



**9 – MONTH REPORT 2005**

**USU Software AG**

<b>9-MONTH REPORT 2005</b>	<b>2005</b>	<b>2004</b>
<i>in Thsd. EUR, except the earnings per share and number of employees</i>	<b>01.01.-30.09.2005</b>	<b>01.01.-30.09.2004</b>
<b>REVENUES</b>	14,673	13,447
<b>EBITDA</b>	341	-446
<b>EBIT</b>	-197	-864
<b>NET RESULT</b>	97	221
<b>EARNINGS PER SHARE (EUR)</b>	0.01	0.03
<b>NUMBER OF EMPLOYEES AT THE END OF THE PERIOD</b>	197	180
	<b>30.09.2005</b>	<b>31.12.2004</b>
<b>SHAREHOLDERS EQUITY</b>	35,440	33,145
<b>BALANCE SHEET</b>	41,698	73,455
<b>EQUITY RATIO</b>	85.0%	45.1%

USU Software AG  
 Spitalhof  
 D-71696 Möglingen  
 Tel. +49.7141.4867-0  
 Fax +49.7141.4867-20  
[www.usu-software.de](http://www.usu-software.de)

Investor Relations  
 Falk Sorge  
 Tel. +49.7141.4867-351  
 Fax +49.7141.4867-108  
[investor@usu-software.de](mailto:investor@usu-software.de)

Dear shareholders,  
Dear readers,

In Q3 of the current financial year USU Software AG and its subsidiaries generated a positive operating result (EBIT) and a net profit for the quarter on increased sales. From a 9-month perspective the company thus managed to return to the black and was therefore able to achieve the target of profitability after only nine months.

As ever, the key business with existing customers serves as the foundation for sales and earnings development across the entire USU Group. Project extensions and follow-up projects at established customers of USU Software AG and its Group subsidiaries form the pillars supporting the consultancy business, which has run successfully for several quarters. At the same time, the licensing business was expanded in Q3 and thus improved in comparison to the previous year. In addition to concluding several licenses with existing and new customers, key successes in the international partner business made particular contributions to this positive development. As a consequence, the share of sales generated abroad by the USU Group was over 10% for the first time after 9 months.

An initial positive conclusion can also be drawn in relation to the additional marketing and sales activities of the USU Group. With the monthly WebEvents, in which USU's software products are demonstrated live via the internet, numerous potential new customers have already been acquired for the products and solutions of USU in both segments of the company. The opportunity to request product demo versions free of charge was also taken advantage of to a considerable extent in the last quarter.

With the existing product portfolio and new product developments such as USU SolutionBase and an edition tailored for decision-makers based on USU KnowledgeMiner the company considers itself well positioned in an attractive market in which it will be able to continue to grow profitably in the future.

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

**Economic development.** According to estimates made by the Federal Statistical Office, economic development in Germany and the eurozone as a whole remained restrained in the period under consideration due primarily to the high price of oil. The German gross domestic product (GDP) was thus up 1.3% year-on-year in Q3 2005. This growth was primarily export-driven. In the eurozone, the general economy also expanded only slightly compared with the year before – by 1.5% in July to September 2005 – according to initial estimates from the Statistical Office of the European Communities.

**Sector performance.** In 2005 the IT sector is acting as the growth engine of the economy as a whole but is unable to escape the competitive price pressure and the difficult economic and political conditions entirely. With a 3.1% increase in market volume from the previous year the IT market as a whole will thus grow less strongly than initially forecast according to the latest studies by the German Association for Information Technology, Telecommunications and New Media e.V. (BITKOM). However, BITKOM still anticipates strong growth rates of 4.5% in the software and IT services segments.

The European Information Technology Observatory (EITO) has also revised its growth forecasts for the European IT market downwards. The growth of IT market volumes in Western Europe is thus anticipated to total 3.4% in the current year, although here again the growth rates of the market segments software and IT services will be stronger at 4.8% and 4.6% respectively.

