6 – MONTH REPORT 2007

USU Software AG

6 - MONTH REPORT 2007	2007	2006	
in Thsd. EUR, except the earnings per share and number of employees	01.01.-30.06.2007	01.01.-30.06.2006	
REVENUES	14,993	11,442	
EBITDA	1,294	724	
EBIT	599	457	
NET RESULT	2,710	658	
EARNINGS PER SHARE (EUR)	0.26	0.07	
CASH-FLOW FROM ORDINARY OPERATIONS	1,452	988	
NUMBER OF EMPLOYEES AT THE END OF THE PERIOD	238	207	
	30.06.2007	31.12.2006	
CASH AND CASH EQUIVALENTS	9,513	8,400	
SHAREHOLDERS EQUITY	45,304	42,635	*)
BALANCE SHEET	53,512	52,820	*)
EQUITY RATIO	84,7%	80,7%	*)

*) *Changed due to the now final completion of the purchase price allocation of LeuTek GmbH*

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Dear Shareholder,
Dear Reader,

A dividend was paid for the first time on July 18, 2007 to all the Company's shareholders entitled to dividends in accordance with the Annual General Meeting resolution of USU Software AG. At the same time, the dividend distribution is intended to highlight the sustainability of the positive business performance: in the first half of 2007, USU Software AG generated revenues growth of 31% throughout the Group to EUR 15 million and boosted operating earnings before interest, taxes and depreciation and amortization (EBITDA) by 78.5% to EUR 1.3 million.

Another item for resolution at the Annual General Meeting related to the profit and loss transfer agreement with LeuTek GmbH. Through this, USU Software AG will also generate a substantial profit as an individual group company which means that the tax loss carryforwards of USU Software AG not recognized to date due to a lack of recoverability can be recovered. As the Management Board announced when it presented the financial figures for 2006 and explained at the Annual General Meeting, this tax effect will have a significantly positive impact on the Group's net profit in the current year. The effect will be offset by higher amortization of intangible assets recognized in the course of company acquisitions that reduce the Group profit. The first six months of the year saw net profit of over EUR 2.7 million in the entire Group after taking the aforementioned effected into account.

For transparency reasons, the Management Board of USU Software AG will focus reporting on changes in operating earnings excluding one-time effects using EBITDA from this year onwards along with changes in revenues. The Management Board confirms the targets for full-year 2007 of boosting EBITDA of the USU Group from EUR 2.3 million in 2006 to over EUR 4 million with Group revenues between EUR 32 million and EUR 33 million. In so doing, the shareholders will again participate in the business performance of USU Software AG in the form of a dividend.

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

Economic development

In the second quarter of 2007, the economic upswing in Germany slowed down at a high level. In the second quarter of 2007, the German economy recorded economic growth of 0.3% quarter-on-quarter which was driven by prices, season and the time of year according to the quick estimate by the Federal Statistical Office which was published on August 14, 2007. The gross domestic product (GDP) after adjustment rose by 2.5% year-on-year following growth of 3.3% in the first quarter of 2007. GDP climbed in the months of April to June 2007 in the eurozone according to reports by the Statistical Office of the European Commission (Eurostat), also by 2.5% against the previous year, down on the growth of 3.1% in the first quarter of 2007.

Sector performance

The German IT market also performed positively in the second quarter of 2007 according to reports by the *Bundesverband Informationswirtschaft, Telekommunikation und neue Medien e.V.* (BITKOM – German Association for Information Technology, Telecommunications and New Media). The figures of the most recent sector barometer Q2-2007 remained almost stable at the high level of the previous quarter. For instance, 77.8% of the companies surveyed in the IT and telecommunications sector expected increasing revenues compared with the previous year. 78.3% of software providers and 83.8% of IT service providers were optimistic that they would generate revenues growth in full-year 2007.

Business performance Q2 2007

USU Software AG and its subsidiaries (hereinafter referred to as the “USU Group” or “USU”) increased Group revenues in accordance with IFRSs by 29.0% to EUR 7,417 thousand (previous year: EUR 5,748 thousand) in the second quarter of 2007. USU improved earnings before interest, taxes and depreciation and amortization (EBITDA) in the same period by 79.2% to EUR 681 thousand (previous year: EUR 379 thousand). As part of the final purchase price allocation carried out in the second quarter of 2007 from the acquisition of LeuTek GmbH (hereinafter referred to as "LeuTek"), intangible assets were identified that are not deductible for tax purposes and which will be amortized over a period of up to 10 years. This raised the amortization of intangible assets recognized in the course of company acquisitions for the months of April to June 2007 to EUR 293 thousand (previous year: EUR 51 thousand). Despite this additional amortization, earnings before interest and taxes (EBIT) rose to EUR 279 thousand (previous year: EUR 245 thousand).

