



**6 – MONTH REPORT 2011**

**USU Software AG**

<b>6 - MONTH REPORT 2011</b>	<b>2011</b>	<b>2010</b>
<i>in Thsd. EUR, except the earnings per share and number of employees</i>	<b>01.01.-30.06.2011</b>	<b>01.01.-30.06.2010</b>
<b>REVENUES</b>	20,803	15,227
<b>EBITDA</b>	2,471	300
<b>EBIT</b>	1,465	-251
<b>NET RESULT</b>	816	-143
<b>EARNINGS PER SHARE (EUR)</b>	0.08	-0.01
<b>CASH-FLOW FROM ORDINARY OPERATIONS</b>	3,949	-697
<b>NUMBER OF EMPLOYEES AT THE END OF THE PERIOD</b>	301	278
	<b>30.06.2011</b>	<b>31.12.2010</b>
<b>CASH AND CASH EQUIVALENTS</b>	14,798	11,055
<b>SHAREHOLDERS EQUITY</b>	49,306	48,485
<b>BALANCE SHEET</b>	70,899	66,884
<b>EQUITY RATIO</b>	69.5%	72.5%

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Dear Shareholders,

Dear Readers,

USU Software AG and its subsidiaries enjoyed extremely dynamic and successful development in the first half of 2011. The USU Group won a number of new project orders from high-profile domestic and foreign companies including CosmosDirekt, Edeka, Eurofighter, Jungheinrich, Kabel Deutschland, LBBW, Lidl and Texas Instruments. We have also been encouraged by the feedback from the attendees of this year's "USU World", the international conference for customers, interested parties and partners of the USU Group, which was held in Stuttgart in late May under the motto "Knowledge-Based Service Management". The Group's new products were presented to more than 300 experts and managers from 13 countries, and future developments and trends were discussed by well-known international speakers. The recently acquired order for the implementation of savings and insurance software for the specialist W&W AG, which has a volume of around EUR 3.5 million and a term of 18 months, serves to underline the systematic continuation of the positive order development that is also reflected in the significant rise in orders on hand. In light of this encouraging performance, the Management Board has raised its guidance for the current fiscal year and is now forecasting Group sales in excess of EUR 43 million and EBITDA of at least EUR 6 million. As in the previous years, the Management Board of USU Software AG is planning to allow shareholders to participate in this positive business development in the form of a distribution, thereby ensuring the continuity of its dividend policy. This year's Annual General Meeting, which was held on June 30, 2011 and was attended by more than 200 shareholders, representatives of the press, employees and guests of the Company, resolved to increase the dividend to EUR 0.20 per share. The shareholders in attendance also voted by a large majority to approve the actions of the Managing Board and Supervisory Board for fiscal 2010, to appoint Prof. Dr. Binder, Dr. Dr. Hillebrecht & Partner GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, as the auditor for fiscal 2011, and to make the variable remuneration of the members of the Supervisory Board dependent on the EBITDA margin generated by the USU Group in future. The existing members of the Supervisory Board, Günter Daiss, Erwin Staudt and Udo Strehl, were reappointed for a new term of office. The Chairman of the Supervisory Board remains Udo Strehl, who is also the majority shareholder of USU Software AG.

Yours,

Bernhard Oberschmidt,

Chairman of the Management Board of USU Software AG

### **Economic development**

Following a successful start to the year, the momentum of the German economy slowed significantly in the second quarter of 2011. According to an initial report from the German Federal Statistical Office (Destatis), Germany's gross domestic product (GDP) rose by just 0.1% quarter-on-quarter in the period from April to June 2011 (Q2/2010: 1.9%) after adjustment for inflation, seasonal and calendar effects. Exports and investments were particularly positive growth drivers in the period under review while, according to Destatis, economic performance in Germany was curbed by private consumer spending and construction investment. Based on Destatis figures, however, economic output again increased significantly compared with the previous year, with inflation-adjusted GDP rising by 2.8% year-on-year in the second quarter of 2011 (Q2/2010: 4.4%). According to the Statistical Office of the European Communities, Eurostat, economic output in the Eurozone also saw only moderate growth in the period under review: in the period from April to June 2011, Eurozone GDP rose by 0.2% compared with the previous quarter (Q2/2010: 0.9%) and by 1.7% compared with the second quarter of the previous year (Q2/2010: 2.2%).