**Sales and earnings development.** USU Software AG and its subsidiaries (in the following abbreviated to: “USU Group”) generated a net profit for the quarter of TEUR 174 (PY: TEUR 13) in Q3 2005 on sales of TEUR 5,038 (PY: TEUR 4,754) due to increasing licensing revenues and the consultancy business, which remained positive. In addition to direct business with existing and new customers, the partner business also made a significant contribution to this success. Successfully implemented international projects at well-known businesses such as the Italian railway company, Athens airport or the new airport in Bangkok should be highlighted here.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) improved year-on-year by TEUR 590 to TEUR 356 (PY: TEUR -234) in Q3 2005. Earnings before interest and taxes (EBIT) were also positive at TEUR 125 (PY: TEUR -328). In Q3 2005, earnings per share were EUR 0.02 (PY: EUR 0.00) with an average number of shares of 9,135,004 (PY: 8,605,593).

In the 2005 9-month period the USU Group increased its consolidated sales by TEUR 1,226 year-on-year to TEUR 14,673 (PY: TEUR 13,447). 76.0% (PY: 72.2%) of these were accounted for by the consultancy business, 22.5% (PY: 26.1%) by licence and maintenance revenues and 1.5% (PY: 1.7%) by other revenues. In the Business Solutions division, sales increased 14.2% year-on-year to TEUR 8,073 (PY: TEUR 7,068). The IT Management Solutions division posted a 3.1% increase in sales to TEUR 6,535 (PY: TEUR 6,341). Earnings not assigned to divisions increased from TEUR 38 in the previous year to the current figure of 65 TEUR. The proportion of the consolidated sales of the USU Group generated outside Germany increased to over 10% in the period under consideration.

Due in particular to the additional use of external consultancy resources in HY1 2005, the production costs increased year-on-year in the 2005 9-month period to TEUR 9,124 (PY: TEUR 8,568). However, the deployment of employees from the Czech subsidiary USU Software s.r.o in consultancy projects enabled a further increase in production costs in Q3 2005 to be prevented. Accordingly, the gross profit on sales improved from TEUR 4,879 the previous year to TEUR 5,549 in the period under consideration.

Operating costs for marketing and sales, administration and research and development totalled TEUR 5,875 in the 9-month period (PY: TEUR 5,831), although positive tax effects had contributed to a lower cost base in the previous year's figure.

As a consequence of the increase in sales realised year-on-year with costs developing at a moderate rate in comparison, earnings before interest, taxes, depreciation and amortisation (EBITDA) improved considerably in the first nine months of the 2004 financial year from TEUR -446 to TEUR 341 in the 2005 9-month period. With the inclusion of write-downs totalling TEUR 538 (PY: TEUR 418) earnings before interest and taxes (EBIT) were TEUR -197 (PY: TEUR -864).

Following the special distribution of TEUR 34,206 in February this year, the cumulative interest income for the months January to September 2005 remained well below that of the previous year at TEUR 371 (PY: TEUR 1,112). Nonetheless, earnings before tax (EBT) were down only slightly on the previous year's figure at TEUR 174 (PY: TEUR 248).

Taking into account taxes on income totalling TEUR -77 (PY: TEUR -27), the company generated a net profit of TEUR 97 in the first nine months of the 2005 financial year (PY: TEUR 221) and had thus already realised a positive net result as at the end of Q3 2005. With the number of shares averaging 8,799,516 (PY: 8,605,593), earnings per share were EUR 0.01 (PY: EUR 0.03) in the reporting period.

**Balance sheet structure.** As a consequence of USU Software AG's special distribution to the shareholders of the company on 18 February 2005 of a total of TEUR 34,206, cash and cash equivalents and investments as at 30 September 2005 totalled TEUR 14,181 (31 December 2004: TEUR 47,859). The liabilities of the USU Group sank correspondingly to TEUR 6,258 (31 December 2004: TEUR 40,310).

Due to the acquisition of Omega Software GmbH (in the following abbreviated to: "OMEGA"), which was partly financed by a capital increase against contribution in kind from the authorised share capital, the share capital of the USU Group increased to TEUR 9,135 (31 December 2004: TEUR 8,606), as did the capital reserve, to TEUR 49,216 (31 December 2004: TEUR 47,601). At the same time, the goodwill reported increased to TEUR 17,659 (31 December 2004: TEUR 14,938). On the OMEGA acquisition, readers are also referred to the information in the notes to these quarterly financial statements in the sections "Changes in the Group organisation" and "Share capital, shares and authorised capital".

