



6 – MONTH REPORT 2008

USU Software AG

6 - MONTH REPORT 2008	2008	2007
<i>in Thsd. EUR, except the earnings per share and number of employees</i>	01.01.-30.06.2008	01.01.-30.06.2007
REVENUES	15,674	14,993
EBITDA	764	1,294
EBIT	174	599
NET RESULT	258	2,710
EARNINGS PER SHARE (EUR)	0,03	0.26
CASH-FLOW FROM ORDINARY OPERATIONS	-413	1,452
NUMBER OF EMPLOYEES AT THE END OF THE PERIOD	254	238
	30.06.2008	31.12.2007
CASH AND CASH EQUIVALENTS	7,726	9,921
SHAREHOLDERS EQUITY	45,104	46,479
BALANCE SHEET	52,856	53,269
EQUITY RATIO	85,3%	87,3%

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Dear Shareholder,

Dear Reader,

On June 19, 2008, this year's Annual General Meeting of USU Software AG took place in the Louis Bühler room at the Kreissparkasse Ludwigsburg. A good 200 shareholders, press representatives, employees and guests listened to the presentations made by the Management Board. In addition to presenting the operating business performance, the most recent company successes were outlined using the key financial figures from the 2007 fiscal year. In relation to this, the shareholders in attendance approved the proposal made by the Management Board and Supervisory Board for the appropriation of net profit, which included raising the dividend for 2007 by 50% to EUR 0.15 per share. Accordingly, the dividend was paid to the shareholders on June 20, 2008. The shareholders also passed a resolution of the discharge of the Management Board and Supervisory Board for the 2007 fiscal year with a large majority. Furthermore, the Management Board was authorized to acquire treasury shares at the Annual General Meeting. Prof. Dr. Binder, Dr. Dr. Hillebrecht & Partner GmbH Wirtschaftsprüfungsgesellschaft, based in Stuttgart, were appointed as the auditors for the 2008 fiscal year.

After the very successful 2007 fiscal year, the first half of the current year did not meet the expectations of the Management Board in full. Whereas USU again considerably increased license sales over the previous year, sales and earnings from the consulting business remained below target due to unplanned non-recurring effects. For the second half of the year, the Management Board is optimistic that it will achieve the target increase in sales above the average for the German software and IT services market while operating earnings on an EBITDA basis will be at approximately the same high level as that from the previous year according to the current forecast. For 2009, sales are still expected to be above the market average and a strong increase in earnings is expected. In making such forecasts, the Management Board has clearly set a target of a shareholder-oriented dividend policy where USU Software AG shareholders are significantly involved in the success of the company as was the case in the previous two fiscal years.

Yours,

Bernhard Oberschmidt

Chairman of the Management Board of USU Software AG

Economic development

The German economy experienced a downturn in the second quarter of 2008 for the first time in almost four years. According to provisional information from the German Federal Statistical Office, Destatis, gross domestic product (GDP) – adjusted for price, season and calendar year – was 0.5% lower than in the first quarter of 2008. In comparison to the previous year, a growth rate of 1.7% (adjusted for the calendar year) was posted. In the euro zone as a whole, GDP has declined by 0.2% as against the previous quarter according to an initial assessment by the Statistical Office of the European Communities, Eurostat. In comparison to the corresponding quarter from the previous year, the seasonally-adjusted GDP for the euro zone increased 1.5% in the second quarter of 2008.

Sector performance

According to studies carried out by the Bundesverband Informationswirtschaft, Telekommunikation und neue Medien e.V. (German Association for Information Technology, Telecommunications and new Media - BITKOM) the mood in the high-tech sector remains largely confident, although a slight downward trend is apparent here too. Whereas in the first quarter of 2008 73% of companies questioned in the IT and telecommunications sector were confident about increasing year-on-year sales revenue according to the results of the BITKOM Q1 2008 sector barometer, this figure fell to 62% in the most recent sector barometer. 72% of the IT services and software providers were optimistic that they would generate sales growth in 2008 as a whole, after 79% in the previous quarter.

