9 – MONTH REPORT 2008

USU Software AG

9 - MONTH REPORT 2008	2008	2007
in Thsd. EUR, except the earnings per share and number of employees	01.01.-30.09.2008	01.01.-30.09.2007
REVENUES	23,808	23,518
EBITDA	933	2,835
EBIT	42	1,800
NET RESULT	370	3,583
EARNINGS PER SHARE (EUR)	0.04	0.35
CASH-FLOW FROM ORDINARY OPERATIONS	621	2,183
NUMBER OF EMPLOYEES AT THE END OF THE PERIOD	255	239
	30.09.2008	31.12.2007
CASH AND CASH EQUIVALENTS	8,468	9,921
SHAREHOLDERS EQUITY	44,953	46,479
BALANCE SHEET	52,367	53,269
EQUITY RATIO	85,8%	87,3%

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Dear shareholders, dear readers,

Despite the current general economic uncertainties, USU continues to gain a number of new customer projects. For example, companies including BHF-Bank, the Müller drugstore chain and the Alexander von Humboldt Foundation recently decided to use products and services provided by the USU Group. In addition, numerous orders were generated by existing customers, resulting in a considerable increase in orders on hand. Accordingly, sales in the nine-month period were slightly up on the high level of the previous year and we are expecting a further noticeable sales increase in the final quarter. By contrast, business performance in terms of earnings failed to meet expectations. This may be attributed to a number of non-recurring effects. In addition to specific investments related to a product campaign for the new and further development of USU software products and the additional investments already posted in the second quarter of 2008 for a fixed-price project which, as announced, also had an impact on the third quarter, a tax effect without impact on liquidity but recognized as expense resulting from the tax audit for the years 2001 to 2004 also had a negative impact on the net result. Although we have appealed against this decision, we are initially required to book this expense in accordance with IFRS accounting rules.

We regard additional costs for the selective expansion the R&D activities related to the Group's products Valuemation, USU KnowledgeCenter, ZIS-System and INSEL as investment in the future to allow us to emerge strengthened from the current economic crisis. For this reason, we have also decided to advance the USU Group's internationalization strategy into a new dimension and to push forward with targeted global expansion. In this connection, Sven Wilms, a top manager with international experience is to join the Management Board of our subsidiary, USU AG, as of January 1, 2009. Thanks to his management expertise as an member of the extended Management Board at IDS Scheer AG and many years of management activities at IBM, Sven Wilms is the ideal choice to help considerably expand the USU Group's international partner business. This will focus principally on the European market. Nevertheless, USU is also to intensify its activities in the USA, the world's largest market, as well as the Middle Eastern growth market.

The USU Group will take specific and sustained advantage of the opportunities available in order to consolidate and expand its top position, as confirmed by analysts, in the growth market for business service management solutions in Europe as well as worldwide. The Company's stated goal in doing so is a significant increase not only in sales but also in the Company's profitability in the years to come.

Bernhard Oberschmidt
Chairman of the Management Board of USU Software AG

Economic development

According to the most recent analyses carried out by the leading German economic research institutes, the German economy is heading for recession. In their recent *Fall 2008 Joint Economic Forecast*, the institutes stated that real GDP in is expected to shrink in the second half of this year at an annual rate of 0.7%. The main reasons for this are given as the global financial crisis as well as the global decline in demand for capital goods and the real decrease in consumer spending.
There has also been a considerable decline in economic momentum in Europe. In this respect, the institutes also expect to see a decline in production over the economy as a whole throughout the euro zone for the second half of 2008. As a result, current sentiment indicators suggest that the euro zone is also on the verge of a recession.

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 German IT sector is currently not yet affected to a great degree by the economic and financial crisis or the general economic downturn. In the recently published 24th BITKOM sector barometer, over 70% of IT services and software companies were expecting their sales to rise in the Q3/2008 reporting period. This value is significantly above that of the previous quarter in which only 60% of the companies questioned from the IT services and software industry segments expected sales growth.

