



3 – MONTH REPORT 2011

USU Software AG

3 - MONTH REPORT 2011	2011	2010
<i>in Thsd. EUR, except the earnings per share and number of employees</i>	01.01.-31.03.2011	01.01.-31.03.2010
REVENUES	10,583	7,537
EBITDA	1,213	146
EBIT	715	-128
NET RESULT	396	-120
EARNINGS PER SHARE (EUR)	0.04	-0.01
CASH-FLOW FROM ORDINARY OPERATIONS	4,806	1,162
NUMBER OF EMPLOYEES AT THE END OF THE PERIOD	306	279
	31.03.2011	31.12.2010
CASH AND CASH EQUIVALENTS	15,727	11,055
SHAREHOLDERS EQUITY	48,889	48,485
BALANCE SHEET	70,766	66,884
EQUITY RATIO	69.1%	72.5%

USU Software AG
Spitalhof
D-71696 Möglingen
Tel. +49.7141.4867-0
Fax +49.7141.4867-200
www.usu-software.de

Investor Relations
Falk Sorge
Tel. +49.7141.4867-351
Fax +49.7141.4867-108
investor@usu-software.de

Dear shareholders,
dear readers,

USU Software AG is facing a new record year – this is already clear from the extremely positive start to fiscal 2011. With the Group's portfolio focused on knowledge-based service management in Product Business and bespoke Service Business, USU has successfully positioned itself on the market to generate significant sales and earnings increases in the coming years. USU is profiting from all the subsidiaries in the Group, which in addition to USU AG, LeuTek GmbH and Omega Software GmbH includes the software license management specialist Aspera GmbH acquired in July 2010.

After USU set new records for sales and earnings in 2010, the first quarter of 2011 also began very promisingly with sales growth of over 40% and an eight-fold increase in EBITDA. In addition to the acquisition-driven expansion of business as a result of extremely positive performance of Aspera, USU also generated organic double-digit growth, aided by its new, innovative product versions, such as Valuation 4 and USU KnowledgeCenter 5, significant increases in international business and various successful projects in consulting-based service business. This also resulted in a 46% rise in orders on hand at the USU Group, which will lead to corresponding sales growth in subsequent quarters.

Detailed information on the current business performance of USU Software AG and its subsidiaries plus the strategy and further planning of the USU Group can be found on the following pages of this quarterly report and will also be presented at the forthcoming Annual General Meeting of the company on June 30, 2011 at Forum am Schlosspark, Stuttgarter Strasse 33, Ludwigsburg, to which I cordially invite all shareholders of our company. In addition to the official approval of the Management Board and the Supervisory Board, the election of the auditor for fiscal 2011, the election of new Supervisory Board members and changes to remuneration, the Management Board and the Supervisory Board of USU Software AG will also propose a dividend distribution of EUR 0.20 per share – an increase of a third as against the previous year – to allow the shareholders to again share in the successful business performance of USU Software AG and its subsidiaries.

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

Economic development

The German economy had a successful start to 2011 and recorded strong growth in the first quarter of 2011. According to an initial report from the German Federal Statistical Office (Destatis), Germany's gross domestic product (GDP) rose by 1.5% in the first three months of 2011 as against the previous quarter (Q1 2010: 0.5%), adjusted for inflation, seasonal and calendar effects. Positive stimulus mainly came from the domestic economy, with significant increases at times in both investments in equipment and buildings and consumer spending. According to Destatis, economic performance has risen with its highest growth rate year-on-year since German reunification. Thus, inflation-adjusted GDP improved by 5.2% as against the same period of the previous year in the first quarter of 2011 (Q1 2010: 2.5%). The euro zone also posted a further rise in economic performance, according to the Statistical Office of the European Communities, Eurostat. Thus, GDP in the euro zone increased by 0.8% as against the previous quarter in the period from January to March 2011 (Q1 2010: 0.4%). As against the first quarter of the previous year, GDP rose by 2.5% in the euro zone (Q1 2010: 0.9%).