Shareholders' equity at the end of Q3 2005 totalled TEUR 35,440 (31 December 2004: TEUR 33,145). With a balance sheet total of TEUR 41,698 (31 December 2004: TEUR 73,455), the equity ratio was 85.0% (31 December 2004: 45.1%).

**Investments.** The USU Group incurred net spending on the acquisition of OMEGA in the first nine months of 2005 financial year of TEUR 736, whereas the previous year the acquisition of ValueSolution Software GmbH & Co. KG resulted in a cash inflow of TEUR 66.

Investments in tangible and intangible assets totalled TEUR 175 (PY: TEUR 223) in the reporting period and largely related to the procurement of new hardware and software.

Income from the sale or maturity of securities totalling TEUR 43,314 (PY: TEUR 3,232) was counterbalanced by new investments in low-risk securities with short times to maturity for TEUR 11,042 (PY: TEUR 3,308) in the first 9 months of the 2005 financial year. The funds freed were used mainly for the cash distribution of TEUR 34,206 to the shareholders of USU Software AG in February 2005.

**Research and development.** Group-wide spending on development continued in a target-oriented manner in Q3 2005. Cumulative research and development expenditure totalled TEUR 629 (PY: TEUR 665) in Q3 2005 and reached an overall sum of TEUR 1,785 (PY: TEUR 2,020) in the 9-month period of the 2005 financial year as a whole.

In addition to the planned further development of the Group's products Valuemation, INSEL and USU KnowledgeMiner, two new software products were developed in the knowledge management area and have already been launched on the market. For management teams, USU developed a new edition of the established knowledge management software package USU KnowledgeMiner with special functions for the automatic provision of information from user-defined data sources. The objective of a new solution management software package is to ensure the provision of solutions in the required quantity, quality and up-to-dateness. USU SolutionBase is tailored to the solution management requirements in call centres and service desks. To do this, the common document types, work procedures and the appropriate authorisation concept are pre-configured and implemented by the system. Customers such as the Social Service Agency of the Protestant Church of Germany are already successfully using the application, for example.

**Order book.** The Group-wide order book at the USU Group as at 30 September 2005 stood at TEUR 6,951 (PY: TEUR 5,919) and was thus up TEUR 1,032 on the previous year's figure. This includes fixed orders with a total volume of TEUR 868 from Omega Software GmbH, which was acquired in February 2005.

**Employees.** As at 30 September 2005, the USU Group employed a total of 197 staff (PY: 180).

Broken down by functional unit, 85 employees worked in consulting and services, 62 employees in research and development, 24 employees in sales and marketing and 26 employees in central administration and finance.

Split by segment, the USU Group employed 129 staff in IT Management Solutions, 48 employees in Business Solutions and 20 staff in central administration and finance.

**USU share (WKN A0BVU2 // ISIN DE000A0BVU28).** Overall, the trend on the stock markets was very cheerful in Q3 2005. In the period under consideration, the USU share posted a 3.88% increase in value from the previous quarter on XETRA. Whereas the closing price of the USU share was EUR 3.35 as at 30 June 2005, it increased to EUR 3.48 as at 30 September 2005. The maximum closing price on XETRA was EUR 3.70.

The Technology All Share Index climbed 12.78% against the previous quarter to 803.17 points at the end of Q3 2005 (30 June 2005: 712.15 points), and the Deutsche Aktienindex (DAX) rose 9.98% to 5,044.12 points (31 March 2005: 4,586.28 points).

**Outlook and forecast report.** The Association of German Economic Research Institutes (ARGE) forecasts economic momentum to strengthen in both Germany and Europe next year. ARGE thus predicts a 1.2% rise in the real gross domestic product in Germany for 2006 (2005: 0.8%) and a 1.8% increase in the eurozone (2005: 1.3%).

According to BITKOM, the IT sector in Germany will continue to contribute to economic growth next year and, after posting growth of 3.1% in 2005, go on to make that figure 3.4% in 2006. For the market segments software and IT services BITKOM anticipates the market volume to grow by 5.0% and 4.7% respectively in 2006 after 4.5% in both areas in 2005. Europe-wide, IT market volumes will increase by 4.0% in 2006 (2005: 3.4%) according to studies carried out by the European Information Technology Observatory (EITO), with the areas of software at 5.0% (2005: 4.8%) and IT services at 5.4% (2005: 4.6%) again growing strongly here.

