3 – MONTH REPORT 2012

USU Software AG

3 - MONTH REPORT 2012	2012	2011
in Thsd. EUR, except the earnings per share and number of employees	01.01.-31.03.2012	01.01.-31.03.2011
REVENUES	12,582	10,583
ADJUSTED EBIT	1,675	1,105
ADJUSTED NET RESULT	1,001	852
ADJUSTED EARNINGS PER SHARE (EUR)	0.10	0.08
EBITDA	-119	1,213
EBIT	-567	715
NET RESULT	-1,264	396
EARNINGS PER SHARE (EUR)	-0.12	0.04
CASH-FLOW FROM ORDINARY OPERATIONS	2,469	4,806
NUMBER OF EMPLOYEES AT THE END OF THE PERIOD	322	306
	31.03.2012	31.12.2012
CASH AND CASH EQUIVALENTS	19,869	17,630
SHAREHOLDERS EQUITY	48,666	49,908
BALANCE SHEET	73,433	70,050
EQUITY RATIO	66.3%	71.2%

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Dear shareholders,
dear readers,

USU Software AG seamlessly continued the successful growth trend of previous quarters in the first quarter of 2012 and again generated strong double-digit sales growth. In addition to the sales contributions of USU Consulting GmbH acquired in the previous year, this results largely from the organic business of the Group's subsidiaries USU AG, LeuTek GmbH, Omega Software GmbH and the majority investment Aspera GmbH. The latter has performed very positively since the acquisition of 51% of shares in Aspera by USU Software AG in July 2010, doubling its sales within three years – as was advised at the time of the acquisition – by the end of the fiscal 2011/12 as of March 31, 2012. Aspera's software license management division is the fastest-growing market segment of the USU Group with significant growth potential outside Germany as well. Accordingly, USU Software AG founded a subsidiary, Aspera Technologies Inc., in Boston in March 2012 to serve the largely untapped American market with a dedicated in-country branch. After direct selling activities by Aspera GmbH generated sales increases of more than 30% per year in the US in recent years, the founding of Aspera Technologies Inc. is intended to support the basis for further expansion. The US company has an internationally experienced manager in Christof Beaupoil, one of the founders and managing directors of Aspera GmbH.

As a result of the accelerated growth of Aspera GmbH, there is an extraordinary effect in the reporting quarter with regard to the intended takeover of the remaining 49% of shares in Aspera. In particular, the purchase price for these minority interests is dependent on the earnings generated by Aspera GmbH in the fiscal years 2010/11 (April 1, 2010 – March 31, 2011) and 2011/12 (April 1, 2011 – March 31, 2012) and was recognized as a purchase price liability of EUR 6,648 thousand in total as of December 31, 2011 on the basis of Aspera's forecast earnings development. As the business performance of Aspera GmbH has significantly exceeded expectations in the final quarter of January 1, 2012 to March 31, 2012 – the key period for determining the purchase price – the updated purchase price is EUR 1,865 thousand higher than the forecast figure recognized as of December 31, 2011. Under the latest IFRS regulations, this difference must be recognized in full in profit or loss under other operating expenses and therefore has a direct impact on the USU Group's earnings performance in the Q1/2012 reporting quarter. In order to improve the comparability of the USU Group's sustainable earnings power, the Management Board is focusing corporate communications on adjusted EBIT.

The Management Board is forecasting adjusted EBIT in the range of EUR 6,500 thousand to EUR 7,000 thousand for the current fiscal 2012 and intends to allow the shareholders to again participate largely in the company's success in the form of a dividend. The Management Board and the Supervisory Board have already announced that they will propose a dividend of EUR 0.20 per share for fiscal 2011 at the Annual General Meeting.

The operating performance also continued positively after the end of the first quarter of 2012. The Group's subsidiary USU AG was awarded the contract for a project tendered throughout Europe by the Federal Employment Agency. The subject matter of the project is the transparent management of all 160,000 PC workstations used throughout Germany and their components using a standard software. In addition to software and maintenance for the USU products Valuemation Asset Manager, Service Request and Contract Manager plus SmartTrack from USU's subsidiary Aspera, the project also includes extensive service packages for support, adjustments, implementation, development and updates. The total volume of this project, the largest single order in the history of USU AG, is in the mid-seven-figure range. The project began in the middle of April 2012 and should be completed within twelve months. The Management Board therefore feels that the company is well positioned to at least achieve its intended Group-wide sales increase to EUR 48 million in 2012 as a whole.

Further information on the recent 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 Q1 2012 report and will also be presented in detail at the forthcoming Annual General Meeting of the company on July 18, 2012 at Forum am Schlosspark, Stuttgarter Strasse 33, Ludwigsburg, to which I cordially invite all shareholders of our company.