Business performance Q2 2008

With Group-wide sales of EUR 8,325 thousand (Q2/2007: EUR 7,417 thousand), USU Software AG (hereafter referred to as “USU Group” or “USU”) and its subsidiaries generated organic growth of 12.3% in the second quarter of 2008. This was primarily driven by strong licenses business which more than doubled against the equivalent quarter in the previous year to EUR 1,914 thousand (Q2/2007: EUR 893 thousand). While the maintenance business increased slightly year-on-year to EUR 1,627 thousand (Q2/2007: EUR 1.560 thousand), the consulting business generated a lower sales contribution EUR 4,628 thousand in the reporting quarter than that achieved in the second quarter of 2007(Q2/2007: EUR 4,946 thousand). The main reasons behind this were not only targeted investments in training the consulting team, which resulted in the relevant sales losses during the trainee periods, but also additional unscheduled investments of consulting in a large fixed-price project. It was not only consultancy resources, but also freelance employees who were

deployed here. The resulting additional expenditure, in combination with a higher cost basis, resulted in EBITDA in the second quarter declining year-on-year to EUR 484 thousand (Q2/2007: EUR 681 thousand). In the reporting quarter, EBIT totaled EUR 188 thousand (Q2/2007: EUR 279 thousand).

In the second quarter of 2008, net interest income totaled EUR 88 thousand (Q2/2007: EUR 120 thousand). While there was tax income of EUR 1,875 thousand last year as a result of a non-recurring effect from capitalizing deferred tax assets at USU Software AG, while there were tax expenses of EUR -62 thousand in this reporting period. In the second quarter of 2008, USU generated net income of EUR 214 thousand (Q2/2007: EUR 2,274 thousand). With an average of 10,271,206 shares in circulation (Q2/2007: 10,281,054) earnings per share amounted to EUR 0.02 (Q2/2007: EUR 0.22).

Business performance for the first six months of the 2008 fiscal year

Sales and cost development

Group sales

The USU Group generated group sales of EUR 15,674 thousand (Q1-Q2/2007: EUR 14,993 thousand) in the first half of 2008. This represents a year-on-year sales increase of 4.5%. USU Group strongly improved licenses sales, by 43.4% to EUR 2,462 thousand (Q1-Q2/2007: EUR 1,717 thousand) and improved maintenance revenues by 3.4% to EUR 3,213 thousand (Q1-Q2/2007: EUR 3,107 thousand) In the reporting period, consulting sales at EUR 9,561 thousand were 4.4% down year-on-year (Q1-Q2/2007: EUR 10,003 thousand). In the year under review, other income totaled EUR 438 thousand (Q1-Q2/2007: EUR 166 thousand) and primarily included merchandise.

Revenues by segment

As a result of a weaker first quarter in 2008, the Product Business segment posted a slight year-on-year decline of 1.8% to EUR 10,152 thousand (Q1-Q2/2007: EUR 10,335 thousand). In contrast, sales in the Service Business segment climbed 18.3% to EUR 5,501 thousand (Q1-Q2/2007: EUR 4,648 thousand). Sales not allocated to the segments amounted to EUR 21 thousand (Q1-Q2/2007: EUR 10 thousand) in the first six months of the 2008 fiscal year. The consolidated sales of the USU Group generated outside Germany totaled EUR 1,227 thousand (Q1-Q2/2007: EUR 1,283 thousand) in the period under review, which corresponds to a 7.8% share of Group sales (Q1-Q2/2007: 8.6%).

Operating costs

The cost of sales rose in the first half of 2008 to EUR 8,284 thousand (Q1-Q2/2007: EUR 7,292 thousand). This primarily results from the targeted expansion of the internal consulting team and the additional use of freelancers in the Service Business and Product Business operating segments.

USU's cost of sales ratio in relation to Group sales fell to 52.9% (Q1-Q2/2007: 48.6%) in the period under review. Gross income totaled EUR 7,390 thousand (Q1-Q2/2007: EUR 7,701 thousand), which corresponds to a gross margin of 47.1% (Q1-Q2/2007: 51.4%).