After the success of Q3 2005 and reaching profitability, the Management Board of USU Software AG again expects to generate a positive contribution to the annual result in the final quarter of the 2005 financial year. The improvement of sales and increasing of profitability are to be pushed forward in the coming quarters via the continued development of the partner business, the expansion of the workforce and the additional deployment of employees from the Group's Czech subsidiary in domestic and international consultancy projects.

USU Software AG

The Management Board

<b>ASSETS</b> <i>(Thsd. EUR)</i>	<b>9-month report</b> <b>30.09.2005</b>	<b>Annual report</b> <b>31.12.2004</b>
<b>Current assets</b>		
Cash and cash equivalents	6,021	7,771
Short-term investments / marketable securities	8,160	40,088
Trade accounts receivable	3,695	4,613
Work in process	1,139	501
Inventories	0	45
Prepaid expenses and other current assets	2,358	3,338
<b>Total current assets</b>	<b>21,373</b>	<b>56,356</b>
<b>Non current assets</b>		
Property, plant and equipment	439	410
Intangible assets	1,662	1,187
Goodwill	17,659	14,938
Other assets	565	564
<b>Total non current assets</b>	<b>20,325</b>	<b>17,099</b>
<b>Total assets</b>	<b>41,698</b>	<b>73,455</b>

<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b> <i>(Thsd. EUR)</i>	<b>9-month report</b> <b>30.09.2005</b>	<b>Annual Report</b> <b>31.12.2004</b>
<b>Current liabilities</b>		
Trade accounts payable	625	1,056
Advance payments received	0	281
Payroll-related accruals and liabilities	1,354	1,751
Tax-related accruals and liabilities	110	122
Deferred revenues	840	768
Other current liabilities	2,617	35,910
<b>Total current liabilities</b>	<b>5,546</b>	<b>39,888</b>
<b>Non-current liabilities</b>		
Deferred tax liability	275	0
Pension accruals	437	422
<b>Total non-current liabilities</b>	<b>712</b>	<b>422</b>
<b>Shareholders' equity</b>		
Share capital	9,135	8,606
Additional paid-in capital	49,216	47,601
Treasury stock	-714	-714
Accumulated deficit	-22,255	-22,352
Accumulated other comprehensive income/loss	58	4
<b>Total shareholders' equity</b>	<b>35,440</b>	<b>33,145</b>
<b>Total liabilities and shareholders' equity</b>	<b>41,698</b>	<b>73,455</b>

Consolidated income statement (Thsd. EUR)	Quarterly Report	Quarterly Report	9-Month Report	9-Month Report
	III / 2005 01.07.2005 - 30.09.2005	III / 2004 01.07.2004 - 30.09.2004	2005 01.01.2005 - 30.09.2005	2004 01.01.2004 - 30.09.2004
Revenues	5,038	4,754	14,673	13,447
Cost of revenues	-3,047	-3,211	-9,124	-8,568
Gross profit	1,991	1,543	5,549	4,879
Selling and Marketing expenses	-688	-659	-2,176	-2,316
General and administrative expenses	-604	-546	-1,914	-1,495
Research and development expenses	-629	-665	-1,785	-2,020
Operating loss	70	-327	-326	-952
Interest income and expenses	62	369	371	1,112
Foreign currency exchange gains / losses	0	-3	0	-10
Other income / expense	55	2	129	98
Result before income tax	187	41	174	248
Income tax	-13	-28	-77	-27
Net income / loss	174	13	97	221
Net income per share (basic)	0.02	0.00	0.01	0.03
Net income per share (diluted)	0.02	0.00	0.01	0.03
Weighted average shares outstanding (basic)	9,135,004	8,605,593	8,799,516	8,605,593
Weighted average shares outstanding (diluted)	9,135,004	8,605,593	8,799,516	8,605,593