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

Economic development

The German economy got off to a muted start in 2012. According to an initial report from the German Federal Statistical Office (Destatis), Germany's gross domestic product (GDP) rose by 0.5% in the first three months of 2012 as against the previous quarter (Q1/2011: 1.5%) after adjustment for inflation, seasonal and calendar effects. Positive stimuli mainly came from outside the country thanks to a rise in exports and domestic consumer spending, while investments were in decline. As against the same quarter of the previous year, German GDP improved by 1.2% in the first quarter of 2012 (Q1/2011: 5.2%). According to Eurostat, the Statistical Office of the European Communities, economic performance in the euro zone exactly matched the level of the previous quarter (Q4/2011) in the period under review after rising by 0.8% in the previous year. Compared to the same quarter of the previous year, the euro zone posted a rise in GDP after adjustment for seasonal effects of 0.1% in the period under review (Q1/2011: 2.4%).

Sector performance

Recent research by industry association BITKOM (Bundesverband Informationswirtschaft, Telekommunikation und neue Medien e.V.) has found that the business climate in the German high-tech sector improved further at a high level at the beginning of 2012. According to BITKOM, 72% of providers of IT, telecommunications and entertainment technology (ICT) posted a rise in sales in the first three months of the current year as compared to the same quarter of the previous year. BITKOM expressed particular optimism with regard to IT companies. Its research indicated that 84% of IT service providers and 79% of software providers were anticipating growth in sales. According to BITKOM information, 78% of ICT companies expect to see rising sales for the year as a whole, with companies from the IT service and software sectors anticipating stronger-than-average success with a corresponding figure of 85% each. BITKOM is accordingly forecasting that the positive trend from the previous quarters will continue, leading to a 3.1% increase in IT market volumes in 2012 as a whole, as in the previous year (2011: 3.1%). Software companies are expected to post higher-than-average growth of 4.4% (2011: 5.1%), whereas IT service providers will record a slightly weaker development than the market as a whole, with an anticipated increase of 2.5% (2011: 3.2%). On a global level, the independent market analysis and consulting company Pierre Audoin Consultants (PAC) sees even higher growth potential and is forecasting a rise in global IT market volumes of over 4% in the software market and more than 3% in the market for IT services.

Development of sales and costs

Group sales

USU Software AG and its subsidiaries (hereinafter also referred to as “the USU Group” or “USU”) increased consolidated sales under IFRS by 18.9% to EUR 12,582 thousand (Q1 2011: EUR 10,583 thousand). Here, USU benefited particularly from strong international business, which posted above-average growth of 93.6% year-on-year to EUR 2,256 thousand in the reporting quarter (Q1 2011: EUR 1,165 thousand), thus almost doubling. In addition to the existing partner activities, this increase resulted particularly from stepping up the USU Group’s international activities in the fast-growing market segment for software license management.

Accordingly, USU significantly expanded high-margin business with software licenses by 20.7% from EUR 1,426 thousand in the first quarter of 2011 to EUR 1,722 thousand. Maintenance business also increased in this context, growing by 5.8% year-on-year to EUR 2,751 thousand (Q1 2011: EUR 2,599 thousand). In consulting business, USU benefited from a record level of orders on hand due to major project orders and from continued strong market demand, which led to high utilization of the existing salaried and freelance staff during the period under review and a year-on-year increase in sales of 35.0% to EUR 7,836 thousand (Q1 2011: EUR 5,805 thousand). This also includes the sales generated by the new Group subsidiary USU Consulting GmbH in the amount of EUR 141 thousand. Other income in the first three months of 2012 totaled EUR 273 thousand (Q1 2011: EUR 753 thousand) and mainly included merchandise sales of third-party hardware and software.

Sales by segment

The range of services in the Product Business segment, to which the newly acquired USU Consulting GmbH has been assigned, 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 relating to IT projects as well as individual application development.

In the Product Business segment, the USU Group generated a 12.8% increase in sales to EUR 8,174 thousand in the first quarter of 2012 (Q1 2011: EUR 7,249 thousand), primarily attributable to the organic expansion of license and maintenance income. Consulting sales in the Service Business segment climbed 32.4% to EUR 4,398 thousand in the period under review (Q1 2011: EUR 3,322 thousand). The sales not assigned to the segments amounted to EUR 10 thousand in the first three months of fiscal 2012 (Q1 2011: EUR 12 thousand).

The USU Group's international business almost doubled year-on-year in the reporting quarter Q1 2012, amounting to EUR 2,256 thousand (Q1 2011: EUR 1,165 thousand). The share of consolidated sales generated outside Germany therefore rose to 17.9% (Q1 2011: 11.0%), meaning that in the first quarter of 2012 it was higher than the medium-term target of at least 15%.

Operating costs

In comparison to the sales growth of the Group as a whole, the USU Group's operating cost base increased at a lower rate of 17.2% year-on-year to EUR 11,109 thousand in the first quarter of 2012 (Q1 2011: EUR 9,477 thousand).

In line with the increased consulting sales, the cost of sales rose by 30.0% year-on-year to EUR 6,468 thousand (Q1 2011: EUR 4,975 thousand) due to the expansion of the consultant team and the increased use of freelance staff. As a percentage of consolidated sales, the cost of sales amounted to 51.4% in the reporting quarter (Q1 2011: 47.0%). At the same time, gross income improved to EUR 6,114 thousand (Q1 2011: EUR 5,608 thousand), corresponding to a gross margin of 48.6% (Q1 2011: 53.0%).