Net interest income in the second quarter of 2007 totaled EUR 120 thousand (previous year: EUR 121 thousand) and was thus at the previous year's level.

As a result of the profit and loss transfer agreement with LeuTek that was approved at the Annual General Meeting of USU Software AG and the positive tax effect on income expected for the future, the tax loss carryforwards of USU Software AG were recognized in the second quarter of 2007 in the amount of the deferred tax liabilities resulting from the LeuTek acquisition. Mainly as a result of this effect, the USU Group recorded tax income of EUR 1,875 thousand in the second quarter of 2007 while tax expense of EUR 3 thousand was incurred in the previous year. In the second quarter of 2007, net profit amounted to EUR 2,274 thousand accordingly (previous year: EUR 363 thousand) which corresponds to earnings per share of EUR 0.22 (previous year: EUR 0.04) with an average of 10,281,054 shares outstanding (previous year: 9,081,054) shares.

Business performance H1 2007

Sales and cost development

Group sales

During the first six months of fiscal 2007, USU boosted Group revenues by 31.0% to EUR 14,993 thousand (previous year: EUR 11,442 thousand). This growth is mainly due to the ongoing and strong product business, to which LeuTek (acquired in the previous year) also contributed. For instance: maintenance income alone soared 153.2% year-on-year in the period under review to EUR 3,107 thousand (previous year: EUR 1,227 thousand) while license income rose by 11.6% to EUR 1,717 thousand (previous year: EUR 1,539 thousand). USU lifted the product-based consultancy income and consultancy income from the non-product-based service business in total by 16.4% to EUR 10,003 thousand (previous year: EUR 8,592 thousand). Other income in the first half of 2007 totaled EUR 166 thousand (previous year: EUR 84 thousand).

Revenues by segment

In keeping with the USU Group’s focus on the Business Service Management (BSM) growth market and the resulting merging of the product business across divisions, the USU Group underwent a process of reorganization as of January 1, 2007. The merging of the segments saw the Sales, Consultancy and Development divisions being expanded to create central units, complemented by the new main units Business Development and Project Office. The product portfolio of the Product Business division covers activities centered on the USU product range in the BSM market as well as the systems for Knowledge Management. The Service Business division contains consulting services for the purpose of IT projects as well as individual application development.

The Product Business division enabled USU to generate a year-on-year revenues increase of 40.8% to EUR 10,335 thousand (previous year: EUR 7,340 thousand). Revenue from the Service Business division rose by 13.6% to EUR 4,648 thousand (previous year: EUR 4,093 thousand). The revenues not allocated to the segments amounted to EUR 10 thousand (previous year: EUR 9 thousand) in the first six months of fiscal 2007. Consolidated revenues of the USU Group generated outside Germany climbed to EUR 1,283 thousand in the period under review (previous year: EUR 1,129 thousand).

Operating costs

At the start of 2007, the amount reported for amortization of intangible assets recognized in the course of company acquisitions was adjusted. For the purpose of transparency, this amortization is no longer assigned to the function costs but shown in a separate item. The previous year's figures were adjusted accordingly in this respect.

The cost of sales increased in the first half of 2007 as against the previous year to EUR 7,292 thousand (previous year: EUR 6,853 thousand). In terms of Group revenues, the USU cost of sales ratio fell substantially from 59.9% last year to 48.6% in the reporting period. This is due to the increase in product-based licensing and maintenance business. Gross income increased year-on-year to EUR 7,701 thousand (previous year: EUR 4,589 thousand). This represents a gross margin of 51.4% (previous year: 40.1%).

Marketing and selling expenses jumped year-on-year to EUR 2,767 thousand (previous year: EUR 1,612 thousand). Along with the expansion of the marketing and sales team from 23 employees as of June 30, 2006 to 34 employees at the end of the second quarter in 2007, this rise was primarily due to marketing and sales activities for the purchased LeuTek GmbH, international partner management and the increased presence of USU at trade fairs, conferences and special events, such as the USU User Meeting. The ratio for marketing and selling expenses climbed year-on-year to 18.5% (previous year: 14.1%) of Group revenues.

Administrative expenses increased year-on-year to EUR 1,392 thousand (previous year: EUR 1,254 thousand) in the course of taking over LeuTek. The ratio of administrative expenses to Group revenues fell to 9.3% (previous year: 11.0%) due to the significant revenues expansion.