<b>CONSOLIDATED STATEMENT OF CASH FLOW</b> <i>(Thsd. EUR)</i>	<b>9-month report</b> <b>01.01.2005 -</b> <b>30.09.2005</b>	<b>9-month report</b> <b>01.01.2004 -</b> <b>30.09.2004</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net income / loss	97	221
Adjustments for:		
Depreciation and amortization	538	418
Other non-cash expenses/income	-33	312
<b>Change in working capital:</b>		
Trade accounts receivable	1,283	971
Work in process	-523	-1,072
Inventories	45	0
Prepayments	-8	21
Prepaid expenses and other current assets	1,276	940
Trade accounts payable	-431	-271
Payroll-related accruals and liabilities	-441	-340
Tax-related accruals and liabilities	-41	-8
Other accruals and liabilities	-628	-2,143
Deferred revenues	-42	115
<b>Net cash used in operating activities</b>	<b>1,092</b>	<b>-836</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Acquisition of subsidiaries, net of cash acquired	-736	66
Purchase of property and equipment	-100	-207
Purchase of investments	-75	-16
Proceeds from the sale of fixed assets	8	21
Sale of securities	43,314	3,232
Purchase of marketable securities	-11,042	-3,308
<b>Net cash provided by/used in investing activities</b>	<b>31,369</b>	<b>-212</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Payments to shareholders via cash distribution	-34,206	0
<b>Net cash provided by financing activities</b>	<b>-34,206</b>	<b>0</b>
Net effect of currency translation in cash and cash equivalents	-5	0
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>-1,750</b>	<b>-1,048</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>7,771</b>	<b>7,656</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>6,021</b>	<b>6,608</b>

**CONSOLIDATED STATEMENT OF  
SHAREHOLDERS' EQUITY**

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY	Subscribed capital		Capital reserve	Treasury shares	Accumu- lated losses	Other comprehensive income		Total
	Shares	Thsd. EUR				Thsd. EUR	Currency Trans- lation	
				Thsd. EUR	Thsd. EUR	Thsd. EUR	Thsd. EUR	Thsd. EUR
<b>Balance at December 31, 2003</b>	<b>17,211,186</b>	<b>17,211</b>	<b>137,730</b>	<b>-714</b>	<b>-87,077</b>	<b>0</b>	<b>-25</b>	<b>67,125</b>
Capital increase	0	35,300	-35,300	0	0	0	0	0
Capital reduction	0	-43,905	9,699	0	0	0	0	-34,206
Share reduction at a ratio of 2 : 1	-8,605,593	0	0	0	0	0	0	0
Imputed costs from the capital reduction	0	0	-65	0	0	0	0	-65
Loss carryforward of USU Software AG offset against capital reserve	0	0	-64,463	0	64,463	0	0	0
Net income	0	0	0	0	262	0	0	262
Unrealized gains/losses on mar- ketable debt instruments, net	0	0	0	0	0	0	16	16
Currency translation differences	0	0	0	0	0	13	0	13
<b>Balance at December 31, 2004</b>	<b>8,605,593</b>	<b>8,606</b>	<b>47,601</b>	<b>-714</b>	<b>-22,352</b>	<b>13</b>	<b>-9</b>	<b>33,145</b>
Capital increase through contributions in kind	529,411	529	1,615	0	0	0	0	2,144
Net loss	0	0	0	0	97	0	0	97
Unrealized gains/losses on mar- ketable debt instruments, net	0	0	0	0	0	0	37	37
Currency translation differences	0	0	0	0	0	17	0	17
<b>Balance at September 30, 2005</b>	<b>9,135,004</b>	<b>9,135</b>	<b>49,216</b>	<b>-714</b>	<b>-22,255</b>	<b>30</b>	<b>28</b>	<b>35,440</b>

**Principles of Accounting.** This 9-month report for 2005 was prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), London. The same accounting and valuation principles were used as were used for the preparation of the consolidated financial statements for the preceding financial year ending 31 December 2004, which were prepared in accordance with IFRSs for the first time. This unaudited 9-month report for 2005 should therefore be read in connection with the audited financial statements for 2004. It complies with the regulations of German Accounting Standard (DRS) No. 6 and IAS 34 for interim reporting.

This interim report contains all the necessary deferrals and, in the opinion of the management, provides an appropriate picture of the actual situation with respect to assets, finances and earnings. All deferrals performed are in line with the customary accruals concept.