In the period from January to March 2012, marketing and distribution costs of the USU Group rose only slightly year-on-year by 3.4% to EUR 1,769 thousand (Q1 2011: EUR 1,711 thousand). Accordingly, the ratio of marketing and distribution costs to consolidated sales remained below the previous year's level at 14.1% in the reporting quarter (Q1 2011: 16.2%). As a result of the continued strong demand in Germany and the expanded international activities in connection with the establishment of the US subsidiary Aspera Technologies Inc., the company is planning a targeted expansion of the sales team.

General administrative expenses increased by 5.3% from EUR 989 thousand in Q1 2011 to EUR 1,042 thousand in Q1 2012. Administrative expenses as a percentage of consolidated sales, which fell from 9.4% in the first quarter of the previous year to 8.3%, reflected the USU Group's continued efficient administration resulting partly from combining Group activities of the subsidiaries.

Research and development expenses remained almost at the previous year's level at EUR 1,829 thousand in the first three months of 2012 (Q1 2011: EUR 1,801 thousand). The ratio of research and development expenses to consolidated sales fell to 14.5% (Q1 2011: 17.0%). USU is continuously investing in the new and further development of its own product portfolio and permanently works on innovative, market-related software solutions. For further information, please refer to the separate report *Research and development* in this Group management report.

Other operating income amounted to EUR 148 thousand in Q1 2012 (Q1 2012: EUR 52 thousand). Other operating expenses in the amount of EUR 1,904 thousand (Q1 2011: EUR 54 thousand) include an extraordinary item of EUR 1,865 thousand (Q1 2011: EUR 0 thousand) resulting from the planned 100% acquisition of Aspera GmbH. As of December 31, 2011, the anticipated purchase price for the remaining 49% stake to be acquired in Aspera, which was dependent on Aspera's earnings in fiscal years 2010/11 and 2011/12, was recognized in the balance sheet as a purchase price liability at a total of EUR 6,648 thousand on the basis of the forecast business development of Aspera. Because the development of earnings at Aspera GmbH in the reporting quarter significantly exceeded expectations, the updated purchase price is EUR 1,865 thousand higher than the forecast value recognized in the balance sheet as of December 31, 2011. In accordance with IFRS, the resulting difference is to be recognized in full in profit or loss under the other operating expenses item of the income statement. For better comparability of the operating business development not including extraordinary items, the Management Board refers readers to the *Adjusted consolidated earnings* section of this Group management report.

Earnings situation

Owing to the extraordinary effect of the advised Aspera acquisition and the associated non-recurring expense for the purchase price adjustment of EUR 1,865 thousand, EBITDA for the first quarter of 2012 amounted to EUR -119 thousand (Q1 2011: EUR 1,213 thousand). Including depreciation and amortization of EUR 448 thousand (Q1 2011: EUR 498 thousand), EBIT amounted to EUR -567 thousand (Q1 2011: EUR 716 thousand). Taking into account the cumulative net finance costs of EUR -121 thousand (Q1/2011: EUR -60 thousand), EBT totaled EUR -688 thousand (Q1 2011: EUR 655 thousand). Including taxes on income of EUR -576 thousand (Q1 2011: EUR -259 thousand), the USU Group's net profit for the period amounted to EUR -1,264 thousand (Q1 2011: EUR 396 thousand), corresponding to earnings per share of EUR -0.12 (Q1 2011: EUR 0.04).

Adjusted consolidated earnings

As the consolidated earnings of the USU Group under IFRS have been and continue to be influenced by various extraordinary items which make it difficult to compare USU's earnings power from year to year, the company has calculated its *adjusted consolidated earnings* for information purposes. This shows consolidated earnings adjusted for the amortization of intangible assets capitalized as a result of business combinations, the results of the capitalization of tax loss carryforwards and the associated goodwill impairment, additional extraordinary items due to acquisitions and the corresponding tax effects.

Furthermore, on the basis of these *adjusted consolidated earnings*, USU Software AG reports *consolidated earnings per share* using the average number of shares outstanding. It also calculates its *adjusted EBIT*. *Adjusted consolidated earnings*, *adjusted EBIT* and *adjusted earnings per share* are not key indicators under IFRS.

Adjusted consolidated earnings *in EUR thousand*	**01.01.2012 - 31.03.2012**	**01.01.2011 31.03.2011**
Result of ordinary operations (EBIT)	**-567**	**716**
Amortization of intangible assets capitalized as a result of business combinations	285	389
Amortization of goodwill	0	0
Nonrecurring effects relating to acquisitions	1,957	0
- stay bonus Aspera GmbH / USU Consulting GmbH	92	0
- davon aus Kaufpreisanpassungen	1,865	0
Adjusted EBIT	**1,675**	**1,105**
Financial income (as per consolidateg income statement)	42	20
Financial costs (as per consolidateg income statement)	-163	-80
Income taxes (as per consolidateg income statement)	-576	-259
Tex effects relating to adjustments	38	66
- amortization	38	66
- deferred taxation from tax loss carryforwards	0	0
Minority interests (as per consolidateg income statement)	-15	0
Adjusted consolidated earnings	**1,001**	**852**
Adjusted earnings per share (in EUR):	**0.10**	**0.08**
Weighted average number of outstanding shares:		
Basic and diluted	10,523,770	10,523,770

In the reporting period, the USU Group generated a rise in *adjusted EBIT* of 51.6% to EUR 1,675 thousand (Q1 2011: EUR 1,105 thousand). *Adjusted consolidated earnings* rose by 17.5% as against the same quarter of the previous year to EUR 1,001 thousand (Q1 2011: EUR 852 thousand), corresponding to *adjusted earnings per share* of EUR 0.10 (Q1 2011: EUR 0.08).