Business performance Q3 2008

USU Software AG and its subsidiaries (hereinafter: “USU Group” or “USU”) posted positive sales development in Service Business in the third quarter of 2008 compared to the equivalent quarter in the previous year where, as in Product Business, the sales resulting from major orders in the strong third quarter of 2007 were not achieved in the reporting period. The Product Business was also influenced by a number of factors, including additional investments for consulting in a large fixed-price project which led to corresponding sales losses in the course of the reporting period and which has now been concluded. From July to September 2008, the USU Group generated sales of EUR 2,918 thousand in the Service Business (Q3/2007: EUR 2,248 thousand) and sales of EUR 5,208 thousand in the Product Business (Q3/2007: EUR 6,269 thousand). At EUR 8,134 thousand (Q3/2007: EUR 8,525 thousand), Group-wide USU sales were 4.6% down year-on-year.

Whilst maintenance revenues of EUR 1,720 thousand (Q3/2007: EUR 1,742 thousand) were approximately at the level of the previous year, license revenues at EUR 1,374 thousand were down on the strong third quarter of 2007 during which software licenses to the amount of EUR 1,841 thousand were sold. Group-wide consultancy business increased to EUR 4,868 thousand (Q3/2007: EUR 4,372 thousand) thanks to encouraging development in the Service Business. Other income amounted to EUR 172 thousand (Q3/2007: EUR 570 thousand) and primarily included merchandise.

The USU Group's EBITDA in the reporting period remained below the previous year's level at EUR 168 thousand (Q3/2007: EUR 1,543 thousand). The main reasons for this were investments in a product campaign with the development of new products and the further development of existing products as well as additional investments for a major fixed-price project in the second and third quarters of 2008 which could not be invoiced. As the result of a tax audit, there were also tax reimbursements and repayments which are treated differently pursuant to IFRS. While the reimbursements mainly have to be recognized without impact on earnings, the repayments recognized as an expense have a negative impact on earnings. On balance, expenses amounting to EUR 377 thousand remain, which had a negative impact on the operating earnings.

In the reporting quarter, EBIT totaled EUR -132 thousand (Q3/2007: EUR 1.201 thousand) as a result of non-recurring effects. Net income after taxes was EUR 111 thousand (Q3/2007: EUR 873 thousand). With an average of 10,158,014 shares in circulation (Q3/2007: 10,281,054), this corresponds to balanced earnings per share of EUR 0.01 (Q3/2007: EUR 0.08).

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

Sales and cost development

Group sales

USU generated group sales of EUR 23,808 thousand (Q1-Q3/2007: EUR 23,518 thousand) in the first nine months of the 2008 fiscal year. This represents a year-on-year sales increase of 1.2%. The licenses business also generated a strong increase, rising by 7.8% to EUR 3,836 thousand (Q1-Q3/2007: EUR 3,558 thousand). USU increased maintenance revenues by 1.7% to EUR 4,933 thousand (Q1-Q3/2007: EUR 4,849 thousand) while consulting sales remained at the level of the previous year, increasing by 0.4% to EUR 14,428 thousand (Q1-Q3/2007: EUR 14,376 thousand). Other income, down 16.9% year-on-year to EUR 611 thousand (Q1-Q3/2007: EUR 735 thousand), primarily included merchandise sales of externally produced hardware and software.

Revenues by segment

Sales in the Product Business segment were 7.5% down year-on-year at EUR 15,360 thousand (Q1-Q3/2007: EUR 16,604 thousand), largely as a result of additional investments in a large fixed-price project in the second and third quarters of 2008 which could not be invoiced and the consequent decline in consultancy income. Thanks to increased license and maintenance income, USU somewhat compensated for the gap in sales in the consultancy business of this segment. The Service Business segment increased sales by 22.1% to EUR 8,419 thousand (Q1-Q3/2007: EUR 6,896 thousand) as a result of several orders from new customers, some of which had a term of several years. Sales not allocated to the segments amounted to EUR 29 thousand (Q1-Q3/2007: EUR 18 thousand) in the first nine months of the 2008 fiscal year. The consolidated sales of the USU Group generated outside Germany totaled EUR 1,638 thousand (Q1-Q3/2007: EUR 1,823 thousand) in the period under review, which corresponds to a 6.9% share of Group sales (Q1-Q3/2007: 7.8%).