The research and development expenses climbed substantially in the first six months of fiscal 2007 to EUR 2,450 thousand (previous year: EUR 1,132 thousand). The main reasons behind this increase are the expansion of the development team to 87 (previous year: 62) employees resulting from the purchase of LeuTek as well as planned expenses resulting from integration of the LeuTek products into the USU product suite Valuemation with a view to creating a holistic Business Service Management product line as well as the strategic development of the Group's own software products and solutions. In terms of Group revenues, the expenses ratio for Research and Development in the first half of 2007 was 16.3% (previous year: 9.9%).

Net other operating income and expenses totaled EUR 4 thousand in the first six months of fiscal 2007 (previous year: EUR -32 thousand).

Earnings situation

Along with the successful operating business performance, it was primarily the positive tax effects that led to an increase in net profit in the first half of 2007 to EUR 2,710 thousand (previous year: EUR 658 thousand) or EUR 0.26 per share (previous year: EUR 0.07). The tax income contained therein of EUR 1,933 thousand (previous year: EUR -4 thousand) is mainly due to the recognition of deferred tax assets from the tax loss carryforwards of USU Software AG.

The final purchase price allocation from the LeuTek takeover also resulted in the amortization of intangible assets recognized in the course of company acquisitions of EUR 497 thousand (previous year: EUR 102 thousand) in the first half of 2007. Despite this additional amortization, USU lifted its earnings before interest and taxes (EBIT) to EUR 599 thousand (previous year: EUR 457 thousand) in the first half of 2007.

Without taking the effects mentioned into account, the USU Group generated an increase in Group operating earnings before interest, taxes and depreciation and amortization (EBITDA) compared with the previous year of 78.5% to EUR 1,294 thousand (previous year: EUR 724 thousand) due to substantial revenues growth in the period under review with comparatively low cost expansion.

Balance sheet structure

In the course of the final purchase price allocation for LeuTek GmbH (hereinafter referred to as "LeuTek"), which was acquired in November 2006, the Group balance sheet figures as of December 31, 2006 were adjusted in accordance with IFRS 3.62 as follows: while intangible assets on the assets side of the balance sheet increased by EUR 2,238 thousand to EUR 7,052 thousand, goodwill fell by EUR 1,403 thousand to EUR 26,590 thousand. At the same time on the equity and liabilities side of the balance sheet, deferred tax liabilities climbed EUR 850 thousand to EUR 2,157 thousand while the net accumulated loss rose slightly by EUR 15 thousand to EUR 19,197 thousand.

Current assets on the assets side of the balance sheet increased as of June 30, 2007 to EUR 18,172 thousand (December 31, 2006: EUR 16,870 thousand) which is primarily due to the rise in cash and cash equivalents of EUR 8,400 thousand as of December 31, 2006 to EUR 9,513 thousand as of June 30, 2007. While work in progress as of the reporting date jumped to EUR 2,438 thousand (December 31, 2006: EUR 659 thousand), trade receivables decreased to the end of Q2 2007 to EUR 3,919 thousand (December 31, 2006: EUR 5,575 thousand). Non-current assets totaled EUR 35,340 thousand at the end of Q2 2007 (December 31, 2006: EUR 35,950 thousand) and were thus close to the level of non-current assets after adjustment at the end of 2006.

On the equity and liabilities side of the balance sheet, liabilities fell from EUR 10,185 thousand as of December 31, 2006 to EUR 8,208 thousand as of June 30, 2007. This is primarily due to completely netting the deferred tax liabilities as of December 31, 2006 – adjusted in the course of the final purchase price allocation – of EUR 2,157 thousand against the deferred tax assets from the tax loss carryforwards of USU Software AG. Together with the positive operating profit of the USU Group, the resulting tax income led to substantial net profit of EUR 2,710 thousand which increased equity to EUR 45,304 thousand (December 31, 2006: EUR 42,635 thousand). The equity ratio totaled 84.7% as of June 30, 2007 (December 31, 2006: 80.7%).

Cash-Flow and investments

Net cash from ordinary activities increased year-on-year to EUR 1,452 thousand (previous year: EUR 988 thousand), partly as a result of the USU Group's improvement in earnings.

Net cash used in investing activities totaling EUR -2,354 thousand (previous year: EUR -7,263 thousand) is primarily due to the reinvestment of cash and cash equivalents in securities with a short term. This item also contains investments in property, plant and equipment and intangible assets totaling EUR 126 thousand (previous year: EUR 146 thousand) for hardware and software.