### **Sector performance.**

After reaching a new all-time high in the first quarter of 2011 according to research by BITKOM (Bundesverband Informationswirtschaft, Telekommunikation und neue Medien e.V.), the business climate in the German high-tech industry saw a substantial downturn in the period under review, but remained positive on the whole. According to BITKOM, 66% of providers of IT, telecommunications and entertainment technology (ICT) expected to record rising sales in the second quarter of 2011 compared with the same period of the previous year. Providers of IT services look to have enjoyed particularly positive development in the period under review, with the BITKOM survey finding that 76% of them expected to record year-on-year sales growth; however, 64% of software providers are also forecasting growth in Q2/2011. According to BITKOM information, 74% of ICT companies expect to see rising sales for the year as a whole, while 82% of IT service sector companies and 75% of software providers are highly optimistic. In this context, BITKOM is forecasting a sharp rise in the IT market volume of 4.3% in 2011 (2010: 3.0%).

**Business performance in the second quarter of 2011.**

With sales growth of 32.9% to EUR 10,220 thousand in the second quarter of 2011 (Q2/2010: EUR 7,690 thousand), USU Software AG and its subsidiaries (hereinafter also referred to as the "USU Group" or "USU") continued the positive growth trend recorded in the previous quarters. In addition to organic growth, the majority acquisition of Aspera GmbH in the previous year made a significant contribution to this development. As the operating cost base of the USU Group only rose to a below-average extent compared with the increase in Group sales, USU improved its operating earnings before interest, taxes, depreciation and amortization (EBITDA) from EUR 155 thousand in the previous year to EUR 1,258 thousand in the period under review, representing an increase of 712.8%. The EBITDA margin amounted to 12.3% (Q2/2010: 2.0%). The USU Group also significantly improved its earnings before interest and taxes (EBIT) to EUR 750 thousand (Q2/2010: EUR -123 thousand). All in all, USU reported a net profit for the quarter of EUR 420 thousand after a net loss of EUR 23 thousand in the same period of the previous year. USU Software AG's earnings per share increased to EUR 0.04 (Q2/2010: EUR 0.00).

**Business performance in the first six months of fiscal 2011.****Development of sales and costs.*****Group sales***

On a half-yearly basis, USU Software AG increased Group sales by 36.6% to EUR 20,803 thousand (Q1-Q2/2010: EUR 15,227 thousand). Among other things, this was due to a substantial rise in license sales. Income from the newly launched, internally developed software products Valuemation 4 and KnowledgeCenter 5 and the additional software license income from the acquired company Aspera GmbH allowed the USU Group to almost double its license sales in the first six months of the current fiscal year to EUR 2,859 thousand (Q1-Q2/2010: EUR 1,471 thousand). At the same time, USU increased its maintenance income by 37.7% year-on-year to EUR 5,221 thousand (Q1-Q2/2010: EUR 3,792 thousand) and its consulting income by 19.5% to EUR 11,175 thousand (Q1-Q2/2010: EUR 9,351 thousand). Other income amounted to EUR 1,548 thousand in the first six months of 2011 (Q1-Q2/2010: EUR 613 thousand) and primarily related to merchandise sales from third-party hardware and software.

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

The service range in the Product Business segment, which includes the company Aspera that was acquired in July 2011, 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 for IT projects and individual application development.

In the first half of 2011, the USU Group recorded sales growth of 38.9% to EUR 13,979 thousand in the Product Business segment (Q1-Q2/2010: EUR 10,062 thousand) on the back of the Aspera acquisition and the organic expansion of product-related income in conjunction with the launch of new products. Consulting revenue in the Service Business segment increased by 31.9% to EUR 6,801 thousand during the period under review (Q1-Q2/2010: EUR 5,157 thousand). In this area, too, USU benefited from winning a number of project orders and the resulting high level of consultant utilization. Sales not allocated to the segments amounted to EUR 23 thousand in the period under review (Q1-Q2/2010: EUR 8 thousand).

The USU Group's foreign business, which is the result of the comprehensive partner and sales activities conducted over previous years, saw an above-average rise in Group sales of 63.0% year-on-year to EUR 2,167 thousand (Q1-Q2/2010: EUR 1,329 thousand), meaning that the share of Group sales generated outside Germany increased to 10.4% (Q1-Q2/2010: 8.7%).

### ***Operating costs***

The USU Group's operating cost base increased by 22.5% to EUR 18,558 thousand in the first six months of the current fiscal year (Q1-Q2/2010: EUR 15,146 thousand). This below-average development compared with the rate of sales growth serves to underline the improved efficiency of the USU Group. The absolute growth in costs primarily related to the subsidiary Aspera, which was included in consolidation from July 2010.