Operating costs

The cost of sales rose year-on-year in the first nine months of the 2008 fiscal year to EUR 12,467 thousand (Q1-Q3/2007: EUR 11,145 thousand). This is the result of several factors, including the targeted expansion of the internal consulting team to 102 employees (September 30, 2007: 90) 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 amounted to 52.4% (Q1-Q3/2007: 47.4%) of Group sales in the period under review. Gross income totaled EUR 11,341 thousand (Q1-Q3/2007: EUR 12,373 thousand), which corresponds to a gross margin of 47.6% (Q1-Q3/2007: 52.6%).

Marketing and selling expenses were only fractionally above the level of the previous year at EUR 4,181 thousand (Q1-Q3/2007: EUR 4,135 thousand). Whereas personnel expenses increased as a result of the expansion of the marketing and sales team to 36 employees (September 30, 2007: 33), USU systematically reduced costs of materials in this division. The expenses ratio for marketing and sales remained at the exact level of the previous year at 17.6%.

Administrative expenses increased in comparison to the previous year to EUR 2,199 thousand (Q1-Q3/2007: EUR 2,050 thousand) as a result of increased costs of materials for insurance, contributions and training. The ratio of administrative expenses stood at 9.2% of Group sales (Q1-Q3/2007: 8.7%).

Year-on-year research and development expenses increased to EUR 3,930 thousand (Q1-Q3/2007: EUR 3,623 thousand) in the first nine months of the 2008 fiscal year. Alongside various development projects, reasons for the increased expense 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., 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 16.5% (Q1-Q3/2007: 15.4%) in the nine-month reporting period.

Other operating earnings and expenses totaling EUR -370 thousand (Q1-Q3/2007: EUR -20 thousand) consisted mainly of included expenses arising from the tax audit.

Earnings situation

The USU Group's EBITDA in the reporting period remained below the previous year's level at EUR 933 thousand (Q1-Q3/2007: EUR 2,835 thousand). This decline largely results from non-recurring effects of the consultancy business in the Product Business segment and a tax repayment obligation contested by the company and recognized as an expense. After taking into account depreciation and amortization required for operational reasons amounting to EUR 272 thousand (Q1-Q3/2007: EUR 290 thousand) and the amortization of intangible assets recognized in the course of company acquisitions amounting to EUR 619 thousand (Q1-Q3/2007: EUR 745 thousand), USU generated earnings before interest and taxes (EBIT) of EUR 42 thousand (Q1-Q3/2007: EUR 1,800 thousand). In the reporting period, net interest income totaled EUR 407 thousand (Q1-Q3/2007: EUR 286 thousand). In the nine-month period of 2008, income taxes amounted to EUR -80 thousand, whereas in the previous year there was a tax income of EUR 1,497 thousand primarily due to capitalized deferred tax assets. This had a decisive impact on the earnings after tax figure. From January to September 2008, USU generated net income after taxes of EUR 370 thousand (Q1-Q3/2007: EUR 3,583 thousand). With an average of 10,238,165 shares (Q1-Q3/2007: 10,281,054), earnings per share amounted to EUR 0.04 (Q1-Q3/2007: EUR 0.35).

Balance sheet structure

On the assets side of the balance sheet, non-current assets at the end of the first nine months of 2008 amounted to EUR 34,413 thousand (December 31, 2007: EUR 35,028 thousand). The decline in this balance sheet item results primarily from the scheduled amortization of intangible assets. As of September 30, 2008, current assets fell slightly to EUR 17,954 thousand (December 31, 2007: EUR 18,241 thousand). As a result of the rise in work in progress as of the reporting date of September 30, 2008 to EUR 2,572 thousand (December 31, 2007: EUR 588 thousand) as well as the dividend distribution to shareholders of USU Software AG amounting to EUR 1,540 thousand, cash and cash equivalents fell to EUR 8,468 thousand (December 31, 2007: 9,921 thousand) at the end of the third quarter of 2008.