Marketing and selling expenses remained at the level of the previous year at EUR 2,715 thousand (Q1-Q2/2007: EUR 2,767 thousand). Whereas personnel expenses and the costs for publications and advertising as well as training for the Group workforce increased slightly, in comparison to the previous year, USU systematically reduced costs for general trade fair attendances. As a result of the expansion of sales, the expenses ratio for marketing and sales fell to 17.3% of Groups sales in comparison to the previous year (Q1-Q2/2007: 18.5%). Administrative expenses increased slightly in comparison to the previous year to EUR 1,483 thousand (Q1-Q2/2007: EUR 1,392 thousand) as a result of increased costs of materials for insurance, contributions and training. The ratio of administrative expenses increased slightly to 9.5% of Group sales (previous year: 9.3%).

Year-on-year research and development expenses increased to EUR 2,599 thousand (Q1-Q2/2007: EUR 2,450 thousand) in the first six months of the 2008 fiscal year. The reasons for this increase include services performed by third parties for the redesign of the Group's own software products as well as increased personnel costs for employees of the Czech development company USU Software s.r.o., which incurred increased expenses as a result of the strong increase in value of the Czech koruna in comparison to the euro. In terms of Group sales, the expenses ratio for research and development amounted to 16.6% (Q1-Q2/2007: 16.3%) in the six-month reporting period.

Other operating income and expenses posted in the first six months of the 2008 fiscal year amounted to EUR -7 thousand (Q1-Q2/2007: EUR 4 thousand)

Earnings situation

The USU Group's EBITDA for the first half of 2008 remained below the previous year's level at EUR 764 thousand as a result of non-recurring effects from the consulting business (Q1-Q2/2007: EUR 1,294 thousand). After taking into account depreciation and amortization required for operational reasons amounting to EUR 178 thousand (Q1-Q2/2007: EUR 198 thousand) and the amortization of intangible assets recognized in the course of company acquisitions amounting to EUR 412 thousand (Q1-Q2/2007: EUR 497 thousand), USU

generated earnings before interest and taxes (EBIT) of EUR 174 thousand (Q1-Q2/2007: EUR 599 thousand) in the reporting period. Interest income and expenses in the first six months of the 2008 fiscal year amounted to EUR 166 thousand (Q1-Q2/2007: EUR 178 thousand). In the same period, income taxes amounted to EUR -82 thousand, whereas in the previous year there was a tax income of EUR 1,933 thousand due to capitalized deferred tax assets. This had a decisive impact on the earnings after tax figure. In the first half of 2008, the USU Group generated net income after taxes of EUR 258 thousand (Q1-Q2/2007: EUR 2,710 thousand). With an average of 10,276,126 shares (Q1-Q2/2007: 10,281,054), earnings per share amounted to EUR 0.03 (Q1-Q2/2007: EUR 0.26).

Balance sheet structure

On the assets side of the balance sheet, non-current assets at the end of the first half of 2008 amounted to EUR 34,615 thousand (December 31, 2007: EUR 35,028 thousand). The decline in this balance sheet item results primarily from the scheduled amortization of intangible assets. Current assets amounted to EUR 18,241 thousand as of June 30, 2008 (December 31, 2007: EUR 18,241 thousand), exactly the same as on the previous year's balance sheet date. As a result of the rise in work in progress as of the reporting date of June 30, 2008 to EUR 2,697 thousand (December 31, 2007: EUR 588 thousand) as well as the dividend distribution to shareholders of USU Software AG on June 20, 2008 amounting to EUR 1,540 thousand, cash and cash equivalents fell to EUR 7,726 thousand (December 31, 2007: EUR 9,921 thousand) at the end of the second quarter of 2008.