Balance sheet structure

On the assets side of the balance sheet, the USU Group's non-current assets totaled EUR 42,698 thousand as of the end of the first quarter of 2012 (December 31, 2011: EUR 42,926 thousand). The slight reduction in this item is mainly due to the amortization of intangible assets. Current assets climbed to EUR 30,735 thousand as of March 31, 2012 (December 31, 2011: EUR 27,124 thousand). This increase is due in particular to the positive operating cash flow of the USU Group and the associated increase in cash and cash equivalents including securities to a total of EUR 19,869 thousand (December 31, 2011: EUR 17,630 thousand) as of the end of the first quarter of 2012.

On the equity and liabilities side, equity decreased to EUR 48,666 thousand as of March 31, 2012 as against EUR 49,908 thousand as of December 31, 2011. This was primarily due to the extraordinary item relating to the purchase price in connection with the imminent 100% acquisition of Aspera, which impacted the consolidated earnings of the USU Group in accordance with IFRS. The increase in purchase price liabilities also influenced the USU Group's provisions and liabilities, which totaled EUR 24,767 thousand as of the end of Q1 2012 (December 31, 2011: EUR 20,142 thousand). This rise also resulted from higher deferred income for maintenance agreements already invoiced at the beginning of the year, for which service is rendered and sales recognized later in the year.
With total assets of EUR 73,433 thousand (December 31, 2011: EUR 70,050 thousand), the equity ratio was 66.3% as of March 31, 2012 (December 31, 2011: 69.1%).

Cash-Flow and investments

As of March 31, 2012, cash and cash equivalents of the USU Group not including securities climbed by 12.7% year-on-year to EUR 19,869 thousand (Q1 2010: EUR 9,839 thousand).
The USU Group's cash flow from operating activities amounted to EUR 2,469 thousand in the reporting quarter (Q1 2011: EUR 4,806 thousand), primarily due to changes in working capital and particularly the higher deferred income.
Cash flow from investing activities in the amount of EUR -214 thousand (Q1 2011: EUR -130 thousand) comprises investments in property, plant and equipment and intangible assets totaling EUR -267 thousand (Q1 2011: EUR -153 thousand) and receipts from repayment of a loan amounting to EUR 52 thousand (Q1 2011: EUR 0 thousand).
As in the previous year, there were no changes in cash flow from financing activities in the first quarter of 2012.

Orders on hand

As of March 31, 2012, orders on hand throughout the USU Group amounted to EUR 22,482 thousand (March 31, 2010: EUR 22,026 thousand), equivalent to a year-on-year increase of 2.1%. In this figure the major order from the Federal Employment Agency with a volume in the mid-seven-figure range is not included due to this contract was concluded after the end of the first quarter of 2012. As against the end of the previous quarter (December 31, 2011: EUR 21,501 thousand), USU generated a 4.6% 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 order to offer its customers practice-driven products and solutions based on state-of-the-art technology, the USU Group invested a total of EUR 1,829 thousand (Q1 2011: EUR 1,801 thousand), or 14.5% (Q1 2011: 17.0%) of consolidated sales in research and development in the first quarter of 2012. With 108 employees across the Group as of the end of the reporting quarter, the USU Group systematically researches the use of new technologies, implements the latest customer-related developments, and designs its own innovations in its ongoing drive to improve and expand the Group-wide product portfolio. Essentially, this portfolio is made up of the software products Valuemation and USU KnowledgeCenter from USU AG, SmartTrack from Aspera, ZIS-System from LeuTek and myCMDB from OMEGA.

In addition to providing development support for various migrations of customer installations to the new version ***Valuemation 4.2***, in the reporting quarter the subsidiary USU AG also worked on the further development of the latest ***Valuemation*** release, which is to be delivered as planned as of the end of the second quarter of 2012 and will already be presented in its beta stage to customers and other interested parties at the upcoming USU World on May 23/24, 2012. The new release ***Valuemation 4.3*** will feature several new functions such as extensive graphical process modeling, expanded reports and additional enhancements in the relevant modules of ***Valuemation***. The ***Valuemation*** development team has also developed a new product for intelligent IT management, ***Valuemation Analytics***. Using ***Valuemation Analytics***, information from a range of IT management processes and source systems can be analyzed on an overall basis and linked to meaningful key indicators. At the touch of a button, users can extract operational business data and IT service management process data. Graphical analyses are also provided for each area of responsibility in role-based dashboards – without the high costs and time expenditure of conventional business intelligence projects.

