6 – MONTH REPORT 2010

USU Software AG

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6 - MONTH REPORT 2010	2010	2009
in Thsd. EUR, except the earnings per share and number of employees	01.01.-30.06.2010	01.01.-30.06.2009
REVENUES	15,227	16,680
EBITDA	300	812
EBIT	-251	272
NET RESULT	-143	395
EARNINGS PER SHARE (EUR)	-0.01	0.04
CASH-FLOW FROM ORDINARY OPERATIONS	-697	1,625
NUMBER OF EMPLOYEES AT THE END OF THE PERIOD	278	263
	30.06.2010	31.12.2009
CASH AND CASH EQUIVALENTS	10,065	10,888
SHAREHOLDERS EQUITY	45,741	45,881
BALANCE SHEET	53,453	53,530
EQUITY RATIO	85.6%	85.7%

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Dear shareholders, dear readers,

This year's Annual General Meeting of USU Software AG was held in Ludwigsburg on July 15, 2010. More than 200 shareholders, press representatives, employees and guests accepted the Management Board's invitation to learn more about the USU Group's successful performance in fiscal 2009 and its current business developments. The Management Board reported that USU Software AG, after a modest start to the current fiscal year, is anticipating a significant recovery in operating business in the second half of 2010, which will result from the greater investment propensity of companies in Germany and abroad that has been observed from the end of the second quarter of 2010. Thus, the Management Board confirmed the goal of increasing sales and operating earnings (EBITDA) in fiscal 2010, as in the previous year. In addition, the Management Board reported on the acquisition of Aspera GmbH at the Annual General Meeting, the majority in which USU Software AG acquired effective July 1, 2010. Owing to the incidental costs of acquisition and associated expenses in connection with the takeover activities, which must be reported in profit and loss in full under new IFRS regulations, the Management Board is not anticipating a material contribution to earnings by this acquisition until 2011 onwards, but that this will then increase consolidated earnings significantly.

In the vote on the items on the agenda, the shareholders present approved the proposal of the Management Board and the Supervisory Board to pay a dividend of EUR 0.15 per share for fiscal 2009 as in the previous year. This was therefore paid to shareholders from July 16, 2010. Furthermore, the Annual General Meeting authorized the Management Board to acquire treasury shares. Moreover, amendments to the Articles of Association were resolved in connection with the German Act Implementing the Shareholder Rights Directive (ARUG) and Prof. Dr. Binder, Dr. Dr. Hillebrecht & Partner GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, was elected as the auditor for fiscal 2010. The shareholders also resolved the official approval of the actions of the Management Board and Supervisory Board for fiscal 2009 by a large majority. In this context, the Chairman of the Supervisory Board, Udo Strehl, also announced the early extension of my Management Board contract, which will now run until May 31, 2016. Our central goal is to systematically continue the successful business performance of recent years and to establish the USU Group as a highly profitable provider for knowledge-based service management throughout Europe and beyond.

Yours,

Bernhard Oberschmidt,

Chairman of the Management Board of USU Software AG

Economic development

The German economy grew strongly in the second quarter of 2010. According to an initial report from the German Federal Statistical Office (Destatis), gross domestic product (GDP) rose by 2.2% in the months of March to June 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, investment momentum and exports contributed most to the recovery, as did private and public-sector consumer spending. In real terms, GDP grew by 4.1% in the second quarter as against the same period of 2009. Economic performance in the euro zone as a whole also improved by 1.0% quarter-on-quarter in the period from March to June 2010. As against the second quarter of the previous year, GDP rose by 1.7% in the euro zone.

Sector performance

According to research by BITKOM (Bundesverband Informationswirtschaft, Telekommunikation und neue Medien e.V.), sentiment among German IT companies improved slightly overall in the second quarter of 2010. For instance, the latest BITKOM industry barometer for Q2 2010 found that 84% of software providers and 77% of IT service providers are anticipating rising or stable sales for the reporting quarter after 80% of the companies questioned had been so optimistic in the previous quarter. In addition, 90% of software companies and 83% of IT service providers are optimistic of generating sales growth in 2010 overall.