On the equity and liabilities side of the balance sheet, current and non-current liabilities as of June 30, 2008 totaled EUR 7,752 thousand (December 31, 2007: EUR 6,790 thousand). This increase is primarily due to deferred income of EUR 2,797 thousand (December 31, 2007: EUR 785 thousand) for maintenance agreements already invoiced at the beginning of the year, for which the related services will be rendered and sales generated respectively during the rest of the year. In contrast, other provisions and liabilities fell at the end of Q2 2008 to EUR 4,955 thousand (December 31, 2007: EUR 6,005 thousand). Shareholders' equity reduced to EUR 45,104 thousand (December 31, 2007: EUR 46,479 thousand) compared to the balance sheet date of December 31, 2008 due to the dividend distributed during the the second quarter of 2008. With total assets of EUR 52,856 thousand (December 31, 2007: EUR 53,269 thousand), the equity ratio totaled 85.3% on June 30, 2008 (December 31, 2007: 87.3%).

Cash-Flow and investments

Due to the change in working capital and, in particular, the increase in work in progress as of the reporting date and trade receivables, cash flow from ordinary activities was EUR -413 thousand (Q1-Q2/2007: EUR 1,452 thousand) in the first half of 2008. Net cash used in investing activities totaling EUR 729 thousand (Q1-Q2/2007: EUR -2,354 thousand) reflects cash flow from the sale of securities, whereas the investment of cash and cash equivalents in securities with a short term led to cash outflow in the previous year. This item also contains investments in property, plant and equipment and intangible assets totaling EUR -168 thousand (Q1-Q2/2007: EUR -126 thousand) for hardware and software. Cash flow from financing activities amounted to EUR -1,627 thousand in the reporting period (Q1-Q2/2007: EUR 0) due to the dividend distribution to USU Software AG shareholders on June 19, 2008 as well as the acquisition of treasury shares in relation to the share buy-back program started at the end of May 2008.

Orders on hand

Orders on hand throughout the USU Group totaled EUR 12,862 thousand as of June 30, 2008 (June 30, 2007: EUR 10,342 thousand) and were thus up EUR 2,520 thousand (24.4%) on the previous year. The orders on hand on the reporting date as at the end of the quarter show the USU Group's fixed future sales on the basis of binding contracts that are already in place. They primarily comprise project-related orders as well as maintenance agreements.

Research and development

In the second quarter of 2008, *Valuation*, *USU KnowledgeCenter*, *ZIS-System/ZISGUI/ZISSLM* and *INSEL* – the Group's own products – were further developed as planned on the basis of a defined roadmap.

In the Business Service Management suite, version 3.5 of *Valuation* was fixed in the reporting period. New features of this version include a completely reworked license management system for optimum administration of the licenses that a company holds, the effective recognition of whether there are too many or too few licenses and the resulting minimization of software licensing costs as well as creation of sufficient legal security by means of precise software licensing. Furthermore, the latest version of *Valuation* was given a dashboard function, where decisive data can be visualized in various pie charts, bar graphs or dial displays in real time and therefore contribute significantly to fast and accurate decision making in IT operations.

Simpler configuration, installation and operation have been achieved with the new version 2.4 of *USU KnowledgeBase*, a simple and efficient document management system. The development team for the *USU KnowledgeCenter* suite is now concentrating on completely reworking the graphic user interface of the Enterprise Search components, for which an external design company is being appointed.

The express versions of *Valuation* and *USU KnowledgeCenter*, also newly developed, were finished in the second quarter of 2008 and have now been brought to market. With *Valuation Express* and *KnowledgeCenter Express*, USU customers now have two suites available which are aimed at small to medium-sized enterprises in particular and can be put into operation immediately thanks to preconfiguration, so that a positive return on investment (ROI) can be generated in the shortest time possible.

At the USU subsidiary, LeuTek, the usability was improved and the user interface was optimized in the second half of the year above all. With *ZIS-Service Level Monitor*, the user interface was reworked as a result of this; the WebClient from *ZISGUI* was expanded so that the consoles and the event monitor can also be operated. The overhaul of the menu structure for the *ZIS-System* was started.

Total research and development costs amounted to EUR 2,599 thousand in the first half of 2008 (previous year: EUR 2,450 thousand).

Employees

The USU Group had a total of 254 employees as of June 30, 2008 (June 30, 2007: 238). This represents a 6.7% increase on the previous year's figure.