The cost of sales rose by 22.2% year-on-year to EUR 10,036 thousand (Q1-Q2/2010: EUR 8,215 thousand), largely as a result of the majority acquisition of Aspera and the resulting expansion of the consulting team. As a percentage of Group sales, the cost of sales fell from 53.9% in the first half of 2010 to 48.2% in the period under review. Gross income totaled EUR 10,767 thousand (Q1-Q2/2010: EUR 7,012 thousand), which corresponds to a gross margin of 51.8% (Q1-Q2/2010: 46.1%).

The marketing and sales expenses of the USU Group were affected by the additional activities resulting from the investment in Aspera as well as the strong license business with the resulting provisions for bonuses, rising by 20.8% year-on-year to EUR 3,315 thousand in the period from January to June 2011 (Q1-Q2/2010: EUR 2,745 thousand). The ratio of marketing and sales expenses to Group sales remained below the prior-year level, amounting to 15.9% in the period under review (Q1-Q2/2010: 18.0%).

Following the acquisition of Aspera, general and administrative expenses rose from EUR 1,421 thousand in the first half of 2010 to EUR 1,865 thousand in the period under review, corresponding to an increase of 31.3%. The drop in the ratio of administrative expenses to Group sales from 9.3% in the first six months of the previous year to 9.0% reflects the continuing efficiency of administration at the USU Group.

Totalling EUR 3,341 thousand for the first half of 2011 (Q1-Q2/2010: EUR 2,764 thousand), research and development expenses were up 20.8% on the previous year. This was largely also due to the expansion of the USU Group's activities following the Aspera acquisition. The ratio of research and development expenses to Group sales fell to 16.1% (Q1-Q2/2010: 18.2%).

Net other operating income and expenses totaled EUR -1 thousand in the period under review (Q1-Q2/2010: EUR 31 thousand).

### **Earnings situation**

In the first half of 2011, the USU Group recorded EBITDA growth of 722.4% to EUR 2,471 thousand, more than eight times higher than the figure of EUR 300 thousand recorded in the same period of the previous year. Accordingly, USU improved its EBITDA margin from 2.0% in the first half of 2010 to 11.9% in the period under review. Depreciation and amortization expense amounted to EUR 1,006 thousand in the first six months of 2011 (Q1-Q2/2010: EUR 552 thousand). This development was largely attributable to the increase in amortization of intangible assets to EUR 780 thousand (Q1-Q2/2010: EUR 364 thousand) as a result of the Aspera acquisition. As a result, EBIT improved to EUR 1,465 thousand (Q1-Q2/2010: EUR -251 thousand). Cumulative net finance costs declined from EUR 106 thousand in the previous year to EUR -111 thousand. This was primarily due to the interest on the purchase price for the remaining shares in Aspera GmbH. Thanks to its positive operating performance, USU increased its earnings before taxes (EBT) from EUR -145 thousand in the previous year to EUR 1,354 thousand. Income taxes amounted to EUR -538 thousand in the first six months of the current fiscal year (Q1-Q2/2010: EUR 2 thousand) and were composed of income taxes for the period under review and deferred taxes. The net profit for the first half of 2011 amounted to EUR 816 thousand (Q1-Q2/2010: net loss of EUR 143 thousand), resulting in earnings per share of EUR 0.08 (Q1-Q2/2010: EUR -0.01).

**Balance sheet structure.**

On the asset side of the balance sheet, the USU Group's non-current assets amounted to EUR 44,470 thousand as of June 30, 2011 (December 31, 2010: EUR 45,416 thousand). The reduction in this balance sheet item primarily reflects the scheduled amortization of intangible assets. Current assets rose to EUR 26,429 thousand at the end of the first half of 2011 (December 31, 2010: EUR 21,468 thousand), primarily due to the USU Group's positive operating cash flow and the associated increase in cash and cash equivalents including securities to a total of EUR 14,798 thousand (December 31, 2010: EUR 11,055 thousand).

On the equity and liabilities side, current and non-current liabilities amounted to EUR 21,593 thousand as of June 30, 2011 (December 31, 2010: EUR 18,399 thousand). This increase is primarily attributable to the higher level of deferred income for maintenance agreements invoiced at the start of the year for which the services will be rendered and the corresponding sales recognized later in the year, which totaled EUR 4,798 thousand (December 31, 2010: EUR 1,657 thousand). Other liabilities in the amount of EUR 8,053 thousand (December 31, 2010: EUR 7,594 thousand) include the present value of the purchase price liability for the planned acquisition of the remaining 49% of the shares in Aspera by USU Software. Equity rose to EUR 49,306 thousand as against December 31, 2010 (EUR 48,485 thousand) on the back of the USU Group's net profit for the period. Based on total assets of EUR 70,899 thousand (December 31, 2010: EUR 66,884 thousand), the equity ratio amounted to 69.5% as of June 30, 2011 (December 31, 2010: 72.5%).