Business performance in the second quarter of 2010

Overall, USU Software AG experienced a muted performance in the second quarter of 2010. At the start of the reporting period in particular, the restrained investment propensity of companies, hit heavily by the preceding recession, had a negative impact on the sales and earnings development of the company. However, USU Software AG recorded a tangible improvement in incoming orders as of the end of the second quarter. Overall, Group sales in the period under review were down on the same figure for the previous year by 7.9% at EUR 7,690 thousand (Q2 2009: EUR 8,355 thousand). EBITDA amounted to EUR 155 thousand (Q2 2009: EUR 533 thousand), while EBIT was EUR -123 thousand (Q2 2009: EUR 264 thousand). After taxes, earnings in the second quarter of 2010 came to EUR -23 thousand (Q2 2009: EUR 286 thousand).

Business performance in the first six months of fiscal 2010

Development of sales and costs

Group sales

Over the first half of the year, USU Software AG generated consolidated sales of EUR 15,227 thousand (H1 2009: EUR 16,680 thousand). The reported reduction of 8.7% is largely as a result of customers and interested parties postponing projects to the second half of the current fiscal year. Accordingly, consulting sales were down 13.0% year-on-year at EUR 9,351 thousand (H1 2009: EUR 10,747 thousand), while license revenue fell by 26.2% to EUR 1,471 thousand (H1 2009: EUR 1,993 thousand). Maintenance income rose as a result of positive license business in the previous year to EUR 3,792 thousand (H1 2009: EUR 3,480 thousand), an increase of 9.0% as against the same figure for the previous year. Other income amounted to EUR 613 thousand in the first six months of 2010 (H1 2009: EUR 460 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 10,062 thousand in the first half of 2010 (H1 2009: EUR 10,866 thousand). This segment was still affected by project postponements in the second quarter which did not noticeably slow until the end of the reporting period. In the consulting-based Service Business segment, however, there was a significant recovery in the order situation over the course of the second quarter and a visible improvement in capacity utilization that led to sales in this segment of EUR 5,157 thousand (H1 2009: EUR 5,797 thousand). The sales not assigned to the segments amounted to EUR 8 thousand in the first two quarters of fiscal 2010 (H1 2009: EUR 17 thousand).

The USU Group's consolidated sales outside Germany rose to EUR 1,329 thousand in the period under review (H1 2009: EUR 1,238 thousand), an increase of 7.4%. The share of Group sales generated outside Germany thus amounted to 8.7% (H1 2009: 7.4%). USU is anticipating a significant improvement in this segment in the second half of 2010, resulting in part from the expansion of activities in its international partner business.

Operating costs

As a result of systematic cost management and a streamlined administrative structure, the USU Group reduced its Group-wide operating cost base by 5.8% year-on-year in the first half of 2010 to EUR 15,146 thousand (H1 2009: EUR 16,076 thousand).

The cost of sales decreased by 5.6% year-on-year in the reporting period to EUR 8,215 thousand (H1 2009: EUR 8,707 thousand), chiefly as a result of the reduced use of freelance staff and consequently the lower fees. As a percentage of Group sales, the cost of sales came to 53.9% in the reporting period (H1 2009: 52.2%). Gross income totaled EUR 7,012 thousand (H1 2009: EUR 7,973 thousand), corresponding to a gross margin of 46.1% (H1 2009: 47.8%).

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 2010" from May 19-20, 2010, which was attended by around 200 German and foreign customers, interested parties and partners, and various roadshows in countries such as Austria, Switzerland, the Netherlands, Slovakia and Saudi Arabia, USU has reduced its marketing and sales expenses by 10.9% year-on-year in the first six months of 2010 to EUR 2,745 thousand (H1 2009: EUR 3,081 thousand) in spite of the push in its international and partner activities since the start of the previous year. Accordingly, the ratio of marketing and sales expenses to Group sales fell to 18.0% in the period under review (H1 2009: 18.5%).