Subdivided into their functions, 102 (June 30, 2007: 91) people were employed in consultancy and services, 90 (June 30, 2007: 87) in research and development, 36 (June 30, 2007: 34) in sales and marketing and 26 (June 30, 2007: 26) in administration and finance.

Subdivided into segments, the USU Group had 184 employees (June 30, 2007: 171) in Product Business, 52 (June 30, 2007: 49) in Service Business and 18 (June 30, 2007: 18) 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.

Due to the sustained financial crisis in the USA and the increasing fears of recession on international finance markets, stock exchanges also reported negative share performance in this reporting period. As part of this, the German Share Index (DAX) fell by 1.8% in total, whereas the Technology All Share fell by 0.2%. USU shares appear relatively strong in comparison and increased in value during the second quarter of 2008 from EUR 3.64 at the end of the first quarter of 2008 to EUR 3.78 at June 30, 2008, an increase in share price of 3.8%.

Supplementary report

There were no transactions of key importance after the balance sheet date of June 30, 2008 that had a significant effect on the development of business of the USU Group. In this respect, there were no major changes to the asset, financial and earnings situation of the Group.

Opportunity and risk report

There were no changes to the opportunities and risks of USU Software AG or of the entire Group compared with the reporting date of December 31, 2007. For more information, please refer to the risk report contained in the 2007 Annual Report.

Forecast report

General economic

In their joint diagnosis in spring 2008, the leading German economic research institutes forecast a further slowdown in global economic expansion which will be caused by the crisis on the US financial markets and the global financial market turbulence as well as the significant increase in prices. For the euro zone, the economic research institutes expect the economy to slow down moderately in the current year and economic growth to fall to 1.7% as a result (2007: 2.6%). Negative external influences will increasingly make themselves felt in Germany as well and lead to growth in real GDP decreasing to 1.8% (2007: 2.5%). The institutes expect the economy in the euro zone, particularly in Germany, to pick up again in 2009.

Sector

For the European core market of the USU Group, the European Information Technology Observatory (EITO) forecasts that the market volume for the software and IT services market segments will rise to EUR 218.7 billion (2007: EUR 207.2 billion during the current year, which corresponds to a growth rate of 5.6%). The European market for software and IT services is set to grow by 5.7% to EUR 231.2 billion in 2009. According to BITKOM forecasts, the software and IT services market segments in Germany are also set to grow significantly more than the entire economy, with growth rates of between 5% and 6.6%.

Outlook

After the successful performance of the licenses business in the second quarter of 2008, and the non-recurring charges for the consulting business no longer applying from the middle of the third quarter of 2008, the USU Software AG Management Board forecasts a sales and earnings upturn against the first half year of 2008 experience showing that the second half of the year is generally stronger. For the whole year, the Management Board expects sales growth to be above the average of the relevant market segments, with EBITDA being approximately at the level of the previous year after the negative impact on earnings in the second quarter. On the German domestic market, the launch of the two SME versions of Valuation Express and KnowledgeCenter Express and the new Valuation 3.5 version should lead to an expansion of operating activities in subsequent quarters. The international partner business will also contribute to our success. USU laid the foundations for this with its most recent international top rankings for Valuation awarded by the market research companies Forrester, ECP and Gartner, the new partnership with the Arabic IT systems integrator Analyst House, with which USU participated in the IT trade fair in Saudi Arabia's capital, Riyadh at the start of April this year, in addition to expansion of partnership activities in Italy. In Service Business, the additional expansion of the consulting team in forthcoming quarters should lead to an expansion in business. The Management Board therefore confirms its plan for 2009, to achieve sales growth above that of the market average as well as a strong increase in EBITDA.