**Cash flow and investments.**

Thanks to its positive operating performance, the USU Group increased its cash and cash equivalents excluding securities by 49.2% to EUR 14,313 thousand as of June 30, 2011 (Q1-Q2/2010: EUR 9,590 thousand).

The USU Group's cash flow from operating activities improved from EUR -697 thousand in the first half of 2010 to EUR 3,949 thousand in the first six months of the current fiscal year. This development was due to changes in working capital, and in particular the rise in deferred income, as well as the higher level of earnings compared with the previous year.

The cash flow from investing activities in the amount of EUR -197 thousand (Q1-Q2/2010: EUR -135 thousand) includes investments in property, plant and equipment and intangible assets totaling EUR -263 thousand (Q1-Q2/2010: EUR -146 thousand) and income from the disposal of non-current assets of EUR 28 thousand (Q1-Q2/2010: EUR 2 thousand) and from a loan repayment in the amount of EUR 38 thousand (Q1-Q2/2010: EUR 9 thousand).

As in the previous year, there were no changes in the cash flow from financing activities in the first half of 2011.



### Orders on hand.

The USU Group had orders on hand of EUR 22,707 thousand as of June 30, 2011, representing a year-on-year increase of 53.0% (June 30, 2010: EUR 14,844 thousand). This figure includes orders totaling EUR 2,898 thousand originating from Aspera GmbH, which was acquired in July 2010. USU increased its orders on hand by 18.7% as against December 31, 2010 (EUR 19,132 thousand). The order book as of the end of the quarter shows the USU Group's fixed future sales based on binding contracts. These primarily consist of project-related orders as well as maintenance agreements.

### Research and development.

In the second quarter of 2011, the USU Group systematically pressed ahead with its research and development activities and implemented a number of product improvements and functional expansions in its internally developed software products.

At the subsidiary USU AG, **Valuation** development in the second quarter of 2011 was dominated by the delivery of version 4.1 and work on the new version 4.2. **Valuation** version 4.1, which offers a modern appearance, role-based welcome pages and simple, intuitive interface elements, was launched on schedule at the end of the first quarter of 2011. A wide range of scripts for the migration of **Valuation** installations at existing customers were created and successfully tested. Development work on the new **Valuation** version 4.2 during the period under review focused on the technical specifications of existing concepts and their implementation. In addition to functional improvements, the integration of the two Group products **USU KnowledgeCenter** and **SmartTrack** was expanded. Within USU AG's **USU KnowledgeCenter** product suite, activities in the second quarter concentrated on the functional expansion of reporting and improvements to the performance of the **USU KnowledgeCenter** application modules. Among other things, clustering was implemented for **USU KnowledgeBase**. This means that the module can now be operated decentrally on multiple servers, thereby allowing a significant increase in the number of users. In this context, the module's document storage and backup concepts were also simplified.

The standard tasks of USU AG's development department also include working on maintenance and support issues. In this area, the Company expanded its service range for **Valuation** and **USU KnowledgeCenter** customers to include 24/7 telephone availability, reflecting the continuous process of internationalization and more stringent customer requirements.

At the subsidiary LeuTek GmbH, research and development activities were dominated by the user conference. For example, there was an initial preview of a fully Flash-based **ZISGUI** client aimed at directly integrating display instruments for the presentation of complete dashboards with low resource consumption and a high level of performance. Performance improvements were also implemented in **ZIS** web applications for the presentation of large-scale data structures for major customers. In addition, the conversion of the **ZIS system** to the 64-bit data format was completed, allowing the first systems to go live at customers.

The period under review again saw the expansion of a number of functionalities of the **SmartTrack** license management software offered by the subsidiary Aspera GmbH. One example was the implementation of a new, compact data exchange format for migration or data backup, which offers users significantly improved performance and a reduced storage footprint.

The subsidiary Omega Software GmbH expanded the reporting functions, the service catalog and release management for the internally developed **myCMDB** product suite for SMEs and developed new interfaces with third-party products.

Cumulative research and development costs for the USU Group amounted to EUR 3,341 thousand in the first half of the year (Q1-Q2/2010: EUR 2,764 thousand).