Sector performance

Research by BITKOM (Bundesverband Informationswirtschaft, Telekommunikation und neue Medien e.V.) has found that the business climate in the German high-tech industry reached a new all-time high in the first quarter of 2011. According to BITKOM, 78% of providers of IT, telecommunications and entertainment technology (ICT) recorded rising sales in the first three months of the current year as against the same quarter of the previous year. The performance of IT companies was particularly positive. BITKOM research states that 85% of IT service and 81% of software providers generated increases in sales. According to BITKOM information, 87% of ICT companies are forecasting rising sales for the year as a whole, while 90% of software providers and 89% of IT service sector companies are again highly optimistic. In line with this, BITKOM is forecasting that the positive trend of previous quarters will continue, leading to a significant rise in IT market volumes of 4.3% in 2011 as a whole (2010: 3.0%). Forrester feels that the European IT market has even greater potential for growth and anticipates a 6.8% increase in the IT market volume in Central and Western Europe after growth of around 4% in 2010.

Development of sales and costs

Group sales

With sales growth of 40.4% to EUR 10,583 thousand (Q1 2010: EUR 7,537 thousand), USU Software AG and its subsidiaries (also referred to as the “USU Group” or “USU” below) have had a very successful start to the new fiscal year. With investment propensity already having significantly improved among companies in the second half of 2010, the USU Group also saw a clear rise in orders at the start of 2011. This resulted both from organic product and service business and from the acquisition of Aspera GmbH in July 2010.

USU generated significant sales growth in its software license business, which more than doubled year-on-year to EUR 1,426 thousand (Q1 2010: EUR 639 thousand). At the same time, the USU Group increased its maintenance business by 39.8% to EUR 2,599 thousand (Q1 2010: EUR 1,859 thousand) and consulting business by 26.3% to EUR 5,805 thousand (Q1 2010: EUR 4,596 thousand). Other income amounted to EUR 753 thousand in the first three months of 2011 (Q1 2010: EUR 443 thousand) and essentially related to merchandise sales of third-party hardware and software.

Sales by segment

The product range in the Product Business segment, which now includes the newly acquired company Aspera, covers all activities relating to the USU product range 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 quarter of 2011, the USU Group's Product Business segment generated a 43.8% increase in consolidated sales to EUR 7,249 thousand (Q1 2010: EUR 5,042 thousand). Here, USU Software AG profited both from the acquisition of Aspera and the expansion of the foreign and domestic product business of its established subsidiaries USU AG, LeuTek and OMEGA, which also resulted from the successful launch of new product versions of Valuation 4 and KnowledgeCenter 5 in addition to the updated range in the areas of cloud computing, software as a service and green IT. Purely organically, USU increased consulting revenue in the Service Business segment by 33.7% to EUR 3,322 thousand (Q1 2010: EUR 2,485 thousand). In this area, USU generated a number of new and extended orders with an improved price structure for daily rates as against the previous year. The sales not assigned to the segments amounted to EUR 12 thousand in the first three months of fiscal 2011 (Q1 2010: EUR 10 thousand).

The growth in the international business of the USU Group as a result of the extensive partner and sales activities in recent years is particularly encouraging. Thus, USU generated consolidated sales of EUR 1,165 thousand (Q1 2010: EUR 467 thousand) outside Germany in the reporting period, a year-on-year increase of 149.5%. The share of the Group's sales generated outside Germany therefore rose to 11.0% (Q1 2010: 6.2%).

Operating costs

The operating cost base of the USU Group increased by 26.1% as against the previous year to EUR 9,477 thousand in the first quarter of 2011 (Q1 2010: EUR 7,515 thousand), lower than the rise in sales for the Group as a whole.

The cost of sales rose by 19.9% year-on-year from EUR 4,149 thousand in Q1 2010 to EUR 4,975 thousand, resulting primarily from the majority acquisition of Aspera and the expansion of the consulting team this entailed. As a percentage of consolidated sales, the cost of sales fell from 55.0% in the first quarter of 2010 to currently 47.0% in the reporting period. Gross income improved to EUR 5,608 thousand (Q1 2010: EUR 3,388 thousand), which corresponds to a gross margin of 53.0% (Q1 2010: 45.0%).