It is not necessarily possible to conclude the annual result from the results of the interim periods.

#### **Reconciliation of the consolidated balance sheet as of 31 December 2004 and the income and loss statement for the first quarter of 2004 from US GAAP to IFRSs**

As of 31 December 2004, the USU Group's consolidated financial statements were prepared for the first time in accordance with IFRSs and observing IFRS1 retrospectively from 1 January 2003. For detailed information on the above, we refer to the consolidated financial statements as of 31 December 2004.

No adjustments were required to reconcile the consolidated income and loss statement for the third quarter of 2004 and the 9-month figures for 2004 from US GAAP to IFRSs.

#### **Changes in the Group organisation**

The Group acquired 100% of the equity and the voting rights of OMEGA Software GmbH (in the following abbreviated to: "OMEGA") as of 16 February 2005 and with effect from 23 February 2005. OMEGA's main business area is the provision of services and the sale of products in the IT Service Management area. USU products and services combine the entire business administration, strategic and technical knowledge in IT in a single platform. The ideally complementary product families of the two companies have now been brought together under one roof as "IT Management Solutions". This underlines the company's strategy of offering customers solutions with which they can employ the knowledge within their companies to generate value.

With its extended portfolio, the USU Group is now in an even better position to improve the strategic deployment of IT, with the result that the participation in OMEGA will make a long-term contribution to increasing the value of the company. OMEGA will continue to exist as an independent unit under the management of the previous partners.

The acquisition costs are composed of two main purchase price components. One portion of the purchase price is to be paid in cash. The amount of the purchase price is at least TEUR 650. There are also variable success-related purchase price components up to a maximum of TEUR 1,200. A further portion of the purchase price is to be paid by the issue of 529,411 shares from USU Software AG's authorised share capital. The amount of this portion of the purchase price will be determined by reference to the fair value of the deposited shares on 23 February 2005 totalling TEUR 2,144 based on the closing price of the USU share on the Frankfurt stock exchange of EUR 4.05. The resolved capital increase was entered in the Commercial Register at Ludwigsburg District Court on 23 June 2005.

Taking into account the performance-related components of the purchase price and the fair value of the shares surrendered, the direct acquisition costs – excluding incidental acquisition costs – totalled TEUR 3,994. As at 30 September 2005, the incidental acquisition costs were TEUR 72.

The purchase price is assigned based on assumptions made by the company, interim estimates and unaudited balance sheet figures from OMEGA and may thus change accordingly until the final appraisal and examination by the Management Board of the company of the fair values of the net assets acquired, and the liabilities and provisions taken over has taken place. Based on the preliminary purchase price allocation, non-deductible goodwill for tax purposes totalling TEUR 2,672 resulted from the acquisition. This will not be written off according to schedule but instead subjected to an annual impairment test.

A final purchase price allocation will follow in the course of the reporting year.

The table below presents the preliminary purchase price allocation:

	Useful life (years)	TEUR
Purchased current assets		1,131
Purchased property, plant and equipment		122
Purchased other intangible assets		3
Preliminary purchase price allocation:		
Intangible assets subject to wear and tear:		
Software	6	49
Order book	1	45
Beneficial contracts	4	76
Customer list	10	555
Intangible assets not subject to wear and tear:		
Trademark rights		69
Goodwill		2,672
<b>Purchased assets and purchase price allocation, total</b>		<b>4,722</b>
<b>Assumed liabilities, total</b>		<b>656</b>
<b>Acquisition costs, total</b>		<b>4,066</b>

### Share capital, shares and authorised capital

In the course of the takeover of Omega Software GmbH a capital increase against contribution in kind from the authorised share capital was effected. In this connection, the share capital increased by EUR 529,411, whilst the authorised capital was reduced by the corresponding amount.

The share capital of the company totalled EUR 9,135,004 as at 30 September 2005 and is divided into 9,135,004 bearer shares with no par value (unit shares), each of which has a notional share of the share capital of EUR 1.00. The authorised capital totalled EUR 3,770,589 at the end of Q3 2005.

### Cash distribution

In line with the Annual General Meeting resolution made on 15 July 2004, a special distribution of EUR 4.00 for each share entitled to subscribe took place on 18 February 2005. The total sum distributed was TEUR 34,206.