On the equity and liabilities side of the balance sheet, current and non-current liabilities as of September 30, 2008 totaled EUR 7,071 thousand (December 31, 2007: EUR 6,790 thousand). This increase is primarily due to deferred income of EUR 1,850 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 to EUR 5,221 (December 31, 2007: EUR 6,005 thousand). At EUR 44,953 thousand, (December 31, 2007: EUR 46,479 thousand), equity was down at the end of the third quarter of 2008 in comparison with the balance sheet date of December 31,2007. This was due mainly to the Company's share buy-back and the dividend distribution to the Company's shareholders. With total assets of EUR 52,367 thousand (December 31, 2007: EUR 53,269), the equity ratio totaled 85.8% on September 30, 2008 (December 31, 2007: 87.3%).

Cash-Flow and investments

At EUR 621 thousand, cash flow from operating activity was positive for the period from January 1 to September 30, 2008. It was however down on the previous year's figure of EUR 2,183 thousand. This is the result of changes to the working capital as well as the year-on-year decline in earnings. Cash flow from investing activities totaling EUR 1,168 thousand (Q1-Q3/2007: EUR -2,428 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 -231 thousand (Q1-Q3/2007: EUR -211 thousand) for hardware and software. Cash flow from investment activities totaled EUR -1,839 thousand in the period under review (Q1-Q3/2007: EUR 908 thousand). This includes expenditure in relation to the dividend distribution to USU Software AG shareholders and the purchase of capital stock as well as cash flow from a tax refund without impact on earnings.

Orders on hand

Orders on hand throughout the USU Group totaled EUR 15,505 thousand as of September 30, 2008 (Q1-Q3/2007: EUR 10,310 thousand) and were thus up EUR 5,195 thousand (50.4%) on the previous year. 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

The USU Group's R&D activities were also systematically continued in the third quarter of the current fiscal year.

In the quarter under review, the subsidiary, USU AG, launched a further development of KnowledgeMiner with a new graphic user interface and added functions such as a preview of documents found within the results list and new sorting options. KnowledgeBase is also available in a new Release 2.41, which includes important improvements with respect to installation and handling. With respect to Valuemation, activities in the third quarter focused on further development of the dashboard function, where decisive data can be visualized in various pie charts, bar graphs or dial displays in real time as well as on improving performance. In the quarter under review, a partnership agreement was signed with Tideway which enables USU AG to provide Automatische Dependency Mapping Timeway's Automatic Dependency Mapping as an integrated OEM version. This enables companies to identify and display dependencies automatically between their IT components and IT services – an important aspect of modern business service management.

At the USU subsidiary, LeuTek, development activities covered two main areas in the third quarter: Firstly, the expansion and extension of the ZIS interfaces for improved connection to and from external systems. Secondly, the introduction of ZISAgent, an internally developed software agent. ZISAgent can be used on common operating systems to monitor the availability of systems, applications and log files. It will therefore operate in future as a central data procurer in the server environment.

The subsidiary OMEGA developed the completely new INSEL product suite, which runs under the myCMDB brand and is based optically and technically on a totally innovative concept. myCMDB contains various innovations such as interactive visualization and guarantees full ITIL compatibility.

Total research and development costs amounted to EUR 3,930 thousand in the first nine months of 2008 (previous year: EUR 3,623 thousand).

Employees

The USU Group had a total of 255 employees as of September 30, 2008 (September 30, 2007: 239). This represents a 6.7% increase on the previous year's figure. Subdivided into their functions, 102 (September 30, 2007: 90) people were employed in consultancy and services, 89 (September 30, 2007: 88) in research and development, 36 (September 30, 2007: 33) in sales and marketing and 28 (September 30, 2007: 28) in administration and finance. Subdivided into segments, the USU Group had 183 employees (September 30, 2007: 174) in Product Business, 53 (September 30, 2007: 47) in Service Business and 19 (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.

As a result of the continuing international economic and financial crisis and the increasing fears of recession, the stock markets also posted a significant decline in share prices during the quarter under review. In the third quarter alone, the German Share Index (DAX) fell by 9.2% in total while the Technology All Share lost 11.5%. After the positive share performance in the second quarter of 2008, the USU share also saw a sharp decline and lost 15.3% at the end of the third quarter compared with the balance sheet date of the previous quarter. On September 30, 2008, the USU share closed at EUR 3.20 on the electronic trading system at the Frankfurt Stock Exchange, Xetra (June 30, 2008: EUR 3.78.) Therefore, since the balance sheet date of December 31, 2007, the DAX lost 31.2%, the Technology All Share 27.7% and the USU share 23.8%. In the third quarter of 2008, USU Software AG continued the share buy-back program initiated in May and by the balance sheet date of September 30, 2008 had bought back a total of 217,818 treasury shares at an average price of EUR 3.50. The buy-back volume totaled EUR 762 thousand.