Just as in the previous year, there was no change in the net cash from/used in financing activities in the first half of 2007.

Orders on hand

Orders on hand throughout the USU Group totaled EUR 10,342 thousand (previous year: EUR 7,814 thousand) as of June 30, 2007 and were thus EUR 2,528 thousand or 32.4% above the previous year’s figure. The orders on hand on the reporting date as at the end of the quarter shows the USU Group’s fixed future revenues based on binding contracts that are already in place. They primarily comprise project-related orders as well as maintenance agreements.

Research and development

Total research and development expenses in the first half of 2007 amounted to EUR 2,450 thousand (previous year: EUR 1,132 thousand). The increase in this item is mainly due to the increase in employee numbers during the LeuTek acquisition and the associated expansion of development activities in the USU Group.

After combining the ZIS products from LeuTek and USU's KnowledgeMiner product range with the Valuemation suite, the further development of this integrated Business Service Management solution became the focus of the USU Group's development activities. In addition, the development projects set out in the roadmap were strategically advanced in the quarter under review. These projects include the visualization of system dependencies, expansion of the report range and revision of Valuemation's graphical user interface. Functional improvements were also made to the Group products of the USU Group.

Employees

The USU Group employed a total of 238 people (previous year: 207) as of June 30, 2007. This represents a 15.0% increase on the previous year’s figure. The absolute rise is primarily due to the acquisition of LeuTek GmbH and the staff recruitment of the Group subsidiary USU AG.

Subdivided into their functions, 91 (previous year: 97) people were employed in Consultancy and Services, 87 (previous year: 62) in Research and Development, 34 (previous year: 23) in Sales and Marketing and 26 (previous year: 25) in Administration and Finance.

Subdivided into their segments, the USU Group had 171 employees (previous year: 141) in Product Business, 49 (previous year: 49) in Service Business and 18 (previous year: 17) 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 securities identification number A0BVU2 and International Securities Identification Number (ISIN) DE000A0BVU28 and are authorized for trading on the Regulated Market of this stock exchange.

Following substantial appreciation in the first quarter of 2007, USU shares recorded a drop in the share price in the second quarter of 2007. Compared with the previous quarter, the share price fell as of June 30, 2007 by 9.7% to EUR 4.48 (March 31, 2007: EUR 4.96). In the same period, the Technology All Share increased in price by 7.3% while the German Share Index (DAX) grew by 15.8%. Over the first six months of the year, USU shares appreciated by 12.0%.

Supplementary report

The Company's Annual General Meeting on July 12, 2007 approved the conclusion of a profit and loss transfer agreement dated December 29, 2006 between USU Software AG and LeuTek. The final purchase price allocation in connection with the LeuTek acquisition was also fixed. The effects from these two procedures were taken into account in these interim consolidated financial statements. For further information, please see the section titled *Business performance Q2 2007* of this Group management report as well as the section titled *Acquisitions in fiscal 2006* in the notes to the financial statements of this six-month report in 2007. In addition, there were no transactions of significant importance after the balance sheet date of June 30, 2007 that had a significant effect on the business performance of the USU Group. In this respect, there were no significant changes to the assets, liabilities, financial position, and profit or loss of the Group that were not taken into account in this six-month report of 2007.

Opportunity and risk report

The recent real estate crisis in the USA has ultimately caused strong turbulence on the international financial markets and its effects on the economy in the European core market of the USU Group cannot be forecast with certainty. If the situation were to worsen further, a potential economic downturn could have a negative impact on the business performance of the USU Group. In contrast, an ongoing positive trend in the global economy can be inferred from current market forecasts by the German Institute for Economic Research (DIW) and the International Monetary Fund (IMF) from which the USU Group would benefit.

For more information on other opportunities and risks for the remaining six months in fiscal 2007 for USU Software AG and the entire Group, please also refer to the risk report contained in the 2006 Annual Report.

Forecast report

General economic

Economic growth is likely to remain high in the current and the coming year both in Germany and the entire eurozone. According to recent forecasts from DIW Berlin, the German economy will grow by 2.6% in the current year. DIW Berlin also expects strong growth of 2.5% for 2008. The IMF also draws a similar conclusion; it has now raised its growth forecast for Germany from the original 1.8% to the current 2.6% for 2007 and from 1.9% to 2.4% for 2008. The economy in the eurozone will grow by 2.6% in 2007 and by 2.5% in the coming year according to the IMF.