The marketing and sales expenses of the USU Group were influenced by both the additional activities resulting from the investment in Aspera and the strong license business with the provisions for bonuses this entails, rising by 37.1% year-on-year in the months from January to March 2011 to EUR 1,711 thousand (Q1 2010: EUR 1,248 thousand). The ratio of marketing and sales expenses to consolidated sales remained below the previous year's level at 16.2% in the quarter under review (Q1 2010: 16.6%).

Following the acquisition of Aspera, general and administrative expenses rose from EUR 739 thousand in the months from January to March 2010 to EUR 990 thousand in the period under review, equal to an increase of 34.0%. The drop in the ratio of administrative expenses to consolidated sales from 9.8% in the first quarter of the previous year to 9.4% reflects the continuing efficiency of administration in the USU Group.

At EUR 1,801 thousand in the first three months of 2011 (Q1 2010: EUR 1,380 thousand), research and development expenses were up 30.5% on the previous year, which was largely also due to the greater scope of the USU Group's activities thanks to Aspera. As a result, the ratio of research and development expenses to consolidated sales dropped to 17.0% (Q1 2010: 18.3%).

Net other operating income and expenses totaled EUR -2 thousand in the quarter under review (Q1 2010: EUR 33 thousand).

Earnings situation

With EBITDA increasing eight-fold to EUR 1,213 thousand (Q1 2010: EUR 146 thousand), the USU Group achieved an increase in earnings significantly higher than its sales growth in the opening quarter of 2011, thereby establishing a highly positive basis for achieving its communicated Group targets. The EBITDA margin, which USU is aiming to raise to over 15% in the medium term, rose accordingly from 1.9% in the first quarter of 2010 to 11.5% in the reporting quarter. In the reporting period, due mainly to the increase in amortization of intangible assets as a result of the Aspera acquisition, depreciation and amortization expense amounted to EUR 498 thousand (Q1 2010: EUR 274 thousand). USU's EBIT improved from EUR -128 thousand in the same quarter of the previous year to EUR 715 thousand in the first quarter of 2011. Cumulative net finance costs declined slightly to EUR -60 thousand (Q1 2010: EUR 8 thousand), resulting in EBIT of EUR 655 thousand (Q1 2010: EUR -120 thousand). Taking into account taxes on income of EUR -259 thousand (Q1 2010: EUR 0 thousand), the USU Group generated a significant increase in its net profit for the period to EUR 396 thousand (Q1 2010: EUR -120 thousand), corresponding to earnings per share of EUR 0.04 (Q1 2010: EUR -0.01).

Balance sheet structure

On the assets side of the statement of financial position, the USU Group's non-current assets amounted to EUR 45,088 thousand as of the end of the first quarter of 2011 (December 31, 2010: EUR 45,416 thousand). The slight decline in this item results primarily from the amortization of intangible assets. Current assets rose to EUR 25,678 thousand as of March 31, 2011 (December 31, 2010: EUR 21,468 thousand), primarily due to USU's positive operating cash flow and the associated increase in cash and cash equivalents including securities to a total of EUR 15,727 thousand (December 31, 2010: EUR 11,055 thousand).

On the equity and liabilities side, current and non-current liabilities amounted to EUR 21,877 thousand as of March 31, 2011 (December 31, 2010: EUR 18,399 thousand). This increase mainly results from greater deferred income of EUR 6,160 thousand (December 31, 2010: EUR 1,657 thousand) for maintenance agreements invoiced at the start of the year, under which the service will be rendered and the sales recognized later in the year. Equity rose to EUR 48,889 thousand as against December 31, 2010 (EUR 48,485 thousand) on account of the USU Group's positive net profit for the period. Based on total assets of EUR 70,766 thousand (December 31, 2010: EUR 66,884 thousand), the equity ratio was 69.1% as of March 31, 2011 (December 31, 2010: 72.5%).

Cash-Flow and investments

As of March 31, 2011, the USU Group significantly increased its cash and cash equivalents not including securities by 54.9% to EUR 15,242 thousand (Q1 2010: EUR 9,839 thousand).

The cash flow from operating activities of the USU Group increased year-on-year from EUR 1,162 thousand in the first quarter of 2010 to EUR 4,806 thousand in the reporting quarter. This increase resulted from both changes in working capital, including in particular the rise in deferred income, and the rise in earnings recorded as against the previous year.