Supplementary report

In the period from May 29 to October 29, 2008, USU Software AG reacquired a total of 256,250 treasury shares corresponding to 2.48%. The basis of this share buy-back is the authorization granted at the Annual General Meeting of USU Software AG on July 12, 2007 to acquire treasury shares pursuant to Sec. 71 (1) Sentence 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. As a result of this share buy-back program, the Company exceeded the threshold of 3% treasury shares on October 29, 2008. On November 3, 2008, the Company announced the fact that the 3% threshold had been exceeded.

With effect of January 1, 2009, Sven Wilms was appointed as new member of the Management Board responsible for global sales at the subsidiary, USU AG. As a top manager with international experience, he will head the international activities of USU AG and its associates. Thanks to his management activities at IDS Scheer and IBM, Sven Wilms is the ideal choice to help expand the USU Group's international partner business on a sustained basis.

Other than these events, there were no transactions of key importance after the balance sheet date of September 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 for fall 2008 to mid-2009, the leading German economic institutes forecast a global economic downturn. In addition to the global financial market crisis, the main reasons for this were the worldwide increase in inflation related to raw materials as well as adjustments to the real-estate markets in numerous countries. For the euro zone, the institutes expect the economy to slow down tangibly in the current year and economic growth to fall to 1.1% as a result (2007: 2.6%). The institutes forecast that the continuing downturn, which in the risk scenario may lead to a recession, will result in GDP growth of only 0.2% in 2009 in the euro zone. Negative external influences will increasingly be tangible in Germany as well and lead to growth in real GDP decreasing to 1.8% (2007: 2.5%) in 2008. The institutes forecast economic stagnation for 2009 in Germany.

Sector

It is possible for the IT sector to remain unaffected to some extent by the global negative trend. According to recent forecasts from the European Information Technology Observatory (EITO), the IT market is expected to increase globally by 5.2% in 2008. Particularly software and IT services are expected to achieve above-average growth of approximately 6%. For 2009, the EITO forecasts a further increase of 5.6% for global IT sales. For the USU Group's European core market, the EITO forecasts a 4.2% increase in the IT market volume for 2008 and a 4.1% increase for 2009. In Germany, BITKOM projections expect the IT market to grow by 4.2% in 2008 and 3.7% in 2009.

Outlook

The Management Board is assuming significant year-on-year sales growth for the final quarter of 2008. This will be the result of the market launch of the two SME versions of Valuemation Express and KnowledgeCenter Express as well as the new version of Valuemation 3.5 from the subsidiary, USU AG, the new INSEL Release 9 (myCMDB) from OMEGA Software GmbH and the numerous functional add-ons for the ZIS system marketed by LeuTek GmbH as well as strong domestic licenses business. In this respect, the Management Board confirms the forecast of generating sales growth above the average for the relevant market segments for 2008 as a whole. However, over all quarters of the 2008 fiscal year the aforementioned additional investments, the non-recurring tax effect and the continuing weak international partner business will lead to EBITDA below the previous year's level.

In order to advance the internationalization of the USU Group and to consolidate the strategic objective of generating sales exceeding 15% beyond the German domestic market by 2010, the Supervisory Board has extended the USU management team with the addition of a top manager with international experience. With effect of January 1, 2009, Sven Wilms (48) was appointed as member of the Management Board with responsibility for global sales at the subsidiary, USU AG, in order to concentrate on advancing worldwide growth. The main objective here is to expand the European partner business to include the regions, UK, BeNeLux, Scandinavia and Eastern Europe as well as to increase activities in Italy, Austria, Switzerland, the USA and the Middle East. In addition to the planned growth in new markets, license sales are also to be increased in 2009 in the German domestic market with the existing product portfolio and selected new and further developments. As a result of the clear increase in orders on hand throughout the USU Group, USU also expects sales to increase in the maintenance and consulting business. The Management Board therefore confirms its planning for 2009, according to which the USU Group should achieve sales growth above that of the market average as well as a strong increase in EBITDA.