Sector

BITKOM expects growth of 3.5% in the current year for the German IT market, an increase on the 2.8% in the previous year. The software and IT service market segments in which USU operates are likely to enjoy above-average growth of 5.7% (previous year: 5.5%) or 4.9% (previous year: 4.5%). BITKOM also believes that the growth will continue in the coming year. While the entire IT sector is set to see its market volume rise by 3.7% in 2008, BITKOM forecasts a growth rate of 5.8% and 4.9% respectively for software and IT service companies.

For the European IT market, the European Information Technology Observatory (EITO) forecasts a rise in the market volume for IT in its EITO 2007 yearbook from 4.4%, up from 3.6% in 2006. The software and IT service market segments are set to grow significantly faster with growth rates of 6.5% (previous year: 6.3%) and 5.5% (previous year: 5.3%) respectively. In 2008, EITO predicts that the positive trend will continue and in this respect forecasts growth of 4.7% for the entire market and 6.5% or 5.4% for the software and IT service market segments.

Outlook

The Management Board confirms the target for the USU Group for the current year of boosting Group revenues much more dramatically than the market average to between EUR 32 million and EUR 33 million in the course of the strategic realignment on the growth market of Business Service Management. In so doing, the Management Board expects revenues in the product business, driven by an increase in licensing and maintenance income, to expand significantly in the second half of the year which experience shows is stronger. This expectation is supported by client orders in July and August that have already been fixed contractually, the ongoing contract negotiations with potential clients and the current sales forecast.

After the positive operating business performance in the first half of 2007 and taking the above-mentioned forecasts into account, the Management Board is more determined than ever to increase the USU Group's EBITDA to over EUR 4 million in 2007 as a whole.

Möglingen (Germany), August 22, 2007

Bernhard Oberschmidt
Chairman of the Management Board

ASSETS *(Thsd. EUR)*	**6-month report 30.06.2007**	**Annual report 31.12.2006**	
Non current assets			
Intangible assets	6,528	7,052	*)
Goodwill	26,590	26,590	*)
Property, plant and equipment	540	611	
Deferred tax assets	808	808	
Other non-current assets	874	889	
Total non current assets	35,340	35,950	
Current assets			
Inventories	329	309	
Work in process	2,438	659	
Receivables and other assets			
Trade receivables	3,919	5,575	
Income tax receivables	954	923	
Other current assets	749	616	
Prepaid expenses	270	388	
Securities	4,841	2,834	
Cash on hand and bank balances	4,672	5,566	
Total non current assets	18,172	16,870	
Total assets	**53,512**	**52,820**	

LIABILITIES AND SHAREHOLDERS' EQUITY *(Thsd. EUR)*	**6-month report 30.06.2007**	**Annual Report 31.12.2006**	
Shareholders' equity			
Subscribed capital	10,335	10,335	
Capital reserve	52,320	52,320	
Legal reserve	81	81	
Treasury shares	-714	-714	
Other comprehensive income	-231	-190	
Accumulated losses	-16,487	-19,197	*)
Total shareholders' equity	45,304	42,635	
Non-current liabilities			
Deferred tax liabilities	0	2,157	*)
Pension provisions	624	596	
Total non-current liabilities	624	2,753	
Current liabilities			
Provisions for income taxes	421	707	
Personnel-related provisions and liabilities	2,423	2,755	
Other provisions and liabilities	1,263	1,864	
Liabilities from received payments	254	300	
Trade payables	726	1,076	
Deferred income	2,497	730	
Total current liabilities	7,584	7,432	
Total liabilities and shareholders' equity	**53,512**	**52,820**	

*) *Changed due to the now final completion of the purchase price allocation of LeuTek GmbH*

CONSOLIDATED INCOME STATEMENT (Thsd. EUR)	Quarterly Report II / 2007 01.04.2007 - 30.06.2007	Quarterly Report II / 2006 01.04.2006 - 30.06.2006	6-Month Report 2007 01.01.2007 - 30.06.2007	6-Month Report 2006 01.01.2006 - 30.06.2006
Sales revenue	7,417	5,748	14,993	11,442
Cost of sales	-3,631	-3,491	-7,292	-6,853
Gross profit	3,786	2,257	7,701	4,589
Sales and marketing expenses	-1,404	-720	-2,767	-1,612
General administrative expenses	-649	-644	-1,392	-1,254
Research and development expenses	-1,184	-572	-2,450	-1,132
Other operating income	48	12	63	35
Other operating expenses	-25	-37	-59	-67
Amortization of intangible assets recognized in the course of company acquisitions	-293	-51	-497	-102
Result of ordinary operations (EBIT)	279	245	599	457
Interest income	140	179	218	338
Interest expenses	-20	-58	-40	-133
Result before tax (EBT)	399	366	777	662
Income taxes	1,875	-3	1,933	-4
Net profit / loss	2,274	363	2,710	658
Earnings per share (in EUR) (basic and diluted)	0.22	0.04	0.26	0.07
Weighted average shares (basic and diluted)	10,281,054	9,081,054	10,281,054	9,081,054