### **Employees.**

With a total workforce of 301 as of June 30, 2011 (Q1-Q2/2010: 278), the USU Group recorded an 8.3% increase in the number of employees compared with the previous year, largely as a result of the majority acquisition of Aspera. Broken down by functional unit, a total of 132 (Q1-Q2/2010: 111) people were employed in consulting and services at the end of the second quarter, 104 (Q1-Q2/2010: 95) in research and development, 36 (Q1-Q2/2010: 43) in sales and marketing and 29 (Q1-Q2/2010: 29) in administration. Broken down by segment, the USU Group employed 217 (Q1-Q2/2010: 197) people in the Product Business segment, 62 (Q1-Q2/2010: 61) in the Service Business segment and 22 (Q1-Q2/2010: 20) in central administration.

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

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

Following a slight improvement in the first quarter of the current year, USU Software AG's share price enjoyed substantially positive development in the period under review. At EUR 5.20, the shares closed the second quarter 5.2% higher than at the end of the previous quarter (March 31, 2011: EUR 4.94) in the XETRA electronic trading system. The Deutscher Aktienindex (DAX) also rose by 4.8% to 7,376.24 points in the period under review (March 31, 2011: 7,041.31 points), while the Technology All Share Index declined by 4.5% to 1,048.39 points (March 31, 2011: 1,097.70 points).

Compared with the closing price of EUR 4.89 at the end of 2010, USU's shares also recorded positive performance of 6.2%, while the DAX and the Technology All Share rose by 6.7% and 3.1% respectively.

After the reporting date June 30, 2011, there was a sharp downward trend on the stock markets due to negative news relating to the debt crisis in the USA and Europe and the risk of a new recession in the USA, among other things. Between June 30, 2011 and August 17, 2011, USU's shares lost 13.8% of their value, closing at EUR 4.48 in XETRA trading on the latter date. During the same period, the DAX declined by 19.3% to 5,948,94 points, while the Technology All Share fell by 19.0% to 849.59 points.

### **Supplementary report**

With effect from August 1, 2011, USU Software acquired 70% of the shares in get IT Services GmbH, Sursee, Switzerland, which was subsequently renamed USU Consulting GmbH. The Swiss strategy consulting company has already been a USU partner for many years and has excellent expertise in management and specialist consulting, concept development and the handling of major projects in the area of IT strategy and service management as well as ITIL training and preparation for ISO 20000 certification. USU Consulting GmbH complements USU's portfolio both strategically on the market for knowledge-based service management and geographically by extending its presence in Switzerland. The company, which has been profitable for a number of years, currently employs around ten people who provide high-quality consulting services for renowned clients such as Credit Suisse, Helsana, Holcim, RUAG and Victorinox. There were no other transactions of material importance after the balance sheet date June 30, 2011 that had a significant effect on the development of business in the USU Group. In this respect, there were no further major changes to the Group's net assets, financial position and results of operations.

## **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 30, 2010. For more information, please see the risk report in the 2010 Annual Report.

## **Forecast report**

### ***General economic***

The latest “ifo Konjunkturprognose 2011/2012” report published by Munich University's Institute for Economic Research (ifo) is projecting a slower continuation of the current upturn. The ifo business forecasts suggest that the high average momentum enjoyed since early 2010 will not be maintained in the second half of the current year; however, the positive underlying economic trend will remain intact. ifo's experts believe that this development will be driven by the continued favorable financing conditions, rising employment and robust foreign demand, particularly from emerging economies. Accordingly, ifo is forecasting GDP growth in Germany of 3.3% for 2011 as a whole (2010: 3.6%), followed by further growth of 2.3% in 2012.

Experts are forecasting Eurozone GDP growth of 2.0% in the current year (2010: 1.7%) and 1.8% in 2012; however, economic development in the individual member states remains extremely varied. While export-oriented economies with solid public finances, such as Germany, are benefiting in particular from the development of global demand, countries like Greece, Portugal and Ireland are faced with the threat of a recession. The continued debt crisis in Europe and the USA also constitutes a central risk for macroeconomic development that could lead to a tangible downturn in economic development.

### ***Sector***

According to the latest information from the industry association BITKOM published this spring, the German IT market will enjoy strong growth in the current year, including as a result of investments in information technology by companies that had postponed major purchases in the past. Following growth of 3.0% in 2010, BITKOM is forecasting an increase in the IT industry market volume of 4.3% in 2011 and a further 4.4% in 2012. The software market is set to enjoy above-average growth rates of 4.5% in 2011 (2010: 3.5%) and 4.9% in 2012; however, BITKOM also expects the area of IT services to grow by 3.5% in the current year (2010: 1.7%) and 3.8% in 2012. This means that the IT market will again significantly outperform the market as a whole over the next two years.