The cash flow from investing activities of EUR -130 thousand (Q1 2010: EUR -1,746 thousand) included investments in property, plant and equipment and intangible assets totaling EUR -153 thousand (Q1 2010: EUR -53 thousand) and income from the disposal of non-current assets of EUR 23 thousand (Q1 2010: EUR 2 thousand). The figure for the previous year was also largely influenced by investments in securities of EUR -1,699 thousand.

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

Orders on hand

As of March 31, 2011, orders on hand throughout the USU Group amounted to EUR 22,026 thousand (March 31, 2010: EUR 15,056 thousand), equivalent to a year-on-year increase of 46.3%. This includes orders totaling EUR 2,140 thousand originating from Aspera GmbH, which was acquired in July 2010. As against the end of the previous quarter (December 31, 2010: EUR 19,132 thousand), USU generated a 15.1% increase in orders on hand.

The order book as of the end of the quarter shows the USU Group's fixed future sales based on binding contracts. These primarily consist of project-related orders and maintenance agreements.

Research and development

In the first quarter of 2011, the USU Group continued its targeted research and development activities, implementing numerous product improvements and increasing functionality. As of March 31, 2011, the subsidiary USU AG launched **Valuemation** version 4.1, which offers a modern appearance, role-based welcome pages and simple, intuitive interface elements. At the same time, a number of customer-related best practice functionalities were integrated so that Valuemation now also acts as a process tool.

The first of these is the new Process Engine, a business process-driven core functionality with which even complex and branching processes can be modeled and executed. The incorporation of Valuation Express elements and their ongoing refinement is a further central aspect of the new version of Valuation, which also allows faster installation with a technical gearing towards best practices. In the new Service Catalog Manager, with which IT companies can offer their services to specialist areas with individual pricing and provide different service levels controlled by a requirement process, USU has also completed a new Valuation module that, for the first time, will be offered without a license as a bonus with a consulting package, serving as an introduction for further components that will then be licensed.

Within USU AG's **USU KnowledgeCenter** product suite, the first quarter of 2011 saw the completion of the D115 edition of USU KnowledgeCenter 5. This offers extensive access to the functions of the central knowledge search of the official telephone number D115. In this edition, USU AG, which played a large part in the development of the D115 knowledge search, is offering an application based on the proven USU KnowledgeCenter 5 technology, which enables participants in the D115 project to simply combine the local knowledge at their call centers with the central knowledge of the D115 knowledge search. Various new practical functionalities have also been implemented for further application scenarios of the USU KnowledgeCenter.

At the LeuTek GmbH subsidiary, research and development activities focused on the transition of the **ZIS System** to the 64-bit data format for enterprise systems and the integration of the existing ZIS server agent "ZISAgent" into performance data processing. Furthermore, specific business services views were implemented, such as the ServiceViewer for targeted searching of large service structures by web browser or TreeMap, which offers users a quick overview of critical services.

At the subsidiary Aspera GmbH, various functionalities have also been expanded in the license management software **SmartTrack**. In addition to significantly accelerating compliance checks with optimized algorithms, entry and tracking options and rights management have also been improved in a customer-friendly manner. A new customizing report clearly lists all customer-specific settings, such as additional or renamed fields, and therefore allows easy identification of properties configured differently from the standard.

Research and development activities at the Group's Omega Software GmbH subsidiary concentrated on the advancement of the SME product suite **myCMDB**, implementing a number of expanded functions such as a revised standard shopping cart, download functions and the implementation of the text mode to make the software universally accessible.

Cumulative research and development costs amounted to EUR 1,801 thousand in the first three months of fiscal 2011 (Q1 2010: EUR 1,380 thousand).

Employees

As of the end of the first quarter of 2011, USU increased the Group's headcount by 9.7% as against the previous year to 306 (Q1 2010: 279), resulting mainly from the majority acquisition of Aspera. Broken down by functional unit, 132 (Q1 2010: 112) people were employed in consulting and services at the end of the reporting period, 106 (Q1 2010: 95) in research and development, 39 (Q1 2010: 44) in sales and marketing, and 29 (Q1 2010: 28) in administration.