BREAKDOWN OF REVENUES AND EXPENSES REPORTED (Thsd. EUR)	Quarterly Report II / 2007 01.04.2007 - 30.06.2007	Quarterly Report II / 2006 01.04.2006 - 30.06.2006	6-Month Report 2007 01.01.2007 - 30.06.2007	6-Month Report 2006 01.01.2006 - 30.06.2006
Currency translation difference	6	-2	-8	6
Available-for-sale financial instruments (securities)				
Fair value changes taken directly to equity	-41	-22	-34	-94
Transferred to profit or loss	1	0	1	21
Equity change not impacting income	**-34**	**-24**	**-41**	**-67**
Net profit for the period	**2,274**	**363**	**2,710**	**658**
Overall result	**2,240**	**339**	**2,669**	**591**

CONSOLIDATED STATEMENT OF CASH FLOW *(Thsd. EUR)*	6-month report 01.01.2007 - 30.06.2007	6-month report 01.01.2006 - 30.06.2006
CASH FLOW FROM ORDINARY ACTIVITIES:		
Result of ordinary operations	599	457
Adjustments for:		
Depreciation and amortization	198	165
Amortization of intangible assets recognized in the course of company acquisitions	497	102
Income taxes paid/refunded	-312	-4
Interest received	155	83
Other non-cash income and expenses	-68	41
Change in working capital:		
Inventories	-20	-11
Work in process	-1,779	-1,249
Trade receivables	1,656	1,380
Prepaid expenses and other assets	-62	1,100
Trade payables	-350	-175
Personnel-related provisions and liabilities and pension provisions	-304	-565
Other provisions and liabilities	1,242	-336
Net cash flow form ordinary activities	**1,452**	**988**
CASH FLOW FROM INVESTING ACTIVITIES:		
Acquisition of subsidiaries less cash and cash equivalents acquired	-421	0
Capital expenditure in property, plant and equipment	-111	-120
Capital expenditure in other intangible assets	-15	-26
Repayment of short-term loans	105	0
Granting short-term loans	0	-135
Sales of non-current assets	143	7
Sale of available-for-sale securities	19	472
Investments in available-for-sale securities	-2,074	-7,461
Net cash flow from investing activities	**-2,354**	**-7,263**
CASH FLOW FROM FINANCING ACTIVITIES:		
Net cash flow from financing activities	**0**	**0**
Net effect of currency translation in cash and cash equivalents	8	-3
NET DECREASE OF CASH AND CASH EQUIVALENTS	**-894**	**-6,278**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**5,566**	**9,813**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**4,672**	**3,535**

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY	Subscribed capital		Capital reserve	Legal reserve	Treasury shares	Accumu-lated losses	Other comprehensive income: Currency Trans-lation	Other comprehensive income: Securities measured at fair value	Other comprehensive income: Actuarial losses (IAS 19)	Total
	Shares	Thsd. EUR	Thsd. EUR	Thsd. EUR	Thsd. EUR	Thsd. EUR	Thsd. EUR	Thsd. EUR	Thsd. EUR	Thsd. EUR
Balance at December 31, 2005	**9,135,004**	**9,135**	**49,192**	**4**	**-714**	**-21,206**	**38**	**-11**	**-346**	**36,092**
Capital increase	1,200,000	1,200	3,128	0	0	0	0	0	0	4,328
Net profit for the year	0	0	0	0	0	2,086 *)	0	0	0	2,086
Unrealized losses on marketable securities	0	0	0	0	0	0	0	-71	0	-71
Treatment of actuarial profits not recognized in income	0	0	0	0	0	0	0	0	25	25
Deferred taxes	0	0	0	0	0	0	0	31	122	153
Transfer to legal reserve	0	0	0	77	0	-77	0	0	0	0
Currency translation differences	0	0	0	0	0	0	22	0	0	22
Balance at December 31, 2006	**10,335,004**	**10,335**	**52,320**	**81**	**-714**	**-19,197**	**60**	**-51**	**-199**	**42,635**
Net profit for the period	0	0	0	0	0	2,710	0	0	0	2,710
Unrealized gains on marketable securities	0	0	0	0	0	0	0	-33	0	-33
Currency translation differences	0	0	0	0	0	0	-8	0	0	-8
Balance at June 30, 2007	**10,335,004**	**10,335**	**52,320**	**81**	**-714**	**-16,487**	**52**	**-84**	**-199**	**45,304**