## **Outlook**

Due to the extremely positive business development in the first half of 2011, the Management Board of USU Software AG has raised its guidance for the USU Group for the current year, which originally involved sales growth in excess of 10% (to more than EUR 41.8 million), an above-average increase in EBITDA compared with sales (to more than EUR 5.1 million), and further growth in the EBITDA margin of 12.1% that was recorded in 2010. The Management Board is now forecasting sales in excess of EUR 43 million and EBITDA of at least EUR 6 million for the Group as a whole, which would represent an EBITDA margin of 14%. These targets alone would mean significant business growth and a record high in terms of both sales and earnings for USU Software AG. Any further sales and earnings potential will depend in particular on the fourth quarter of 2011, which is traditionally the strongest quarter of the fiscal year. Assuming the financial uncertainties affecting the USU Group's core European market are resolved and the economic environment stabilizes over the coming months, the Management Board expects to see a sustained high propensity to invest on the part of companies, particularly those in the financial services sector, leading to further growth effects. Based on the same assumptions, the Management Board is also forecasting positive business development in 2012, thereby confirming its targets for the next fiscal year of sales growth in excess of 10% and above-average EBITDA growth. In light of this development, the Management Board is planning to allow the shareholders of USU Software AG to participate in the Company's business success to a material extent in 2011 and beyond, and to continue the shareholder-friendly dividend policy established in previous years.

USU Software AG

The Management Board

<b>ASSETS</b> (Thsd. EUR)	<b>6-month report</b> <b>30.06.2011</b>	<b>Annual report</b> <b>31.12.2010</b>
<b>Non current assets</b>		
Intangible assets	7,467	8,234
Goodwill	32,885	32,885
Property, plant and equipment	872	878
Other financial assets	784	783
Deferred tax assets	1,885	2,027
Other assets	577	609
<b>Total non current assets</b>	<b>44,470</b>	<b>45,416</b>
<b>Current assets</b>		
Inventories	1,409	684
Work in process	2,334	1,601
Trade receivables	7,224	7,479
Income tax receivables	176	176
Other financial assets	30	168
Other assets	52	52
Prepaid expenses	406	253
Securities	485	483
Cash on hand and bank balances	14,313	10,572
<b>Total non current assets</b>	<b>26,429</b>	<b>21,468</b>
<b>Total assets</b>	<b>70,899</b>	<b>66,884</b>

<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b> (Thsd. EUR)	<b>6-month report</b> <b>30.06.2011</b>	<b>Annual Report</b> <b>31.12.2010</b>
<b>Shareholders' equity</b>		
Subscribed capital	10,524	10,524
Capital reserve	52,792	52,792
Legal reserve	294	294
Other comprehensive income	5	0
Accumulated losses	-14,309	-15,125
<b>Total shareholders' equity</b>	<b>49,306</b>	<b>48,485</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	1,278	1,409
Pension provisions	463	415
Other liabilities	8,053	7,594
<b>Total non-current liabilities</b>	<b>9,794</b>	<b>9,418</b>
<b>Current liabilities</b>		
Provisions for income taxes	924	627
Personnel-related provisions and liabilities	3,238	3,206
Other provisions and liabilities	948	1,667
Liabilities from received payments	999	577
Trade payables	892	1,247
Deferred income	4,798	1,657
<b>Total current liabilities</b>	<b>11,799</b>	<b>8,981</b>
<b>Total liabilities and shareholders' equity</b>	<b>70,899</b>	<b>66,884</b>

CONSOLIDATED INCOME STATEMENT (Thsd. EUR)	Quarterly Report	Quarterly Report	6-Month Report	6-Month Report
	II / 2011	II / 2010	2011	2010
	01.04.2011 - 30.06.2011	01.04.2010 - 30.06.2010	01.01.2011 - 30.06.2011	01.01.2010 - 30.06.2010
Sales revenue	10,220	7,690	20,803	15,227
Cost of sales	-5,061	-4,066	-10,036	-8,215
Gross profit	5,159	3,624	10,767	7,012
Sales and marketing expenses	-1,604	-1,497	-3,315	-2,745
General administrative expenses	-876	-682	-1,865	-1,421
Research and development expenses	-1,540	-1,384	-3,341	-2,764
Other operating income	45	30	97	105
Other operating expenses	-44	-32	-98	-74
Amortization of intangible assets recognized in the course of company acquisitions	-390	-182	-780	-364
Result of ordinary operations (EBIT)	750	-123	1,465	-251
Interest income	25	124	45	157
Interest expenses	-76	-26	-156	-51
Result before tax (EBT)	699	-25	1,354	-145
Income taxes	-279	2	-538	2
Net profit / loss	420	-23	816	-143
Earnings per share (in EUR)				
(basic and diluted)	0.04	0.00	0.08	-0.01
Weighted average shares				
(basic and diluted)	10,523,770	10,021,054	10,523,770	10,021,054