Broken down by segment, the USU Group employed 220 (Q1 2010: 198) people in the Product Business division, 61 (Q1 2010: 61) in the Service Business division and 25 (Q1 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 strong rise in the price of USU Software AG shares in 2010, the shares tracked sideways in the first quarter of 2011, closing at EUR 4.94 as of March 31, 2011, up 1.0% as against December 31, 2010 (EUR 4.89) in the XETRA electronic trading system. In the reporting quarter, the DAX also rose only moderately by 1.8% to 7,041.31 points (December 31, 2010: 6,914.19). By contrast, the Technology All Share increased significantly by 7.9% in the same period to 1,097.90 points.

Supplementary report

On May 24, 2011, USU Software AG published its intention to acquire 70% of shares in get IT Services GmbH, Sursee, Switzerland ("get IT Services"). The Swiss strategy consulting company get IT Services 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 20,000 certifications. Thus, get IT Services complements USU's portfolio both strategically on the market for knowledge-based service management and geographically by extending its presence in Switzerland. Founded in 2001 and posting profits for years, get IT Services currently employs around ten people, who provide high-quality consulting services for renowned clients such as Credit Suisse, Helsana, Holcim, RUAG and Victorinox.

In addition, there were no transactions of special importance after the balance sheet date of March 31, 2011 that had a significant effect on the development of business in the USU Group. In this respect, there were no major changes to the net assets, financial position or earnings of the 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, 2010. For more information, please see the risk report in the 2010 Annual Report.

Forecast report

General economic

In the *Gemeinschaftsdiagnose* spring report for 2011, Germany's leading economic research institutes forecast that the recovery will continue in 2011. In the opinion of experts, much points to the expansion in Germany remaining strong in the coming months. Key survey indicators were close to record highs, the international economy is continuing to expand and interest rates are expected to remain low. Accordingly, institutes are forecasting GDP growth in Germany of 2.8% in 2011 (2010: 3.6%) and further growth of 2.0% in 2012. In the euro zone, experts are projecting highly varied performance in the individual Member States in the current year of 2011, covering a range from 4.4% (Estonia) to -3.2% (Greece). According to estimates by research institutes, average GDP growth of 1.7% is forecast for the euro zone (2010: 1.7%), followed by 1.6% in 2012.

Sector

According to information from the industry association BITKOM, the German IT market will grow strongly again in 2011. Within the context of economic recovery, the companies that delayed major acquisitions in the recent past in particular are investing in information technology. Market volumes in the IT industry will increase by 4.3% in 2011 after a 3.0% rise in 2010, according to current BITKOM forecasts. BITKOM is anticipating further growth of 4.4% for 2012. The software market is expected to expand rapidly with growth rates of 4.5% in 2011 (2010: 3.5%) and 4.9% in 2012. However, BITKOM is also predicting increases in IT services of 3.5% in the current year (2010: 1.7%) and 3.8% in 2012. Thus, the IT market will grow significantly more than the market as a whole in the next two years.

Outlook

Following the USU Group's successful start to fiscal 2011, the Management Board is also anticipating sales and earnings increases year-on-year in subsequent quarters. This expectation is based on the new, customer-related product developments of the USU Group recently launched on the market. With these, USU has already had several sales successes in the past quarter, also reflected in the clear rise in orders on hand. In addition, with the economy continuing to recover on foreign markets, the Management Board is forecasting successful international business, which already contributed 11.0% to consolidated income in the first quarter of 2011 following comprehensive partner and sales activities in the past two years. In Service Business, the Management Board is also predicting rising fees and persistently high capacity utilization of its team of consultants.

For the current year and fiscal 2012, the Management Board is thus confirming its planning of sales growth of more than 10% each year and for strong increases in EBITDA relative to sales. At the same time, the company will make targeted investments in the new and continued development of its product portfolio and in further expanding the international focus of the USU Group with a view to maximizing the potential of new acquisitions, such as Swiss get IT Services, maintaining high sales growth in the medium to long term and achieving an EBITDA margin of over 15%. The Management Board therefore plans to enable the shareholders of USU Software AG to participate to a material extent in the company's business success in 2011 and beyond, and continue the shareholder-friendly dividend policy established in previous years.