Thanks to an efficient administrative organization, general administrative expenses were 6.8% lower than in the previous year at EUR 1,421 thousand (H1 2009: EUR 1,525 thousand). The ratio of administrative expenses to Group sales was 9.3% in the reporting period (H1 2009: 9.1%).

In the first half of 2010, research and development expenses amounted to EUR 2,764 thousand and were thus exactly on par with H1 2009. This resulted in a ratio of research and development expenses to Group sales of 18.2% (H1 2009: 16.6%).

Net other operating income and expenses amounted to EUR 31 thousand in the first six months of fiscal 2010 (H1 2009: EUR 33 thousand).

Earnings situation

As a result of its streamlined cost structure, USU Software AG generated positive EBITDA of EUR 300 thousand (H1 2009: EUR 812 thousand) in the first half of 2010 despite the decline in sales. Depreciation and amortization totaled EUR 551 thousand in the period under review (H1 2009: EUR 540 thousand), resulting in EBIT of EUR -251 thousand (H1 2009: EUR 272 thousand). Due to a lower interest rate and the drop in financial income this entailed, net financial income decreased from EUR 186 thousand in the first six months of the previous year to EUR 106 thousand in the period under review.

Owing to a pre-tax loss of EUR -145 thousand (H1 2009: EUR 458 thousand) and the associated recognition of deferred tax assets on the company's loss carryforwards, the company incurred income from taxes of EUR 2 thousand in the first half of 2010 after tax expenses of EUR 63 thousand in the previous year. The Group's net loss for the period thus amounted to EUR -143 thousand (H1 2009: net profit of EUR 395 thousand), equivalent to earnings per share of EUR -0.01 (H1 2009: EUR 0.04).

Balance sheet structure

On the assets side of the balance sheet, non-current assets amounted to EUR 33,851 thousand as of the end of the second quarter of 2010 (December 31, 2009: EUR 34,104 thousand). The decline in this balance sheet item is mainly due to the amortization of intangible assets. Current assets increased slightly to EUR 19,602 thousand as of June 30, 2010 (December 31, 2009: EUR 19,426 thousand). While work in progress rose to EUR 2,642 thousand as of the reporting date (December 31, 2009: EUR 1,798 thousand), cash and cash equivalents including securities declined accordingly to a total of EUR 10,065 thousand (December 31, 2009: EUR 10,888 thousand).

On the equity and liabilities side, current and non-current liabilities amounted to EUR 7,712 thousand as of June 30, 2010 (December 31, 2009: EUR 7,649 thousand). This slight increase results primarily from deferred income in the amount of EUR 3,202 thousand (December 31, 2009: EUR 1,159 thousand) for maintenance agreements invoiced at the start of the year for which the service will be rendered and the sales recognized later in the year. By contrast, staff and social security provisions and liabilities decreased to EUR 2,090 thousand (December 31, 2009: EUR 3,100 thousand), essentially as a result of the payment of the variable salary components for 2009. At the same time, other provisions and liabilities declined to EUR 1,135 thousand (December 31, 2009: EUR 2,075 thousand), due largely to the settlement of sales tax liabilities as of the reporting date. There was a slight decline in equity to EUR 45,741 thousand as against EUR 45,881 thousand at the balance sheet date of December 31, 2009 due to the net loss for the period generated by the USU Group. Based on total assets of EUR 53,453 thousand (December 31, 2009: EUR 53,530 thousand), the equity ratio amounted to 85.6% as of June 30, 2010 (December 31, 2009: 85.7%).

Cash-Flow and investments

Cash and cash equivalents not including securities amounted to EUR 9,590 thousand as of June 30, 2010 (H1 2009: EUR 5,175 thousand).