Möglingen (Germany), August 15, 2008

Bernhard Oberschmidt

Chairman of the Management Board

ASSETS (Thsd. EUR)	6-month report 30.06.2008	Annual report 31.12.2007
Non current assets		
Intangible assets	5,653	6,083
Goodwill	26,355	26,355
Property, plant and equipment	583	576
Deferred tax assets	1,106	1,041
Other non-current assets	918	973
Total non current assets	34,615	35,028
Current assets		
Inventories	574	574
Work in process	2,697	588
Receivables and other assets		
Trade receivables	5,349	5,204
Income tax receivables	1,256	1,234
Other current assets	348	487
Prepaid expenses	291	233
Securities	4,002	4,857
Cash on hand and bank balances	3,724	5,064
Total non current assets	18,241	18,241
Total assets	52,856	53,269

LIABILITIES AND SHAREHOLDERS' EQUITY (Thsd. EUR)	6-month report 30.06.2008	Annual Report 31.12.2007
Shareholders' equity		
Subscribed capital	10,335	10,335
Capital reserve	52,320	52,320
Legal reserve	154	154
Treasury shares	-801	-714
Other comprehensive income	1	7
Accumulated losses	-16,905	-15,623
Total shareholders' equity	45,104	46,479
Non-current liabilities		
Deferred tax liabilities	0	0
Pension provisions	328	298
Total non-current liabilities	328	298
Current liabilities		
Provisions for income taxes	35	354
Personnel-related provisions and liabilities	2,412	2,697
Other provisions and liabilities	858	1,362
Liabilities from received payments	115	247
Trade payables	1,207	1,047
Deferred income	2,797	785
Total current liabilities	7,424	6,492
Total liabilities and shareholders' equity	52,856	53,269

CONSOLIDATED INCOME STATEMENT (Thsd. EUR)	Quarterly Report	Quarterly Report	6-Month Report	6-Month Report
	II / 2008	II / 2007	2008	2007
	01.04.2008 -	01.04.2007 -	01.01.2008 -	01.01.2007 -
	30.06.2008	30.06.2007	30.06.2008	30.06.2007
Sales revenue	8,325	7,417	15,674	14,993
Cost of sales	-4,348	-3,631	-8,284	-7,292
Gross profit	3,977	3,786	7,390	7,701
Sales and marketing expenses	-1,485	-1,404	-2,715	-2,767
General administrative expenses	-741	-649	-1,483	-1,392
Research and development expenses	-1,366	-1,184	-2,599	-2,450
Other operating income	50	48	67	63
Other operating expenses	-41	-25	-74	-59
Amortization of intangible assets recognized in the course of company acquisitions	-206	-293	-412	-497
Result of ordinary operations (EBIT)	188	279	174	599
Interest income	159	140	260	218
Interest expenses	-71	-20	-94	-40
Result before tax (EBT)	276	399	340	777
Income taxes	-62	1,875	-82	1,933
Net profit / loss	214	2,274	258	2,710
Earnings per share (in EUR)				
(basic and diluted)	0.02	0.22	0.03	0.26
Weighted average shares				
(basic and diluted)	10,271,206	10,281,054	10,276,126	10,281,054

BREAKDOWN OF REVENUES AND EXPENSES REPORTED (Thsd. EUR)	Quarterly Report	Quarterly Report	6-Month Report	6-Month Report
	II / 2008	II / 2007	2008	2007
	01.04.2008 -	01.04.2007 -	01.01.2008 -	01.01.2007 -
	30.06.2008	30.06.2007	30.06.2008	30.06.2007
Currency translation difference	20	6	11	-8
Available-for-sale financial instruments (securities)				
Fair value changes taken directly to equity	-57	-41	-15	-34
Transferred to profit or loss	-13	1	-4	1
Deferred taxes on value changes directly recognized in equity	21	0	2	0
Equity change not impacting income	-29	-34	-6	-41
Net profit for the period	214	2,274	258	2,710
Overall result	185	2,240	252	2,669