USU Software AG

The Management Board

ASSETS (Thsd. EUR)	3-month report 31.03.2011	Annual report 31.12.2010
Non current assets		
Intangible assets	7,864	8,234
Goodwill	32,885	32,885
Property, plant and equipment	873	878
Other financial assets	783	783
Deferred tax assets	2,074	2,027
Other assets	609	609
Total non current assets	45,088	45,416
Current assets		
Inventories	792	684
Work in process	2,393	1,601
Trade receivables	6,063	7,479
Income tax receivables	176	176
Other financial assets	-9	168
Other assets	52	52
Prepaid expenses	484	253
Securities	485	483
Cash on hand and bank balances	15,242	10,572
Total non current assets	25,678	21,468
Total assets	70,766	66,884

LIABILITIES AND SHAREHOLDERS' EQUITY (Thsd. EUR)	3-month report 31.03.2011	Annual Report 31.12.2010
Shareholders' equity		
Subscribed capital	10,524	10,524
Capital reserve	52,792	52,792
Legal reserve	294	294
Other comprehensive income	8	0
Accumulated losses	-14,729	-15,125
Total shareholders' equity	48,889	48,485
Non-current liabilities		
Deferred tax liabilities	1,344	1,409
Pension provisions	439	415
Other liabilities	7,706	7,594
Total non-current liabilities	9,489	9,418
Current liabilities		
Provisions for income taxes	960	627
Personnel-related provisions and liabilities	2,818	3,206
Other provisions and liabilities	933	1,667
Liabilities from received payments	421	577
Trade payables	1,096	1,247
Deferred income	6,160	1,657
Total current liabilities	12,388	8,981
Total liabilities and shareholders' equity	70,766	66,884

CONSOLIDATED INCOME STATEMENT (Thsd. EUR)	Quarterly report I / 2011	Quarterly report I / 2010
	01.01.2011 - 31.03.2011	01.01.2010 - 31.03.2010
Sales revenue	10,583	7,537
Cost of sales	-4,975	-4,149
Gross profit	5,608	3,388
Sales and marketing expenses	-1,711	-1,248
General administrative expenses	-989	-739
Research and development expenses	-1,801	-1,380
Other operating income	52	75
Other operating expenses	-54	-42
Amortization of intangible assets recognized in the course of company acquisitions	-390	-182
Result of ordinary operations (EBIT)	715	-128
Interest income	20	33
Interest expenses	-80	-25
Result before taxes (EBT)	655	-120
Income taxes	-259	0
Group result	396	-120
Earnings per share (in EUR) (basic and diluted)	0.04	-0.01
Weighted average shares (basic and diluted)	10,523,770	10,021,054

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Thsd. EUR)	Quarterly report I / 2011	Quarterly report I / 2010
	01.01.2011 - 31.03.2011	01.01.2010 - 31.03.2010
Group result	396	-120
Available-for-sale financial instruments (securities)		
Fair value changes taken directly to equity	2	38
Recognized to profit or loss	0	0
Deferred taxes from available-for-sale financial instruments (securities)	0	-15
Currency translation difference	6	-2
Other comprehensive income	8	21
Overall result	404	-99

CONSOLIDATED STATEMENT OF CASH FLOW <i>(Thsd. EUR)</i>	3-month report 01.01.2011 - 31.03.2011	3-month report 01.01.2010 - 31.03.2010
CASH FLOW FROM ORDINARY ACTIVITIES:		
Result bevor taxes (EBT)	655	-120
Adjustments for:		
Financial income / financial expenditure	60	-8
Depreciation and amortization	498	273
Income taxes paid	-372	-34
Income taxes refunded	28	738
Interest paid	-75	-2
Interest received	19	24
Other non-cash income and expenses	-55	-43
Change in working capital:		
Inventories	-109	18
Work in process	-791	-656
Trade receivables	1,415	142
Prepaid expenses and other assets	-11	-691
Trade payables	-151	227
Personnel-related provisions and liabilities and pension provisions	-364	-1,007
Other provisions and liabilities	4,059	2,301
Net cash flow form ordinary activities	4,806	1,162
CASH FLOW FROM INVESTING ACTIVITIES:		
Capital expenditure in property, plant and equipment	-112	-39
Capital expenditure in other intangible assets	-41	-14
Repayment of short-term loans	0	4
Sales of non-current assets	23	2
Investments in available-for-sale securities	0	-1,699
Net cash flow from investing activities	-130	-1,746
CASH FLOW FROM FINANCING ACTIVITIES:		
Net cash flow from financing activities	0	0
Net effect of currency translation in cash and cash equivalents	-6	-10
NET INCREASE/DECREASE OF CASH AND CASH EQUIVALENTS	4,670	-594
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	10,572	10,433
CASH AND CASH EQUIVALENTS AT END OF PERIOD	15,242	9,839