Cash flow from operating activities amounted to EUR -697 thousand in the reporting quarter (H1 2009: EUR 1,625 thousand). The reported decline is due to both changes in working capital and the year-on-year decrease in earnings. Cash flow from investing activities in the amount of EUR -135 thousand (H1 2009: EUR -1,076 thousand) essentially includes investments in property, plant and equipment and intangible assets, while the previous year's figure particularly includes the final earn-out payment for the acquisition of LeuTek GmbH. There were no changes in cash flow from financing activities in the first half of 2010, while in the previous year net expenses of EUR 1,503 thousand were incurred for the payment of the dividend to the shareholders of USU Software AG.

Orders on hand

As of June 30, 2010, orders on hand throughout the USU Group amounted to EUR 14,844 thousand (June 30, 2009: EUR 12,877 thousand), equivalent to a year-on-year increase of 15.3%. 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

In the second quarter of 2010, the Group subsidiary USU AG continued to focus its research and development activities in the area of business service management largely on creating the new version of Valuemation 4. The new release, which was launched on schedule on July 31, 2010, features a customized, role-specific interface implemented in a completely new web client technology. The ITIL®-compliant software suite also includes a number of new core functionalities available for all Valuemation modules, such as new business views and a portal-like entry mask for individual information provision and the creation of role-based analyses. New elements, such as progress bars, significantly improve the software's operation and efficiency.

Within the USU KnowledgeCenter product suite, USU KnowledgeCenter 5 was released in the second quarter. The new knowledge management application integrates USU's own document management system USU KnowledgeBase, the search engine USU KnowledgeMiner and the USU KnowledgeGuide decision trees in a portal-like, individually adjustable interface. In addition, customers' existing third-party applications can be easily integrated into the product suite using the new USU KnowledgeCenter 5. USU KnowledgeCenter 5 is thus a central application specifically for call centers and help desks.

Research and development activities at the Group subsidiary LeuTek GmbH focused on strengthening the ZIS system in Business Service Monitoring and as an umbrella system by creating bidirectional interfaces to CMDB, incident and change management systems via web services. In addition, various new functions have been developed and integrated into the ZIS system.

At the subsidiary Omega Software GmbH, activities in the field of research and development centered on the ongoing development of the SME product suite myCMDB, which saw the addition of various new functions, such as extended standard reporting and dashboard creation, the option for individual layout adjustments and an improved search function.

At EUR 2,764 thousand, cumulative research and development costs in the first six months of fiscal 2010 exactly matched the previous year's level (H1 2009: EUR 2,764 thousand).

Employees

As of the end of the second quarter of 2010, the USU Group employed 278 people (H1 2009: 263), a year-on-year increase of 5.7%.

Broken down by functional unit, 111 (H1 2009: 107) people were employed in consulting and services at the end of the reporting period, 95 (H1 2009: 93) in research and development, 43 (H1 2009: 37) in sales and marketing and 29 (H1 2009: 26) in administration.

Broken down by segment, the USU Group employed 197 (H1 2009: 185) staff members in the Product Business division, 61 (H1 2009: 60) in the Service Business division and 20 (H1 2009: 18) 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 posting gains in the previous quarter, the stock markets slid back overall in the second quarter of 2010. As against the reporting date of the previous quarter, March 31, 2010, the DAX dropped 3.1% to 5,965.52 points, while the Technology All Share fell by 8.1% to 879.10 points in the same period. Closing at EUR 3.56 on June 30, 2010, USU's shares were down 1.1% year-on-year on the XETRA electronic trading system.

As against the balance sheet date December 31, 2009, the price of USU shares climbed 7.9% as of June 30, 2010, while the Technology All Share experienced a loss of 5.8% and the DAX remained virtually unchanged.

Supplementary report

As of July 1, 2010, USU Software AG acquired 51% of shares in Aspera GmbH, Aachen, ("Aspera") as a strategic addition to 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 software asset management.

The purchase price for 51% of the shares is around EUR 3 million and will be settled roughly half in shares and around half in cash. The shares to be issued will result from a non-cash capital increase from the authorized capital of USU. USU is aiming to acquire Aspera in full within two years. For this reason, the parties have corresponding mutual option rights. The consideration for this 49% is dependent on certain factors, including in particular Aspera's results.