Within USU AG's ***USU KnowledgeCenter*** product suite, various features were implemented with customers in the first quarter of 2012, such as a task list integrated in the user interface with a range of new functions, a "tag cloud" that helps visualize information in the ***USU KnowledgeCenter***, and the development of functions for collaborative creation and editing of operations manuals.

At the Group subsidiary Aspera GmbH, a variety of functional enhancements to the ***SmartTrack*** license management software were also implemented. These include in particular the new management module for monitoring all processes and data relevant to effective license management, a clear graphical presentation for displaying and updating virtualization structures, and extensive error analysis and statistics for data imports.

During the reporting quarter, the Group subsidiary LeuTek GmbH successfully completed its overhaul of the ***ZIS Service Level Monitor*** (***ZISSLM***) for monitoring the IT service infrastructure. The new version features a completely new interface with a modern look, improved performance for large volumes of data, and full integration in the ***ZISGUI*** system for graphical presentation of IT processes. At the same time, LeuTek also continued its development project for mobile status display via smartphone so as to cover additional platforms as well as the iPhone.

The research and development activities of the subsidiary Omega Software GmbH focused on further development of the SME-oriented product suite ***myCMDB***, within which a wide range of functional enhancements were made, such as implementation of a tablet-compatible interface for ***myCMDB***'s software as a service (SaaS) solution, additional SaaS functions and expanded reports. The knowledge search within myCMDB was also expanded significantly.

Employees

As of the end of the first quarter of 2012, USU expanded the Group workforce by 5.2% year-on-year to 322 (Q1 2011: 306) employees, chiefly due to the expansion of the consultant team as planned. Broken down by functional unit, 146 (Q1 2011: 132) people were employed in consulting and services at the end of the reporting period, 108 (Q1 2011: 106) in research and development, 33 (Q1 2011: 39) in sales and marketing, and 35 (Q1 2011: 29) in administration. Broken down by segment, the USU Group employed 223 (Q1 2011: 220) people in the Product Business segment, 68 (Q1 2011: 61) in the Service Business segment and 31 (Q1 2011: 25) 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 the German Securities Code (WKN) A0BVU2 and International Securities Identification Number (ISIN) DE000A0BVU28, and are admitted to trading on the regulated market of this stock exchange.

In the reporting quarter Q1 2012, the German equity market rocketed with correspondingly high price increases. The DAX rose significantly by 17.8% to 6,946.83 points (December 31, 2011: 5,898.35 points), while the Technology All Share also recorded strong growth of 13.5% to 967.62 points (December 31, 2011: 852.65 points). USU shares also increased considerably following the publication of the business figures for 2011 and the associated positive reporting in a range of media. The company's shares closed at EUR 5.09 on the XETRA electronic trading system as of March 31, 2012, representing a price increase of 11.9% as against the balance sheet date for the previous quarter (December 31, 2011: EUR 4.55).

Supplementary report

There were no transactions of particular significance with a material effect on the development of business in the USU Group after March 31, 2012. In this respect, there were no major changes to the net assets, financial position or results of operations of the Group.

Opportunity and risk report.

There have been no changes in the risks and opportunities affecting USU Software AG and the Group as a whole since the balance sheet date December 31, 2011. In this regard, please refer to the risk report in the 2011 Annual Report.

Forecast report

General economic

In their "*Gemeinschaftsdiagnose* Spring 2012", the leading German economic research institutes forecast that, following a weak phase since the end of 2011, the economy in Germany will begin to gain momentum again in spring 2012. The main impetus for this is expected to come from domestic demand and here in particular from investments and private consumer spending. In contrast, exports will be slow to pick up again on account of the weak economy in the rest of the euro zone. Overall, real gross domestic product is expected to grow by just 0.9% in 2012 (2011: 3.0%), before increasing significantly again by 2.0% in 2013.

Within the euro zone, economic prospects vary considerably between the different countries due to the continued simmering European debt crisis. Whereas the experts perceive a positive overall trend in countries such as Germany, Austria, Estonia, Finland and Slovakia, they anticipate a generally negative economic development in the crisis-struck countries Greece, Portugal, Spain, Italy and Ireland. The economic research institutes are accordingly forecasting a very different development for the member states in the current year, ranging from +1.8% (Slovakia) to -6.0% (Greece). According to the research institutes' estimates, an average decline in GDP of 0.3% (2011: rise of 1.5%) can be expected for the euro zone as a whole, to be followed by 1.1% increase in overall economic production again in 2013.

Sector

According to BITKOM, the IT sector will act as a key growth driver for the German economy in 2012 as well. In particular, providers of software and IT services will benefit from continuing strong demand from the economy for new IT solutions. As in the previous year, BITKOM is therefore forecasting a rise in market volumes for the German IT market of 3.1%.

The software market is expected to again expand strongly with a growth rate of 4.4% (2011: 5.1%), while IT services should grow by 2.5% (2011: 3.2%). Worldwide, the independent market analysis and consulting company PAC is anticipating a rise in market volume of more than 4% on the software market and more than 3% on the market for IT services.

