and liabilities and pension provisions	-396	-228
Other provisions and liabilities	-545	357
Net cash flow form ordinary activities	-956	1,088
CASH FLOW FROM INVESTING ACTIVITIES:		
Acquisition of subsidiaries less cash and cash equivalents acquired	-303	-877
Capital expenditure in property, plant and equipment	-330	-182
Capital expenditure in other intangible assets	-53	-75
Repayment of short-term loans	11	53
Sales of non-current assets	2	26
Sale of available-for-sale securities	0	513
Investments in available-for-sale securities	0	-587
Net cash flow from investing activities	-673	-1,129
CASH FLOW FROM FINANCING ACTIVITIES:		
Dividend payment	-1,503	-1,503
Net cash flow from financing activities	-1,503	-1,503
Net effect of currency translation in cash and cash equivalents	-35	-20
NET INCREASE/DECREASE OF CASH AND CASH EQUIVALENTS	-3,167	-1,564
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	10,433	6,136
CASH AND CASH EQUIVALENTS AT END OF PERIOD	7,266	4,572

**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
	Shares	Thsd. EUR	Thsd. EUR	Thsd. EUR	Thsd. EUR	Thsd. EUR	Currency Trans- lation	Securities measured at fair value	Thsd. EUR
							Thsd. EUR	Thsd. EUR	Thsd. EUR
Consolidated equity as of January 1, 2009	10,335,004	10,335	52,764	176	-1,588	-15,755	26	-37	45,921
Group result	0	0	0	0	0	668	0	0	668
Other comprehensive income	0	0	0	0	0	0	22	50	72
Overall result	0	0	0	0	0	668	22	50	740
Capital reduction	-313,950	-314	-1,274	0	1,588	0	0	0	0
Dividend payment	0	0	0	0	0	-1,503	0	0	-1,503
Consolidated equity as of September 30, 2009	10,021,054	10,021	51,490	176	0	-16,590	48	13	45,158
Consolidated equity as of January 1, 2010	10,021,054	10,021	51,490	250	0	-15,877	27	-30	45,881
Group result	0	0	0	0	0	437	0	0	437
Other comprehensive income	0	0	0	0	0	0	-9	15	6
Overall result	0	0	0	0	0	437	-9	15	443
Capital reduction	0	0	0	0	0	0	0	0	0
Dividend payment	0	0	0	0	0	-1,503	0	0	-1,503
Consolidated equity as of September 30, 2010	10,021,054	10,021	51,490	250	0	-16,943	18	-15	44,821

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 nine-month report for 2010 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, 2009. This unaudited nine-month report for 2010 should therefore be read in conjunction with the audited consolidated financial statements for 2009. 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.

Changes in Group organization

As of July 1, 2010, USU Software AG acquired 51% of the shares in Aspera GmbH, Aachen, (“Aspera”), a highly specialized solution provider for software license management, which it has consolidated under the purchase method since this date in accordance with IFRS 3. Aspera’s portfolio includes the SmartTrack product, which is geared towards the premium market, and the licensum solution for small and medium-sized companies. These products have an excellent market position in the fast-growing market of software asset management. By using Aspera products, customers gain a high degree of certainty of adhering to compliance guidelines and the possibility of realizing high cost savings very rapidly by means of license optimizations.

Through the combination of this broadly established special solution with the USU product suite Valuemation, USU Software AG gains a further unique selling point in knowledge-based service management. The strategic combination gives both companies the potential to grow further, including at an international level. In addition, acquiring shares in Aspera GmbH allows synergies to be used and costs to be reduced. Newly acquired Aspera was assigned to the Product Business segment.

Formed in 2000, Aspera currently has 31 employees and works for international customers in various industries, such as Deutsche Telekom, BASF, BMW, Nokia Siemens Networks and Orange. In fiscal 2009/10 (April 1, 2009 – March 31, 2010), the rapidly growing company generated sales of around EUR 4 million and a strong double-digit return on sales.

The acquisition cost for 51% of the shares in Aspera is EUR 3,565 thousand and breaks down as follows: A portion of the purchase price was to be paid in cash, which amounted to EUR 1,760 thousand. In addition, 502,716 shares from the authorized capital of USU Software AG must also be paid. The amount of this portion of the purchase price is determined based on the fair value of the shares to be paid on the acquisition date of July 1, 2010. On the basis of the opening price of the USU share in the XETRA electronic trading system of EUR 3.59, this portion of the purchase price amounts to EUR 1,805 thousand. The resolved capital increase was implemented on October 26, 2010. The new shares are subject to a lock-up until March 31, 2012.

In addition, incidental costs of acquisition amounting to EUR 174 thousand were incurred in the context of the Aspera takeover by the end of the reporting period, which were recognized directly as an expense.

USU is aiming to acquire Aspera in full within two years. For this reason, the parties have corresponding mutual option rights which can be exercised until December 31, 2012.

The remaining shareholders of Aspera GmbH have the right (put option) to sell their remaining 49% of the shares in Aspera to USU Software AG provided a minimum level of EBIT is generated in fiscal 2010/11 and fiscal 2011/12.

With regard to the put option, the purchase price to be paid by USU for the remaining 49% depends on the earnings generated by Aspera in fiscal 2010/11 and fiscal 2011/12 and amounts to between EUR 4,381 thousand and EUR 8,070 thousand.