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

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY	Subscribed capital		Capital reserve	Legal reserve	Accum- lated losses	Other comprehensive income		Total Thsd. EUR
	Shares	Thsd. EUR	Thsd. EUR	Thsd. EUR	Thsd. EUR	Currency Trans- lation	Securities measured at fair value	
						Thsd. EUR	Thsd. EUR	
Consolidated equity as of January 1, 2010	10,021,054	10,021	51,490	250	-15,877	27	-30	45,881
Group result	0	0	0	0	-120	0	0	-120
Other comprehensive income	0	0	0	0	0	-2	23	21
Overall result	0	0	0	0	-120	-2	23	-99
Consolidated equity as of March 31, 2010	10,021,054	10,021	51,490	250	-15,997	25	-7	45,782
Consolidated equity as of January 1, 2011	10,523,770	10,524	52,792	294	-15,125	9	-9	48,485
Group result	0	0	0	0	396	0	0	396
Other comprehensive income	0	0	0	0	0	6	2	8
Overall result	0	0	0	0	396	6	2	404
Consolidated equity as of March 31, 2011	10,523,770	10,524	52,792	294	-14,729	15	-7	48,889

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 three-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 three-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.-31.3.2011 Thsd. EUR	1.1.-31.3.2010 Thsd. EUR
Consulting	5,805	4,596
Licences / products	1,426	639
Service and maintenance	2,599	1,859
Other	753	443
	10,583	7,537

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.-31.3.2011	1.1.-31.3.2010	1.1.-31.3.2011	1.1.-31.3.2010	1.1.-31.3.2011	1.1.-31.3.2010	1.1.-31.3.2011	1.1.-31.3.2010	1.1.-31.3.2011	1.1.-31.3.2010
	Thsd. EUR	Thsd. EUR	Thsd. EUR	Thsd. EUR	Thsd. EUR	Thsd. EUR	Thsd. EUR	Thsd. EUR	Thsd. EUR	Thsd. EUR
Revenues	7,249	5,042	3,322	2,485	10,571	7,527	12	10	10,583	7,537
EBITDA	1,103	755	629	-35	1,732	720	-519	-574	1,213	146
EBIT	631	512	607	-62	1,238	450	-523	-578	715	-128
Net financial income	-	-	-	-	-	-	-60	8	-60	8
Taxes	-	-	-	-	-	-	-259	0	-259	0
Net profit / loss	631	512	607	-62	1,238	450	-842	-570	396	-120
Employees (as of March 31, 2011/10)	220	198	61	61	281	259	25	20	306	279

The USU Software Group generated a total of 11.0% (Q1 2010: 6.2%) or EUR 1,165 thousand (Q1 2010: EUR 467 thousand) of its consolidated sales outside Germany in the first three 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.

Shares held by members of corporate bodies at USU Software AG

The following shares in USU Software AG were held by members of corporate bodies of the company as at March 31, 2011:

Holdings of members of corporate bodies	shares 2011	shares 2010
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
<p><i>* 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.</i></p>		

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 <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.

Möglingen, May 26, 2011

Chairman of the Management Board of USU Software AG

JUNE 30, 2011**ANNUAL GENERAL MEETING 2011**

at “Buergersaal” of
Forum am Schlosspark,
Stuttgarter Straße 33,
D-71638 Ludwigsburg (Germany)
Start: 10.30 a.m.
Entrance: 9.30 a.m.

AUGUST 18, 2011**6-MONTH REPORT 2011****NOVEMBER 17, 2011****9-MONTH REPORT 2011****NOVEMBER 21-23, 2011**

ANALYST CONFERENCE OF USU SOFTWARE AG
- GERMAN EQUITY FORUM -
Frankfurt am Main, Germany