Outlook

After a positive operating start to fiscal 2012 by USU Software AG and its subsidiaries with a clear rise in sales, the Management Board also expects significant growth potential for the year as a whole. This is based on the three main growth drivers of strategy, internationalization and acquisitions.

With its Product Business portfolio geared towards knowledge-based service management, the USU Group has focused on a promising future market offering the prospect of high rates of growth in the medium term, too. Here, USU is offering its modern Valuemation product suite, a rapidly amortizing software solution for the optimization of entire IT resources aimed at large and larger medium-sized companies. Valuemation operates as an integrated, comprehensive product suite and incorporates the Group products USU KnowledgeCenter, ZIS-System and SmartTrack. The global ITIL certification of Valuemation at the beginning of 2012 and positive reviews from leading market analysts such as Gartner, Forrester and ECP are expected to raise awareness of the product internationally, accompanied by increasing market penetration. In addition to Product Business, with which USU generates license, maintenance and consulting income for products, consulting-intensive Service Business is also expected to contribute to the anticipated expansion of business. Growth forecasts are also shored up by the consistently high level of orders on hand in the USU Group of EUR 22,482 thousand (Q1/2011: EUR 22,026 thousand) as of March 31, 2012 and the positive trend in orders after the end of the reporting period, including in particular the major order from the Federal Employment Agency with a volume in the mid-seven-figure range.

In terms of the internationalization of the USU Group, following a very successful start to the current year, the Management Board is projecting a positive trend in the share of consolidated sales generated outside Germany in subsequent quarters from currently almost 18%. This should ensue from the established international partner business and from the US subsidiary founded at the end of Q1/2012, Aspera Technologies Inc.

In addition to organic growth, another key element of the company's strategy is the expansion of Group activities through the acquisition of companies and interests in companies. This will initially focus on the full acquisition of Aspera by exercising the call option for the remaining 49% of shares in Aspera. Based on current planning, this is to take place in the second quarter of 2012, though this will not affect sales as Aspera is already fully consolidated in the current consolidated and annual financial statements. However, the extraordinary effect of the acquisition of the minority interests in Aspera in Q1/2012 will affect the year as a whole accordingly. In order to improve the comparability of the USU Group's sustainable earnings power, the Management Board is focusing corporate communications on EBIT adjusted for extraordinary acquisition and tax effects.

The Management Board is forecasting consolidated sales of at least EUR 48 million for the current fiscal year of 2012 and adjusted EBIT in the range of between EUR 6.5 million and EUR 7.0 million. As previously disclosed, it also intends to allow the shares to participate largely in the company's success in the form of a dividend. Thanks to the growth drivers described above, the Management Board is optimistic for the following year as well, and anticipates that the company will break through the EUR 50 million marker for consolidated sales while continuing to improve adjusted EBIT.

USU Software AG
The Management Board

USU Software AG
The Management Board

ASSETS (Thsd. EUR)	3-month report 31.03.2012	Annual report 31.12.2011
Non current assets		
Intangible assets	6,493	6,783
Goodwill	32,395	32,395
Property, plant and equipment	1,122	1,007
Other financial assets	85	85
Deferred tax assets	1,843	1,843
Other assets	760	813
Total non current assets	42,698	42,926
Current assets		
Inventories	950	863
Work in process	1,849	1,330
Trade receivables	6,236	6,050
Income tax receivables	130	130
Other financial assets	961	544
Other assets	74	74
Prepaid expenses	666	503
Securities	489	485
Cash on hand and bank balances	19,380	17,145
Total non current assets	30,735	27,145
Total assets	**73,433**	**70,050**

LIABILITIES AND SHAREHOLDERS' EQUITY (Thsd. EUR)	3-month report 31.03.2012	Annual Report 31.12.2011
Shareholders' equity		
Subscribed capital	10,524	10,524
Capital reserve	52,792	52,792
Legal reserve	386	386
Other comprehensive income	-1	23
Accumulated losses	-15,022	-13,773
Shareholders' equity not including minority interests	48,679	49,906
Minority interests	-13	2
Total shareholders' equity	48,666	49,908
Non-current liabilities		
Deferred tax liabilities	1,108	1,146
Pension provisions	503	482
Total non-current liabilities	1,611	1,628
Current liabilities		
Provisions for income taxes	730	529
Purchase price liabilities	8,707	6,648
Personnel-related provisions and liabilities	3,264	4,239
Other provisions and liabilities	738	1,949
Liabilities from received payments	1,345	1,860
Trade payables	1,616	1,303
Deferred income	6,756	1,986
Total current liabilities	23,156	18,514
Total liabilities and shareholders' equity	**73,433**	**70,050**