Möglingen (Germany), November 10, 2008

Bernhard Oberschmidt
Chairman of the Management Board

ASSETS (Thsd. EUR)	9-month report 30.09.2008	Annual report 31.12.2007
Non current assets		
Intangible assets	5,438	6,083
Goodwill	26,355	26,355
Property, plant and equipment	580	576
Deferred tax assets	1,122	1,041
Other non-current assets	918	973
Total non current assets	34,413	35,028
Current assets		
Inventories	700	574
Work in process	2,572	588
Receivables and other assets		
Trade receivables	4,229	5,204
Income tax receivables	1,217	1,234
Other current assets	436	487
Prepaid expenses	332	233
Securities	3,472	4,857
Cash on hand and bank balances	4,996	5,064
Total non current assets	17,954	18,241
Total assets	**52,367**	**53,269**

LIABILITIES AND SHAREHOLDERS' EQUITY (Thsd. EUR)	9-month report 30.09.2008	Annual Report 31.12.2007
Shareholders' equity		
Subscribed capital	10,335	10,335
Capital reserve	52,764	52,320
Legal reserve	154	154
Treasury shares	-1,457	-714
Other comprehensive income	-50	7
Accumulated losses	-16,793	-15,623
Total shareholders' equity	44,953	46,479
Non-current liabilities		
Deferred tax liabilities	0	0
Pension provisions	343	298
Total non-current liabilities	343	298
Current liabilities		
Provisions for income taxes	29	354
Personnel-related provisions and liabilities	2,792	2,697
Other provisions and liabilities	945	1,362
Liabilities from received payments	123	247
Trade payables	1,332	1,047
Deferred income	1,850	785
Total current liabilities	7,071	6,492
Total liabilities and shareholders' equity	**52,367**	**53,269**

CONSOLIDATED INCOME STATEMENT (Thsd. EUR)	Quarterly Report III / 2008 01.07.2008 - 30.09.2008	Quarterly Report III / 2007 01.07.2007 - 30.09.2007	9-Month Report 2008 01.01.2008 - 30.09.2008	9-Month Report 2007 01.01.2007 - 30.09.2007
Sales revenue	8,134	8,525	23,808	23,518
Cost of sales	-4,183	-3,853	-12,467	-11,145
Gross profit	3,951	4,672	11,341	12,373
Sales and marketing expenses	-1,466	-1,368	-4,181	-4,135
General administrative expenses	-716	-658	-2,199	-2,050
Research and development expenses	-1,331	-1,173	-3,930	-3,623
Other operating income	174	6	241	69
Other operating expenses	-538	-30	-611	-89
Amortization of intangible assets recognized in the course of company acquisitions	-206	-248	-619	-745
Result of ordinary operations (EBIT)	-132	1,201	42	1,800
Interest income	419	127	680	345
Interest expenses	-179	-19	-273	-59
Result before tax (EBT)	108	1,309	449	2,086
Income taxes	3	-436	-79	1,497
Net profit / loss	111	873	370	3,583
Earnings per share (in EUR) (basic and diluted)	0.01	0,08	0,04	0,35
Weighted average shares (basic and diluted)	10,158,014	10,281,054	10,238,165	10,281,054

BREAKDOWN OF REVENUES AND EXPENSES REPORTED (Thsd. EUR)	Quarterly Report III / 2008 01.07.2008 - 30.09.2008	Quarterly Report III / 2007 01.07.2007 - 30.09.2007	9-Month Report 2008 01.01.2008 - 30.09.2008	9-Month Report 2007 01.01.2007 - 30.09.2007
Currency translation difference	-12	4	-2	-4
Available-for-sale financial instruments (securities)				
Fair value changes taken directly to equity	-58	25	-73	-9
Transferred to profit or loss	4	0	0	1
Deferred taxes on value changes directly recognized in equity	16	0	18	0
Equity change not impacting income	**-50**	**29**	**-57**	**-12**
Net profit for the period	**111**	**873**	**370**	**3,583**
Overall result	**61**	**902**	**313**	**3,571**