*) *Changed due to the now final completion of the purchase price allocation of LeuTek GmbH*

Principles of Accounting

This six-month report for 2007 was prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), London, as they are to be applied within the European Union. The same accounting policies were used as for the preparation of the consolidated financial statements for the preceding financial year ending December 31, 2006. This unaudited six-month report for 2007 should therefore be read in connection with the audited consolidated financial statements for 2006. In the course of the final purchase price allocation for LeuTek GmbH (hereinafter referred to as "LeuTek"), which was acquired in November 2006, the Group balance sheet figures as of December 31, 2006 were adjusted in accordance with IFRS 3.62. Please refer to the explanations under the section *Acquisitions in fiscal 2006*. It complies with the regulations of IAS 34 for interim reporting. Furthermore, the Company used the draft of the German Accounting Standard 16 (Interim Financial Reporting) as a guideline when 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.

Income taxes are recorded 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 net profit from the profit of the interim periods.

Acquisitions in fiscal 2006

USU acquired all of the equity and voting rights in LeuTek GmbH on November 6, 2006. The transaction was accounted for using the purchase method. The first-time consolidation of LeuTek took place on November 6, 2006.

Since the purchase price allocation from this acquisition was not finalized in fiscal 2006 due to time constraints, only provisional figures were included in the consolidated financial statements for 2006. The figures were finally determined in the second quarter of 2007.

The intangible assets identified in the course of this final purchase price allocation that are not deductible for tax purposes rose in comparison with the provisional purchase price allocation by EUR 2,264 thousand to EUR 5,764 thousand. At the same time, the estimated economic useful lives in the capitalized maintenance contracts (lucrative contracts) rose from the original four years to six. The final purchase price was thus allocated to intangible assets as follows on the acquisition date:

	Thsd. EUR	Estimated econmic useful life Years
Purchased software	**1.185**	6
Client base	**2.040**	10
Lucrative contracts	**1.577**	6
Orders on hand	**133**	1
Trademarks	**829**	-
	5.764	

Due to the rise in intangible assets in the course of the final purchase price allocation, deferred tax liabilities increased by EUR 860 thousand to EUR 2,190 thousand. At the same time, goodwill decreased by EUR 1,403 thousand to EUR 9,570 thousand.

The effects of the final purchase price allocation on the consolidated net accumulated losses reported in the previous year at EUR -15 thousand are insignificant.

As a result of the profit and loss transfer agreement held by LeuTek with USU Software AG which was approved by the Annual General Meeting on July 12, 2007 and LeuTek joining the executive bodies of USU Software AG as a result, the tax loss carryforwards of USU Software AG not recognized to date due to a lack of recoverability can at least be recovered in the amount of the deferred tax liabilities recognized at LeuTek. To this end, deferred tax assets from the tax loss carryforwards of USU Software AG were recognized the amount of the deferred tax liabilities of LeuTek resulting from the purchase price allocation and netted against the deferred tax liabilities. This results in tax income of EUR 2,144 thousand for the first half of 2007.

As part of the acquisition of LeuTek, cash payments were agreed with the former majority shareholder of LeuTek which are dependent on the future performance of the business (earn out remuneration). On the reporting date of the interim consolidated financial statements, this future obligation was not reliably determined. The maximum amount still to be paid is EUR 2,429 thousand.

Sales revenues

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

	1.1.-30.6.2007 Thsd. EUR	1.1.-30.6.2006 Thsd. EUR
Consulting	10,003	8,592
Licences / products	1,717	1,539
Service and maintenance	3,107	1,227
Other	166	84
	14,993	**11,442**

Segment reporting

In keeping with its focus on Business Service Management and the associated merging of cross-divisional product business as well as the corporate reorganization implemented on January 1, 2007, the USU Group segments have also been redefined. In the process, the former segmentation (IT Management Solutions / Business Solutions) was changed as follows:

For the purpose of segment reporting in accordance with IAS 14, USU is active in “Product Business“ and “Service Business“, both of which have a major influence on the risks and equity return. These two segments have different areas of activity; the breakdown of these activities is based on internal reporting (management approach). The purpose of segmentation into “Product Business“ and “Service Business“ is to make the earning capacity and prospects of success as well as the opportunities and risks facing the two segments in the Group transparent.