CONSOLIDATED INCOME STATEMENT (Thsd. EUR)	Quarterly report I / 2012 01.01.2012 - 31.03.2012	Quarterly report I / 2011 01.01.2011 - 31.03.2011
Sales revenue	12,582	10,583
Cost of sales	-6,468	-4,975
Gross profit	6,114	5,608
Sales and marketing expenses	-1,769	-1,711
General administrative expenses	-1,042	-989
Research and development expenses	-1,829	-1,801
Other operating income	148	52
Other operating expenses	-1,904	-54
Amortization of intangible assets recognized in the course of company acquisitions	-285	-390
Result of ordinary operations (EBIT)	-567	715
Interest income	42	20
Interest expenses	-163	-80
Result before taxes (EBT)	-688	655
Income taxes	-576	-259
Group result	-1,264	396
of which:		
- shareholders of USU Software AG	-1,249	396
- minority interests	-15	0
Earnings per share (EUR) on the basis of the share of earnings of shareholders of USU Software AG		
(basic and diluted)	-0.12	0.04
Weighted average shares		
(basic and diluted)	10,523,770	10,523,770

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Thsd. EUR)	Quarterly report I / 2012 01.01.2012 - 31.03.2012	Quarterly report I / 2011 01.01.2011 - 31.03.2011
Group result	**-1,264**	**396**
Available-for-sale financial instruments (securities)		
Fair value changes taken directly to equity	5	2
Recognized to profit or loss	0	0
Deferred taxes from available-for-sale financial instruments (securities)	0	0
Currency translation difference	17	6
Other comprehensive income	**22**	**8**
Overall result	**-1,242**	**404**
of which:		
- shareholders of USU Software AG	-1,227	404
- minority interests	-15	0

CONSOLIDATED STATEMENT OF CASH FLOW *(Thsd. EUR)*	3-month report 01.01.2012 - 31.03.2012	3-month report 01.01.2011 - 31.03.2011
CASH FLOW FROM ORDINARY ACTIVITIES:		
Result bevor taxes (EBT)	-688	655
Adjustments for:		
Financial income / financial expenditure	121	60
Depreciation and amortization	448	498
Income taxes paid	-209	-372
Income taxes refunded	14	28
Interest paid	-140	-75
Interest received	41	19
Other non-cash income and expenses	-21	-55
Change in working capital:		
Inventories	-87	-109
Work in process	-519	-791
Trade receivables	-186	1,415
Prepaid expenses and other assets	-555	-11
Trade payables	313	-151
Personnel-related provisions and liabilities and pension provisions	-955	-364
Other provisions and liabilities	4,892	4,059
Net cash flow form ordinary activities	**2,469**	**4,806**
CASH FLOW FROM INVESTING ACTIVITIES:		
Capital expenditure in property, plant and equipment	-245	-112
Capital expenditure in other intangible assets	-22	-41
Repayment of short-term loans	52	0
Sales of non-current assets	1	23
Investments in available-for-sale securities	0	0
Net cash flow from investing activities	**-214**	**-130**
CASH FLOW FROM FINANCING ACTIVITIES:		
Net cash flow from financing activities	**0**	**0**
Net effect of currency translation in cash and cash equivalents	-20	-6
NET INCREASE/DECREASE OF CASH AND CASH EQUIVALENTS	**2,235**	**4,670**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**17,145**	**10,572**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**19,380**	**15,242**

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY	Subscribed capital		Capital reserve	Legal reserve	Accumu-lated losses	Other comprehensive income		Share-holder´s equity not including minority interests	Minority interest	Total
						Currency Trans-lation	Securities measured at fair value			
	Shares	Thsd. EUR	Thsd. EUR	Thsd. EUR	Thsd. EUR	Thsd. EUR	Thsd. EUR	Thsd. EUR	Thsd. EUR	Thsd. EUR
Consolidated equity as of January 1, 2011	**10,523,770**	**10,524**	**52,792**	**294**	**-15,125**	**9**	**-9**	**48,485**	**0**	**48,485**
Group result	0	0	0	0	396	0	0	396	0	396
Other comprehensive income	0	0	0	0	0	6	2	8	0	8
Overall result	**0**	**0**	**0**	**0**	**396**	**6**	**2**	**404**	**0**	**404**
Consolidated equity as of March 31, 2011	**10,523,770**	**10,524**	**52,792**	**294**	**-14,729**	**15**	**-7**	**48,889**	**0**	**48,889**
Consolidated equity as of January 1, 2012	**10,523,770**	**10,524**	**52,792**	**386**	**-13,773**	**-16**	**-7**	**49,906**	**2**	**49,908**
Group result	0	0	0	0	-1,249	0	0	-1,249	-15	-1,264
Other comprehensive income	0	0	0	0	0	17	5	22	0	22
Overall result	**0**	**0**	**0**	**0**	**-1,249**	**17**	**5**	**-1,227**	**-15**	**-1,242**
Consolidated equity as of March 31, 2012	**10,523,770**	**10,524**	**52,792**	**386**	**-15,022**	**1**	**-2**	**48,679**	**-13**	**48,666**

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 2012 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, 2011. This unaudited three-month report for 2012 should therefore be read in conjunction with the audited consolidated financial statements for 2011. 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.