Formed in 2000, Aspera currently has 30 employees and works for international customers in various industries, such as Deutsche Telekom, BASF, BMW, Nokia Siemens Networks and Orange. In fiscal 2009/10, the rapidly growing company generated sales of around EUR 4 million and a strong double-digit return on sales.

Other than the acquisition of Aspera, there were no other transactions of special importance after the balance sheet date of June 30, 2010 that had a significant effect on the business development of 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

The *ifo Konjunkturprognose 2010/2011* published by Munich University's Institute for Economic Research (ifo) in June of this year, forecasts that the German economy, which was hit hard by the past recession on account its specific focus on exports, will now profit especially from the recovery of the global economy. Thus, ifo is anticipating economic growth in Germany of 2.1% for 2010 after a decline of almost 5% in 2009. The economic expansion will advance at a more moderate pace in the euro zone, with ifo estimating that GDP will grow by 1.0% (2009: -4.1%).

Sector

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

Outlook

Following the modest performance in the first two quarters of the current fiscal year, the Management Board is anticipating a significant improvement in sales and earnings in the traditionally stronger second half of the year for USU Software AG and its subsidiaries. After the launch of the new versions of Valuemation 4 and USU KnowledgeCenter 5, license business in particular is set to be expanded again. In addition, the Management Board is predicting a significant increase in international business in the coming quarters as a result of the extensive partner activities in the past months, such as the roadshows successfully carried out in various countries.

In service business, the Management Board expects slightly positive business development in subsequent quarters following the stabilization in the second, thanks to the strong utilization of the expanded internal consultancy team. This is based on the positive development of incoming orders in this segment, which contributed to the higher number of orders on hand in the USU Group at the end of the quarter under review compared to the previous year. Additional growth options will also arise as a result of the continued increase in the use of freelance staff in service-related business with existing customers.

The majority takeover of Aspera GmbH will allow the USU Group to generate additional positive sales effects from the third quarter of 2010. In terms of earnings, Aspera will initially make only minor contributions to consolidated profits in 2010, as the incidental costs of acquisition incurred in connection with the transaction must be expensed directly under IFRS. However, Aspera will make a significant contribution to the USU Group's profitability from 2011.

Assuming a sustained economic recovery, the Management Board is confirming its forecast of generating sales growth in excess of the average for the IT market in the current year and again achieving a stronger increase in EBITDA compared to sales.

USU Software AG

The Management Board

ASSETS (Thsd. EUR)	6-month report 30.06.2010	Annual report 31.12.2009
Non current assets		
Intangible assets	4,131	4,515
Goodwill	26,110	26,110
Property, plant and equipment	695	608
Other financial assets	377	377
Deferred tax assets	1,940	1,896
Other assets	598	598
Total non current assets	33,851	34,104
Current assets		
Inventories	750	616
Work in process	2,642	1,798
Trade receivables	4,698	4,835
Income tax receivables	723	900
Other financial assets	474	196
Other assets	34	34
Prepaid expenses	216	159
Securities	475	455
Cash on hand and bank balances	9,590	10,433
Total non current assets	19,602	19,426
Total assets	**53,453**	**53,530**

LIABILITIES AND SHAREHOLDERS' EQUITY (Thsd. EUR)	6-month report 30.06.2010	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	0	-3
Accumulated losses	-16,020	-15,877
Total shareholders' equity	45,741	45,881
Non-current liabilities		
Pension provisions	347	313
Total non-current liabilities	347	313
Current liabilities		
Provisions for income taxes	19	37
Personnel-related provisions and liabilities	2,090	3,100
Other provisions and liabilities	1,135	2,075
Liabilities from received payments	127	239
Trade payables	792	726
Deferred income	3,202	1,159
Total current liabilities	7,365	7,336
Total liabilities and shareholders' equity	**53,453**	**53,530**