**Sales revenues**

Sales revenues after trade receivables are composed as follows:

	1.1.-30.9.2005 Thsd. EUR	1.1.-30.9.2004 Thsd. EUR
Consulting	11,156	9,711
Licences	1,561	2,099
Service and maintenance	1,730	1,410
Other	226	227
	<b>14,673</b>	<b>13,447</b>

**Segment reporting**

The presentation of various key ratios by segment in line with IAS 14 is represented in the following overview. Segment reporting is divided primarily by business areas:

	Business Solutions		IT Management Solutions		Not allocated		Group	
	1.1.-30.9.2005	1.1.-30.9.2004	1.1.-30.9.2005	1.1.-30.9.2004	1.1.-30.9.2005	1.1.-30.9.2004	1.1.-30.9.2005	1.1.-30.9.2004
	Thsd. EUR	Thsd. EUR	Thsd. EUR	Thsd. EUR	Thsd. EUR	Thsd. EUR	Thsd. EUR	Thsd. EUR
Revenues	8,073	7,068	6,535	6,341	65	38	14,673	13,447
EBIT	1,289	521	40	-339	-1,526	-1,046	-197	-864
Net financial income	-	-	-	-	371	1,112	371	1,112
Taxes	-	-	-	-	-77	-27	-77	-27
Net profit / loss	1,289	521	40	-339	1,232	39	97	221
Employees (as of Sept. 30, 2005/2004)	48	55	129	96	20	29	197	180

The USU Software Group generated a total of 10.7% or TEUR 1,567 of its consolidated sales outside Germany in the first 9 months of the 2005 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 in line with IAS 14 (secondary information) have thus not been provided.

**Own shares**

As of 30 September 2005, the Company still holds 53,950 own shares with a notional share of the share capital of EUR 53,950.00, which corresponds to 0.6% of the share capital as of 30 September 2005.

**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 30 September 2005:

<b>Holdings of members of corporate bodies</b>	<b>shares</b>	<b>stock options</b>
<b>Management Board</b>		
Bernhard Oberschmidt	18,696	0
<b>Supervisory Board</b>		
Udo Strehl*	1,989,319	0
Günter Daiss	0	0
Erwin Staudt	0	0

\*As of 4 February 2005, Mr Udo Strehl transferred 32,000 USU Software AG shares from his private assets to the "Wissen ist Zukunft Stiftung". Mr Strehl is also the Managing Director of this fund. As the majority shareholder in USPEG through UDO Strehl Private Equity GmbH (USPEG) and in accordance with Article 22 (1) Para (1) (1) of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act), Udo Strehl is also allocated an additional 4,172,348 voting rights in USU Software AG.

<b>NOVEMBER 21, 2005</b>	<b>ANALYST CONFERENCE OF USU SOFTWARE AG - GERMAN EQUITY FORUM - ON: NOVEMBER 21, 2005 AT: 4:30 p.m. IN: CONGRESS CENTER MESSE FRANKFURT, ROOM FRANKFURT MESSE FRANKFURT GMBH LUDWIG-ERHARD-ANLAGE 1 D-60327 FRANKFURT AM MAIN / GERMANY</b>
--------------------------	--

<b>DECEMBER 1, 2005</b>	<b>ANALYST CONFERENCE OF USU SOFTWARE AG - GBC MUNICH INVESTOR CONFERENCE - ON: DECEMBER 1, 2005 AT: 10:15 a.m. IN: ARABELLASHERATON GRAND HOTEL ARABELLASTRASSE 6 D-81925 MUNICH / GERMANY</b>
-------------------------	---

<b>MARCH 2006</b>	<b>ANNUAL REPORT 2005</b>
-------------------	---------------------------

<b>MAY 2006</b>	<b>3-MONTH REPORT 2006</b>
-----------------	----------------------------

<b>JULY 2006</b>	<b>ANNUAL GENERAL MEETING 2006</b>
------------------	------------------------------------

<b>AUGUST 2006</b>	<b>6-MONTH REPORT 2006</b>
--------------------	----------------------------

<b>NOVEMBER 2006</b>	<b>9-MONTH REPORT 2006</b>
----------------------	----------------------------