CONSOLIDATED STATEMENT OF CASH FLOW <i>(Thsd. EUR)</i>	6-month report 01.01.2008 - 30.06.2008	6-month report 01.01.2007 - 30.06.2007
CASH FLOW FROM ORDINARY ACTIVITIES:		
Result bevor taxes	340	599
Adjustments for:		
Financial income / financial expenditure	-166	-1
Depreciation and amortization	178	198
Amortization of intangible assets recognized in the course of company acquisitions	412	497
Goodwill amortization	0	0
Income taxes paid/refunded	-145	-312
Interest received	272	155
Other non-cash income and expenses	31	-67
Change in working capital:		
Inventories	0	-20
Work in process	2,108	-1,779
Trade receivables	-156	1,656
Prepaid expenses and other assets	-31	-62
Trade payables	159	-350
Personnel-related provisions and liabilities and pension provisions	-255	-304
Other provisions and liabilities	1,056	1,242
Net cash flow form ordinary activities	-413	1,452
CASH FLOW FROM INVESTING ACTIVITIES:		
Acquisition of subsidiaries less cash and cash equivalents acquired	0	-421
Capital expenditure in property, plant and equipment	-138	-111
Capital expenditure in other intangible assets	-30	-15
Repayment of short-term loans	53	105
Sales of non-current assets	4	143
Sale of available-for-sale securities	1,520	19
Investments in available-for-sale securities	-680	-2,074
Net cash flow from investing activities	729	-2,354
CASH FLOW FROM FINANCING ACTIVITIES:		
Dividend payment	-1,540	0
Purchase of capital stock	-87	0
Net cash flow from financing activities	-1,627	0
Net effect of currency translation in cash and cash equivalents	-29	8
NET INCREASE/DECREASE OF CASH AND CASH EQUIVALENTS	-1,340	-894
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	5,064	5,566
CASH AND CASH EQUIVALENTS AT END OF PERIOD	3,724	4,672

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

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY	Subscribed capital		Capital reserve	Legal reserve	Treasury shares	Accumu- lated losses	Other comprehensive income		Total Thsd. EUR
	Shares	Thsd. EUR	Thsd. EUR	Thsd. EUR	Thsd. EUR	Thsd. EUR	Currency Trans- lation	Securities measured at fair value	
							Thsd. EUR	Thsd. EUR	
Consolidated equity as of December 31, 2006	10,335,004	10,335	52,320	81	-714	-19,396 *)	60	-51	42,635 *)
Net income for the period	0	0	0	0	0	4,536	0	0	4,536
Gains / losses on marketable securities	0	0	0	0	0	0	0	3	3
Actuarial gains taken to equity	0	0	0	0	0	347	0	0	347
Currency translation differences	0	0	0	0	0	0	2	0	2
Deferred taxes	0	0	0	0	0	-129	0	-7	-136
Total income for the period	0	0	0	0	0	4,754	2	-4	4,752
Transfer to legal reserve	0	0	0	73	0	-73	0	0	0
Dividend payment	0	0	0	0	0	-908	0	0	-908
Consolidated equity as of December 31, 2007	10,335,004	10,335	52,320	154	-714	-15,623	62	-55	46,479
Net income for the period	0	0	0	0	0	258	0	0	258
Gains / losses on marketable securities	0	0	0	0	0	0	0	-19	-19
Currency translation differences	0	0	0	0	0	0	11	0	11
Deferred taxes	0	0	0	0	0	0	0	2	2
Total income for the period	0	0	0	0	0	258	11	-17	252
Dividend payment	0	0	0	0	-87	0	0	0	-87
Purchase of capital stock	0	0	0	0	0	-1,540	0	0	-1,540
Consolidated equity as of June 30, 2008	10,335,004	10,335	52,320	154	-801	-16,905	73	-72	45,104

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

Principles of Accounting

This 6-month report for 2008 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 and valuation principles were used as for the preparation of the consolidated financial statements for the preceding financial year ending December 31, 2007. This unaudited 6-month report for 2008 should therefore be read in connection with the audited financial statements for 2007. It complies with the regulations IAS 34 for interim reporting. It complies with the regulations of IAS 34 for interim reporting. Furthermore, the Company used 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.

Sales revenues

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

	1.1.-30.6.2008 Thsd. EUR	1.1.-30.6.2007 Thsd. EUR
Consulting	9,561	10,003
Licences / products	2,462	1,717
Service and maintenance	3,213	3,107
Other	438	166
	15,674	14,993

Segment reporting

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.