USU Software AG, for its part, has the right (call option) to acquire the remaining 49% of the shares in Aspera. The call option also depends on the earnings generated by Aspera in fiscal 2010/11 and fiscal 2011/12, with the purchase price to be paid by USU for the remaining 49% of the shares in Aspera amounting to between EUR 3,381 thousand and EUR 8,070 thousand in the case of the call option. In addition, USU has a second call option which is not dependent on earnings (call option 2). Unlike the other option rights, this can be exercised by USU at any time until March 31, 2012. In the case of call option 2, the purchase price to be paid by USU for the remaining 49% in Aspera amounts to EUR 8,070 thousand, discounted from March 31, 2012 at a factor of 1.5% over the EURIBOR on the payment date. call option 2 requires full consolidation of Aspera in USU's consolidated financial statements. This is done on the founded assumption that the purchase price for the remaining Aspera shares will amount to EUR 6,225 thousand.

For all of the option rights, USU is entitled to settle half of the purchase price for the remaining 49% of the shares in Aspera in USU shares.

Calculation of the purchase price for Aspera GmbH	
	EUR thousand
Purchase price	
Acquisition of 51% of Aspera	3,565
Expected purchase price for the remaining 49% of Aspera	6,225
Purchase price (provisional)	9,790

Due to time constraints, the purchase price allocation has not yet been completed and is due to be definitively determined in the first half of 2011. Following the acquisition of Aspera, EUR 6,826 thousand has been assigned to goodwill on the basis of the provisional purchase price allocation. The table below gives an overview of the calculation of the provisional goodwill:

	Previous carrying amounts under IFRS EUR thousand	Fair value EUR thousand
Intangible assets	0	3,450
Property, plant and equipment	138	138
Work in progress	53	53
Trade receivables	262	262
Other assets	1	1
Cash and cash equivalents and short-term investments	1,467	1,467
Prepaid expenses	1	1
Provisions	-309	-309
Liabilities	-104	-104
Deferred income	-1,029	-1,029
Deferred tax liabilities	0	-966
	481	2,964
Attributable goodwill		6,826
		9,790

The acquired provisional goodwill results from the expected synergy potential and employee expertise.

The non-tax-deductible intangible assets additionally identified in the provisional purchase price allocation in the amount of EUR 3,450 thousand break down as follows:

	EUR thousand	Estimated economic life Years
Acquired software	900	6
Customer base	1,100	10
Beneficial contracts	900	4
Order book	150	1
Trademarks	400	-
	3,450	

Sales revenues

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

	1.1.-30.9.2010 Thsd. EUR	1.1.-30.9.2009 Thsd. EUR
Consulting	15,153	15,524
Licences / products	2,651	3,218
Service and maintenance	6,055	5,278
Other	1,229	805
	25,088	24,825

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.-30.9.2010	1.1.-30.9.2009	1.1.-30.9.2010	1.1.-30.9.2009	1.1.-30.9.2010	1.1.-30.9.2009	1.1.-30.9.2010	1.1.-30.9.2009	1.1.-30.9.2010	1.1.-30.9.2009
	Thsd. EUR	Thsd. EUR	Thsd. EUR	Thsd. EUR	Thsd. EUR	Thsd. EUR	Thsd. EUR	Thsd. EUR	Thsd. EUR	Thsd. EUR
Revenues	16,829	16,324	8,240	8,478	25,069	24,802	19	23	25,088	24,825
EBITDA	2,849	2,565	346	469	3,195	3,034	-1,784	-1,675	1,411	1,359
EBIT	1,956	1,844	263	391	2,219	2,235	-1,794	-1,691	425	544
Net financial income	-	-	-	-	-	-	130	213	130	213
Taxes	-	-	-	-	-	-	-118	-89	-118	-89
Net profit / loss	1,956	1,844	263	391	2,219	2,235	-1,782	-1,567	437	668
Employees and the end of period	224	188	60	60	284	248	23	19	307	267

The USU Software Group generated a total of 7.7% or EUR 1,941 thousand of its consolidated sales outside Germany in the first nine 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.

Dividend

At the proposal of the Management Board and the Supervisory Board, the Annual General Meeting on July 15, 2010 resolved to distribute a dividend of EUR 1,503,158.10 from the unappropriated surplus of USU Software AG as of December 31, 2009 of EUR 3,207,730.82 and to carry forward the remaining profit of EUR 1,704,572,72 to new account. The corresponds to a dividend of EUR 0.15 per entitled share. The dividend was distributed as of July 16, 2010.

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 September 30, 2010:

Holdings of members of corporate bodies	shares September 30, 2010	shares September 30, 2009
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 3,773,868 (2009: 3,707,848) 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 (Germany), November 18, 2010

Bernhard Oberschmidt,
Chairman of the Management Board of USU Software AG

NOVEMBER 22, 2010

1:30 p.m. – 2:15 p.m.

**ANALYST CONFERENCE OF USU SOFTWARE AG
- GERMAN EQUITY FORUM -
Frankfurt am Main, Germany****DECEMBER 09, 2010**

3:15 p.m. – 4:00 p.m.

**ANALYST CONFERENCE OF USU SOFTWARE AG
- X. MKK – Munich Capital Market Conference -
Munich, Germany****MARCH 24, 2011****ANNUAL REPORT 2010****MAY 19, 2011****3-MONTH REPORT 2011****JUNE 30, 2011****ANNUAL GENERAL MEETING****AUGUST 18, 2011****6-MONTH REPORT 2011****NOVEMBER 17, 2011****9-MONTH REPORT 2011**