CONSOLIDATED INCOME STATEMENT *(Thsd. EUR)*	Quarterly Report II / 2010 01.04.2010 - 30.06.2010	Quarterly Report II / 2009 01.04.2009 - 30.06.2009	6-Month Report 2010 01.01.2010 - 30.06.2010	6-Month Report 2009 01.01.2009 - 30.06.2009
Sales revenue	7,690	8,355	15,227	16,680
Cost of sales	-4,066	-4,340	-8,215	-8,707
Gross profit	3,624	4,015	7,012	7,973
Sales and marketing expenses	-1,497	-1,507	-2,745	-3,081
General administrative expenses	-682	-709	-1,421	-1,525
Research and development expenses	-1,384	-1,377	-2,764	-2,764
Other operating income	30	62	105	107
Other operating expenses	-32	-38	-74	-74
Amortization of intangible assets recognized in the course of company acquisitions	-182	-182	-364	-364
Result of ordinary operations (EBIT)	-123	264	-251	272
Interest income	124	132	157	305
Interest expenses	-26	-78	-51	-119
Result before tax (EBT)	-25	318	-145	458
Income taxes	2	-32	2	-63
Net profit / loss	-23	286	-143	395
Earnings per share (in EUR)				
(basic and diluted)	0.00	0.03	-0.01	0.04
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 II / 2010 01.04.2010 - 30.06.2010	Quarterly Report II / 2009 01.04.2009 - 30.06.2009	6-Month Report 2010 01.01.2010 - 30.06.2010	6-Month Report 2009 01.01.2009 - 30.06.2009
Group result	**-23**	**286**	**-143**	**395**
Available-for-sale financial instruments (securities)				
Fair value changes taken directly to equity	-18	13	20	7
Recognized to profit or loss	0	0	0	0
Deferred taxes from available-for-sale financial instruments (securities)	2	0	-13	0
Currency translation difference	-2	17	-4	19
Other comprehensive income	**-18**	**30**	**3**	**26**
Overall result	**-41**	**316**	**-140**	**421**

CONSOLIDATED STATEMENT OF CASH FLOW (Thsd. EUR)	6-month report 01.01.2010 - 30.06.2010	6-month report 01.01.2009 - 30.06.2009
CASH FLOW FROM ORDINARY ACTIVITIES:		
Result bevor taxes	-145	458
Adjustments for:		
Financial income / financial expenditure	-106	-185
Depreciation and amortization	551	540
Income taxes paid	-54	-64
Income taxes refunded	601	0
Interest paid	-6	-17
Interest received	156	268
Other non-cash income and expenses	-159	-33
Change in working capital:		
Inventories	-133	-63
Work in process	-845	-1,394
Trade receivables	137	1,054
Prepaid expenses and other assets	-739	583
Trade payables	66	-3
Personnel-related provisions and liabilities and pension provisions	-977	-604
Other provisions and liabilities	956	1,085
Net cash flow form ordinary activities	**-697**	**1,625**
CASH FLOW FROM INVESTING ACTIVITIES:		
Acquisition of subsidiaries less cash and cash equivalents acquired	0	-877
Capital expenditure in property, plant and equipment	-118	-135
Capital expenditure in other intangible assets	-28	-59
Repayment of short-term loans	9	53
Sales of non-current assets	2	26
Sale of available-for-sale securities	0	503
Investments in available-for-sale securities	0	-587
Net cash flow from investing activities	**-135**	**-1,076**
CASH FLOW FROM FINANCING ACTIVITIES:		
Dividend payment	0	-1,503
Net cash flow from financing activities	**0**	**-1,503**
Net effect of currency translation in cash and cash equivalents	-11	-7
NET INCREASE/DECREASE OF CASH AND CASH EQUIVALENTS	**-843**	**-961**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**10,433**	**6,136**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**9,590**	**5,175**