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.-30.6.2008	1.1.-30.6.2007	1.1.-30.6.2008	1.1.-30.6.2007	1.1.-30.6.2008	1.1.-30.6.2007	1.1.-30.6.2008	1.1.-30.6.2007
	Thsd. EUR	Thsd. EUR	Thsd. EUR	Thsd. EUR	Thsd. EUR	Thsd. EUR	Thsd. EUR	Thsd. EUR
Revenues	10,152	10,335	5,501	4,648	21	10	15,674	14,993
EBITDA	1,152	1,897	714	481	-1,102	-1,086	764	1,292
EBIT	625	1,262	664	436	-1,115	-1,099	174	599
Net financial income	-	-	-	-	166	178	166	178
Taxes	-	-	-	-	-82	1,933	-82	1,933
Net profit / loss	625	1,262	664	436	-1,031	1,012	258	2,710
Employees (as of June 30, 2008/2007)	184	171	52	49	18	18	254	238

The USU Software Group generated a total of 7.8% or EUR 1,227 thousand of its consolidated sales outside Germany in the first 6 months of the 2008 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.

Treasury shares

The Management Board of USU Software AG, with the approval of the Supervisory Board resolved on May 29, 2008 to acquire up to 2.52% of subscribed capital, that is up to 260,000 shares in the company in the period from May 29, 2008 to January 11, 2009 via the electronic trading system at the Frankfurt Stock Exchange, XETRA. The basis of this share buy-back was the authorization granted at the Annual General Meeting of USU Software AG on July 12, 2007 to acquire treasury shares in accordance with Section 71 Clause 1 Number 8 of the German Stock Corporation Act (AktG), which was replaced by a new authorization which was resolved at the Annual General Meeting of June 19, 2008. The shares reacquired in this manner are to be recovered in order to reduce subscribed capital.

In the period from May 29 to June 30, 2008, USU Software AG reacquired a total of 27,483 treasury shares. Thus the overall number of the company's treasury shares as at June 30, 2008 was 81,433 with an imputed share of subscribed capital of EUR 81,433.00, which corresponded to 0.8% of subscribed capital at the end of the reporting period.

Dividends

The Management Board and Supervisory Board proposed a resolution at the Annual General Meeting of June 19, 2008 , to distribute a dividend of EUR 1,540 thousand from the unappropriated surplus of USU Software AG as at December 31, 2007 which amounted to EUR 2,225 thousand and to carry forward the remaining profit of EUR 685 thousand. This is a dividend of EUR 0.15 per share entitled to dividends. The dividend was distributed on June 20, 2008.

Related party disclosures

There have been no major changes compared to December 31, 2007.

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, 2008:

Holdings of members of corporate bodies	shares 2008	shares 2007
Management Board		
Bernhard Oberschmidt	18,696	18,696
Supervisory Board		
Udo Strehl*	1,989,319	1,989,319
Erwin Staudt	50,000	47,100
Günter Daiss	35,500	35,500

* An additional 3,689,848 (2007: 3,932,348) shares of USU Software AG can be allocated to Udo Strehl via Udo Strehl Private Equity as the majority shareholder of the company pursuant to Sec. 22 (1) Sentence 1 No. 1 WpHG.
 A further 32,000 (2007: 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.

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 15, 2008

Bernhard Oberschmidt,
 Chairman of the Management Board

NOVEMBER 10, 2008**9-MONTH REPORT 2007****NOVEMBER 11, 2008****6:00 p.m. – 6:45 p.m.****ANALYST CONFERENCE OF USU SOFTWARE AG****- GERMAN EQUITY FORUM -*****Congress Center Messe Frankfurt******Ludwig-Erhard-Anlage 1******60327 Frankfurt am Main, Germany*****DECEMBER 9, 2008****11:45 a.m. – 12:30 a.m.****ANALYST CONFERENCE OF USU SOFTWARE AG****- 6th Munich Capital Market Conference -*****SOFITEL Hotel Munich******Bayerstr. 12******80335 Munich, Germany***