The product portfolio of the “Product Business” segment includes all those activities centered around the USU product range in the market for Business Service Management. This includes the products and services for Infrastructure Management (efficient administration of IT assets, contracts and software licenses), Service/Change Management (compliance with, and formalization of the IT service processes including procurement, support and maintenance), Finance Management (transparency, planning and budgeting as well as charging of IT costs and services to the person(s) who incurred them), Process Management (monitoring, visualization and controlling of all systems and processes required for IT operation) as well as the Knowledge Center for optimization of knowledge-intensive business processes.

The “Service Business” division contains consulting services for the purpose of IT projects as well as individual application development. The portfolio addresses a wide range of technical topics which are implemented by means of dedicated methods and tested process models. These include selected special divisions, the carrying out of IT projects on one’s own responsibility or providing project support with qualified IT staff.

The breakdown of various key ratios by segment in line with IAS 14 is represented in the following overview:

	Product Business		Service Business		Not allocated		Group	
	1.1.-30.6.2007 Thsd. EUR	1.1.-30.6.2006 Thsd. EUR	1.1.-30.6.2007 Thsd. EUR	1.1.-30.6.2006 Thsd. EUR	1.1.-30.6.2007 Thsd. EUR	1.1.-30.6.2006 Thsd. EUR	1.1.-30.6.2007 Thsd. EUR	1.1.-30.6.2006 Thsd. EUR
Revenues	**10,335**	**7,340**	**4,648**	**4,093**	**10**	**9**	**14,993**	**11,442**
EBITDA	**1,897**	**1,237**	**481**	**479**	**-1,086**	**-992**	**1,292**	**724**
EBIT	**1,262**	**1,055**	**436**	**432**	**-1,099**	**-1,030**	**599**	**457**
Net financial income	**-**	**-**	**-**	**-**	**178**	**205**	**178**	**205**
Taxes	**-**	**-**	**-**	**-**	**1,933**	**-4**	**1,933**	**-4**
Net profit / loss	**1,262**	**1,055**	**436**	**432**	**1,012**	**-829**	**2,710**	**658**
Employees (as of June 30, 2007/2006)	**171**	**141**	**49**	**49**	**18**	**17**	**238**	**207**

The USU Software Group generated a total of 8.6% or EUR 1,283 thousand of its consolidated sales outside Germany in the first 6 months of the 2007 financial year. In addition, less than 10% of the consolidated assets held are outside Germany. At the same time, the investments made outside Germany came to less than 10% of the consolidated total investments. Further details of the geographical data in line with IAS 14 (secondary information) have thus not been provided.

Own shares

As of June 30, 2007, the Company still holds 53,950 own shares with a notional share of the share capital of EUR 53,950.00 which corresponds to 0.5% of the share capital as of June 30, 2007.

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, including the management and the Supervisory Board, or on whom/which the Group can exert significant influence. 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 2006. For more information, please refer to the details in the consolidated financial statements of USU Software AG for the fiscal year ending December 31, 2006.

Directors' dealings and securities held in executive bodies

The following shares and options in USU Software AG were held by members of the Company's executive bodies on June 30, 2007:

Holdings of members of corporate bodies	shares	stock options
Management Board		
Bernhard Oberschmidt	18,696	0
Supervisory Board		
Udo Strehl*	1,989,319	0
Erwin Staudt	47,100	0
Günter Daiss	35,500	0

* An additional 3,932,348 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 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.

The Supervisory Board members Erwin Staudt and Günter Daiss each purchased 30,000 shares in USU Software AG on May 23, 2007 over the counter from Supervisory Board Chairman Udo Strehl. Udo Strehl sold a total of 240,000 shares over the counter on May 23, 2007 to both members of USU Software AG's Supervisory Board as well as institutional investors. The Supervisory Board members Udo Strehl, Erwin Staudt and Günter Daiss promptly informed USU Software AG of the securities transactions conducted. The Company promptly published the notification of these securities transactions on its homepage at www.usu-software.de.

Responsibility statement by Management Board

"To the best of my knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the fiscal year."

Möglingen (Germany), August 22, 2007

Bernhard Oberschmidt

Chairman of the Management Board

August 23, 2007	**ANALYST CONFERENCE OF USU SOFTWARE AG** ***- IFF Investment Forum Frankfurt -*** **Frankfurt am Main, Germany**

NOVEMBER 12, 2007	**9-MONTH REPORT 2007**

NOVEMBER 14, 2007	**ANALYST CONFERENCE OF USU SOFTWARE AG** ***- GERMAN EQUITY FORUM -*** **Frankfurt am Main, Germany**