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY	Subscribed capital		Capital reserve	Legal reserve	Treasury shares	Accumu-lated losses	Other comprehensive income: Currency Trans-lation	Other comprehensive income: Securities measured at fair value	Total
	Shares	Thsd. EUR	Thsd. EUR	Thsd. EUR	Thsd. EUR	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	395	0	0	395
Other comprehensive income	0	0	0	0	0	0	19	7	26
Overall result	**0**	**0**	**0**	**0**	**0**	**395**	**19**	**7**	**421**
Capital reduction	-313,950	-314	-1,274	0	1,588	0	0	0	0
Dividend payment	0	0	0	0	0	-1,504	0	0	-1,504
Consolidated equity as of June 30, 2009	**10,021,054**	**10,021**	**51,490**	**176**	**0**	**-16,864**	**45**	**-30**	**44,838**
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	-143	0	0	-143
Other comprehensive income	0	0	0	0	0	0	-4	7	3
Overall result	**0**	**0**	**0**	**0**	**0**	**-143**	**-4**	**7**	**-140**
Capital reduction	0	0	0	0	0	0	0	0	0
Dividend payment	0	0	0	0	0	0	0	0	0
Consolidated equity as of June 30, 2010	**10,021,054**	**10,021**	**51,490**	**250**	**0**	**-16,020**	**23**	**-23**	**45,741**

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 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 six-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.

Sales revenues

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

	1.1.-30.06.2010 Thsd. EUR	1.1.-30.06.2009 Thsd. EUR
Consulting	9,351	10,747
Licences / products	1,471	1,993
Service and maintenance	3,792	3,480
Other	613	460
	15,227	**16,680**

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.-30.6.2010 Thsd. EUR	1.1.-30.6.2009 Thsd. EUR	1.1.-30.6.2010 Thsd. EUR	1.1.-30.6.2009 Thsd. EUR	1.1.-30.6.2010 Thsd. EUR	1.1.-30.6.2009 Thsd. EUR	1.1.-30.6.2010 Thsd. EUR	1.1.-30.6.2009 Thsd. EUR	1.1.-30.6.2010 Thsd. EUR	1.1.-30.6.2009 Thsd. EUR
Revenues	**10,062**	**10,866**	**5,157**	**5,797**	**15,219**	**16,663**	**8**	**17**	**15,227**	**16,680**
EBITDA	**1,338**	**1,533**	**47**	**464**	**1,385**	**1,997**	**-1,085**	**-1,185**	**300**	**812**
EBIT	**848**	**1,056**	**-7**	**413**	**841**	**1,469**	**-1,092**	**-1,197**	**-251**	**272**
Net financial income	**-**	**-**	**-**	**-**	**-**	**-**	**106**	**186**	**106**	**186**
Taxes	**-**	**-**	**-**	**-**	**-**	**-**	**2**	**-63**	**2**	**-63**
Net profit / loss	**848**	**1,056**	**-7**	**413**	**841**	**1,469**	**-984**	**-1,074**	**-143**	**395**
Employees (as of June 30, 2010/09)	**197**	**185**	**61**	**60**	**258**	**245**	**20**	**18**	**278**	**263**

The USU Software Group generated a total of 8.7% or EUR 1,329 thousand of its consolidated sales outside Germany in the first six 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.

Events after the reporting date

As of July 1, 2010, the company acquired 51% of shares in Aspera GmbH, Aachen. Please see the supplementary report in the Group report for further information.

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 June 30, 2010:

Holdings of members of corporate bodies	shares 2010	shares 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: 3,773,868) shares of USU Software AG can be allocated to Udo Strehl via Udo Strehl Private Equity GmbH as the majority shareholder of the company pursuant to Sec. 22 (1) Sentence 1 No. 1 WpHG.*
A further 32,000 (2009: 32,000) shares in USU Software AG are allocated to Udo Strehl through the "Knowledge is the future" foundation of which he is the Managing director pursuant to Sec. 22 (1) Sentence 1 No. 1 WpHG.

Related party disclosures

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

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

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 19, 2010

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

NOVEMBER 18, 2010	**9-MONTH REPORT 2010**

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 9, 2010 3:15 p.m. – 4:00 p.m.	**ANALYST CONFERENCE OF USU SOFTWARE AG** ***- X. MKK Munich Capital Market Conference -*** ***Munich*, Germany**