Planned acquisition of non-controlling interests in Aspera GmbH

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 has been included in consolidation since this date using the purchase method in accordance with IFRS 3. To enable the advised full takeover of Aspera GmbH by USU Software AG, the parties agreed corresponding reciprocal options resulting in the full consolidation of Aspera GmbH from July 1, 2010. In particular, the purchase price for the remaining 49% is dependent on the earnings generated by Aspera in the fiscal years 2010/11 and 2011/12 and amounts to not more than EUR 8,070 thousand plus profit distribution rights until March 31, 2012. As of December 31, 2011, the anticipated purchase price for the non-controlling interests including the shares of earnings attributable to Aspera's shareholders for fiscal 2011/12 had been recognized as a purchase price liability totaling EUR 6,648 thousand based on Aspera's forecast business performance. As the business performance of Aspera GmbH greatly exceeded expectations in the period from January 1, 2012 to March 31, 2012, the updated purchase price including the profit distribution for fiscal 2011/12 is EUR 1,865 thousand higher than the amount forecast and recognized as of December 31, 2011. In accordance with IFRS, the resulting difference is reported in full in profit or loss under other operating expenses. The calculation of this expense item is shown in the table below:

Calculation of the purchase price for Aspera GmbH *in EUR thousand*	**31.3.2012**
Forecast purchase price liability for non-controlling interests as of Mar. 31, 2012	8
Forecast pro rata profit distribution to non-controlling interests for fiscal 2011/12	1
Deferred stay bonus from Aspera acquisition	-218
Deferred interest expense of purchase price liability	-64
Purchase price liability recognized in statement of financial position	**8,707**
Stay bonus expense recognized in Q1/2012	-55
Interest expense of purchase price liability recognized in Q1/2012	-139
Forecast purchase price liability for non-controlling interests as of Dec. 31, 2011	-6,648
	1,865

Sales revenues

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

	1.1.-31.3.2012 Thsd. EUR	**1.1.-31.3.2011** Thsd. EUR
Consulting	7,836	5,805
Licences / products	1,722	1,426
Service and maintenance	2,751	2,599
Other	273	753
	12,582	**10,583**

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 Thsd. EUR	1.1.-31.3.2011 Thsd. EUR	1.1.-31.3.2011 Thsd. EUR	1.1.-31.3.2011 Thsd. EUR	1.1.-31.3.2011 Thsd. EUR	1.1.-31.3.2011 Thsd. EUR	1.1.-31.3.2011 Thsd. EUR	1.1.-31.3.2011 Thsd. EUR	1.1.-31.3.2011 Thsd. EUR	1.1.-31.3.2011 Thsd. EUR
Revenues	**8,174**	**7,249**	**4,398**	**3,322**	**12,572**	**10,571**	**10**	**12**	**12,582**	**10,583**
EBITDA	**1,716**	**1**	**642**	**629**	**2,358**	**1,732**	**-2,477**	**-519**	**-119**	**1,213**
EBIT	**1,312**	**631**	**613**	**607**	**1,925**	**1,238**	**-2,492**	**-523**	**567**	**715**
Net financial income	**-**	**-**	**-**	**-**	**-**	**-**	**-121**	**-60**	**-121**	**-60**
Taxes	**-**	**-**	**-**	**-**	**-**	**-**	**-576**	**-259**	**-576**	**-259**
Net profit / loss	**1,312**	**631**	**613**	**607**	**1,925**	**1,238**	**-3,189**	**-842**	**-1,264**	**396**
Employees (as of March 31, 2012/11)	**223**	**220**	**68**	**61**	**291**	**281**	**31**	**25**	**322**	**306**

The USU Software Group generated a total of 17.9% (Q1 2011: 11.0%) or EUR 2,256 thousand (Q1 2011: EUR 1,165 thousand) of its consolidated sales outside Germany in the first three months of the 2012 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, 2012:

Holdings of members of corporate bodies	shares 31.03.2012	shares 31.03.2011
Management Board		
Bernhard Oberschmidt	18,696	18,696
Supervisory Board		
Udo Strehl*	1,989,319	1,989,319
Erwin Staudt	100,000	100,000
Günter Daiss	85,500	85,500

** An additional 3,487,868 (2011: 3,473,868) 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 (2011: 32,000) shares in USU Software AG are allocated to Udo Strehl through the "Knowledge is the future" foundation of which he is the Managing director pursuant to Sec. 22 (1) Sentence 1 No. 1 WpHG.

Related party disclosures

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

There were no significant changes to business relations between USU Software AG and the Supervisory Board Chairman and majority shareholder Udo Strehl and his wife compared with the information in the notes to the consolidated financial statements of fiscal 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, 2011.

Möglingen, May 16, 2012

Chairman of the Management Board of USU Software AG

JULY 18, 2012	**ANNUAL GENERAL MEETING 2012** **at "Buergersaal" of** **Forum am Schlosspark,** **Stuttgarter Straße 33,** **D–71638 Ludwigsburg (Germany)** **Start: 10.30 a.m.** **Entrance: 9.30 a.m.**

AUGUST 16, 2012	**6-MONTH REPORT 2012**

NOVEMBER 9, 2012	**9-MONTH REPORT 2012**

NOVEMBER 14, 2012 9.45 a.m.	**ANALYST CONFERENCE OF USU SOFTWARE AG** ***- GERMAN EQUITY FORUM -*** **Frankfurt am Main, Germany**