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Thsd. EUR)	Quarterly Report	Quarterly Report	6-Month Report	6-Month Report
	II / 2011	II / 2010	2011	2010
	01.04.2011 - 30.06.2011	01.04.2010 - 30.06.2010	01.01.2011 - 30.06.2011	01.01.2010 - 30.06.2010
<b>Group result</b>	<b>420</b>	<b>-23</b>	<b>816</b>	<b>-143</b>
Available-for-sale financial instruments (securities)				
Fair value changes taken directly to equity	2	-18	4	20
Recognized to profit or loss	0	0	0	0
Deferred taxes from available-for-sale financial instruments (securities)	0	2	0	-13
Currency translation difference	-5	-2	1	-4
<b>Other comprehensive income</b>	<b>-3</b>	<b>-18</b>	<b>5</b>	<b>3</b>
<b>Overall result</b>	<b>417</b>	<b>-41</b>	<b>821</b>	<b>-140</b>

<b>CONSOLIDATED STATEMENT OF CASH FLOW</b> <i>(Thsd. EUR)</i>	<b>6-month report</b> <b>01.01.2011 -</b> <b>30.06.2011</b>	<b>6-month report</b> <b>01.01.2010 -</b> <b>30.06.2010</b>
<b>CASH FLOW FROM ORDINARY ACTIVITIES:</b>		
Result bevor taxes	1,354	-145
<b>Adjustments for:</b>		
Financial income / financial expenditure	111	-106
Depreciation and amortization	1,006	551
Income taxes paid	-528	-54
Income taxes refunded	28	601
Interest paid	-146	-6
Interest received	44	156
Other non-cash income and expenses	-124	-159
<b>Change in working capital:</b>		
Inventories	-725	-133
Work in process	-733	-845
Trade receivables	255	137
Prepaid expenses and other assets	82	-739
Trade payables	-355	66
Personnel-related provisions and liabilities and pension provisions	80	-977
Other provisions and liabilities	3,600	956
<b>Net cash flow form ordinary activities</b>	<b>3,949</b>	<b>-697</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Capital expenditure in property, plant and equipment	-205	-118
Capital expenditure in other intangible assets	-58	-28
Repayment of short-term loans	38	9
Sales of non-current assets	28	2
<b>Net cash flow from investing activities</b>	<b>-197</b>	<b>-135</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
<b>Net cash flow from financing activities</b>	<b>0</b>	<b>0</b>
Net effect of currency translation in cash and cash equivalents	-11	-11
<b>NET INCREASE/DECREASE OF CASH AND CASH EQUIVALENTS</b>	<b>3,741</b>	<b>-843</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>10,572</b>	<b>10,433</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>14,313</b>	<b>9,590</b>



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

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY	Subscribed capital		Capital reserve	Legal reserve	Accum- lated losses	Other comprehensive income		Total	
	Shares	Thsd. EUR	Thsd. EUR	Thsd. EUR		Currency Trans- lation	Securities measured at fair value		Thsd. EUR
						Thsd. EUR	Thsd. EUR		Thsd. EUR
<b>Consolidated equity as of January 1, 2010</b>	<b>10,021,054</b>	<b>10,021</b>	<b>51,490</b>	<b>250</b>	<b>-15,877</b>	<b>27</b>	<b>-30</b>	<b>45,881</b>	
Group result	0	0	0	0	-143	0	0	-143	
Other comprehensive income	0	0	0	0	0	-4	7	3	
<b>Overall result</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-143</b>	<b>-4</b>	<b>7</b>	<b>-140</b>	
<b>Consolidated equity as of June 30, 2010</b>	<b>10,021,054</b>	<b>10,021</b>	<b>51,490</b>	<b>250</b>	<b>-16,020</b>	<b>23</b>	<b>-23</b>	<b>45,741</b>	
<b>Consolidated equity as of January 1, 2011</b>	<b>10,523,770</b>	<b>10,524</b>	<b>52,792</b>	<b>294</b>	<b>-15,125</b>	<b>9</b>	<b>-9</b>	<b>48,485</b>	
Group result	0	0	0	0	816	0	0	816	
Other comprehensive income	0	0	0	0	0	1	4	5	
<b>Overall result</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>816</b>	<b>1</b>	<b>4</b>	<b>821</b>	
<b>Consolidated equity as of June 30, 2011</b>	<b>10,523,770</b>	<b>10,524</b>	<b>52,792</b>	<b>294</b>	<b>-14,309</b>	<b>10</b>	<b>-5</b>	<b>49,306</b>	

### **Principles of Accounting**

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

This six-month report for 2011 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, 2010. This unaudited six-month report for 2011 should therefore be read in conjunction with the audited consolidated financial statements for 2010. 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 in 2010 Fiscal Year**

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 it has been included in consolidation since this date using the purchase method in accordance with IFRS 3. For further information, please see section C. (Changes in Group Organization) in the audited consolidated financial statements for 2010.

## Sales revenues

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

	1.1.-30.06.2011 Thsd. EUR	1.1.-30.06.2010 Thsd. EUR
Consulting	11,175	9,351
Licences / products	2,859	1,471
Service and maintenance	5,221	3,792
Other	1,548	613
	<b>20,803</b>	<b>15,227</b>

## Segment reporting

For the purpose of segment reporting in accordance with IFRS 8, USU is active in “Product Business” and “Service Business”, both of which have a major influence on the risks and equity return. The breakdown of various key ratios by segment in line with IFRS 8 is represented in the following overview:

	Product Business		Service Business		Total Segments		Unallocated		Group	
	1.1.-30.6.2011 Thsd. EUR	1.1.-30.6.2010 Thsd. EUR	1.1.-30.6.2011 Thsd. EUR	1.1.-30.6.2010 Thsd. EUR	1.1.-30.6.2011 Thsd. EUR	1.1.-30.6.2010 Thsd. EUR	1.1.-30.6.2011 Thsd. EUR	1.1.-30.6.2010 Thsd. EUR	1.1.-30.6.2011 Thsd. EUR	1.1.-30.6.2010 Thsd. EUR
Revenues	13,979	10,062	6,801	5,157	20,780	15,219	23	8	20,803	15,227
EBITDA	2,206	1,338	1,304	47	3,510	1,385	-1,039	-1,085	2,471	300
EBIT	1,254	848	1,259	-7	2,513	841	-1,048	-1,092	1,465	-251
Net financial income	-	-	-	-	-	-	-111	106	-111	106
Taxes	-	-	-	-	-	-	-538	2	-538	2
Net profit / loss	1,254	848	1,259	-7	2,513	841	-1,697	-984	816	-143
Employees (as of June 30, 2011/10)	217	197	62	61	279	258	22	20	301	278

The USU Software Group generated a total of 10.4% (Q1-Q2/2010: 8.7%) or EUR 2,166 thousand (Q1-Q2/2010: EUR 1,329 thousand) of its consolidated sales outside Germany in the first six months of the 2011 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.

## Dividend

The Annual General Meeting on June 30, 2011 resolved to utilize USU Software AG's unappropriated surplus for 2010 in the amount of EUR 2,362 thousand to distribute a dividend of EUR 2,105 thousand or EUR 0.20 per dividend-bearing share to the shareholders, with the remaining EUR 257 thousand being carried forward to new account. The dividend was paid from July 1, 2011.

**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, 2011:

Holdings of members of corporate bodies	shares 2011	shares 2010
<b>Management Board</b>		
Bernhard Oberschmidt	18,696	18,696
<b>Supervisory Board</b>		
Udo Strehl*	1,989,319	1,989,319
Erwin Staudt	100,000	100,000
Günter Daiss	85,500	85,500

*\* An additional 3,473,868 (2010: 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 (2010: 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.*

On March 8, 2011, Udo Strehl Private Equity GmbH (USPEG), whose majority shareholder is Udo Strehl, Chairman of the Supervisory Board of USU Software AG, sold a total of 300,000 shares in USU Software AG to several institutional investors off the board. The Chairman of the Supervisory Board, Udo Strehl, notified USU Software AG of this securities transaction without delay. In turn, the company promptly published the notification of this transaction on its homepage at [www.usu-software.de](http://www.usu-software.de).

**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 2010. For more information, please refer to the details in the consolidated financial statements of USU Software AG for the fiscal year ending December 31, 2010.

**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.

USU Software AG

Möglingen, August 18, 2011

Bernhard Oberschmidt

Chairman of the Management Board of USU Software AG

**August 30, 2011**

10:00 a.m. – 10:45 a.m.

**ANALYST CONFERENCE OF USU SOFTWARE AG**

**- 9<sup>th</sup> SCC\_ Small Cap Conference -**

**Frankfurt am Main, Germany**

**NOVEMBER 17, 2011**

**9-MONTH REPORT 2011**

**NOVEMBER 21, 2011**

4:30 p.m. – 5:15 p.m.

**ANALYST CONFERENCE OF USU SOFTWARE AG**

**- GERMAN EQUITY FORUM -**

**Frankfurt am Main, Germany**