CONSOLIDATED STATEMENT OF CASH FLOW *(Thsd. EUR)*	9-month report 01.01.2008 - 30.09.2008	9-month report 01.01.2007 - 30.09.2007
CASH FLOW FROM ORDINARY ACTIVITIES:		
Result bevor taxes	449	1,800
Adjustments for:		
Financial income / financial expenditure	-407	0
Depreciation and amortization	272	289
Amortization of intangible assets recognized in the course of company acquisitions	619	745
Income taxes paid/refunded	-333	-871
Interest received	558	228
Other non-cash income and expenses	-114	-479
Change in working capital:		
Inventories	-126	-82
Work in process	-1,983	-1,659
Trade receivables	975	698
Prepaid expenses and other assets	87	530
Trade payables	285	-50
Personnel-related provisions and liabilities and pension provisions	140	-61
Other provisions and liabilities	199	1,095
Net cash flow form ordinary activities	**621**	**2,183**
CASH FLOW FROM INVESTING ACTIVITIES:		
Acquisition of subsidiaries less cash and cash equivalents acquired	0	-421
Capital expenditure in property, plant and equipment	-205	-171
Capital expenditure in other intangible assets	-26	-40
Repayment of short-term loans	53	105
Sales of non-current assets	4	144
Sale of available-for-sale securities	2,022	29
Investments in available-for-sale securities	-680	-2,074
Net cash flow from investing activities	**1,168**	**-2,428**
CASH FLOW FROM FINANCING ACTIVITIES:		
Dividend payment	-1,540	-908
Purchase of capital stock	-743	0
Subsequent allowable input taxes from the IPO costs	444	0
Net cash flow from financing activities	**-1,839**	**-908**
Net effect of currency translation in cash and cash equivalents	-18	4
NET INCREASE/DECREASE OF CASH AND CASH EQUIVALENTS	**-68**	**-1,149**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**5,064**	**5,566**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**4,996**	**4,417**

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY	Subscribed capital Shares	Subscribed capital Thsd. EUR	Capital reserve Thsd. EUR	Legal reserve Thsd. EUR	Treasury shares Thsd. EUR	Accumu-lated losses Thsd. EUR	Other comprehensive income: Currency Trans-lation Thsd. EUR	Other comprehensive income: Securities measured at fair value Thsd. EUR	Total 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	370	0	0	370
Gains / losses on marketable securities	0	0	0	0	0	0	0	-73	-73
Currency translation differences	0	0	0	0	0	0	-2	0	-2
Deferred taxes	0	0	0	0	0	0	0	18	18
Total income for the period	**0**	**0**	**0**	**0**	**0**	**370**	**-2**	**-55**	**313**
Dividend payment	0	0	0	0	-743	0	0	0	-743
Subsequent allowable input taxes from the IPO costs	0	0	444	0	0	0	0	0	444
Purchase of capital stock	0	0	0	0	0	-1,540	0	0	-1,540
Consolidated equity as of September 30, 2008	**10,335,004**	**10,335**	**52,764**	**154**	**-1,457**	**-16,793**	**60**	**-110**	**44,953**

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

Principles of Accounting

This 9-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 9-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.-30.9.2008 Thsd. EUR	1.1.-30.9.2007 Thsd. EUR
Consulting	14,428	14,376
Licences / products	3,836	3,558
Service and maintenance	4,933	4,849
Other	611	735
	23,808	**23,518**

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.-30.9.2008 Thsd. EUR	1.1.-30.9.2007 Thsd. EUR	1.1.-30.9.2008 Thsd. EUR	1.1.-30.9.2007 Thsd. EUR	1.1.-30.9.2008 Thsd. EUR	1.1.-30.9.2007 Thsd. EUR	1.1.-30.9.2008 Thsd. EUR	1.1.-30.9.2007 Thsd. EUR
Revenues	15,360	16,604	8,419	6,896	29	18	23,808	23,518
EBITDA	1,807	3,821	1,091	621	-1,965	-1,607	933	2,835
EBIT	1,012	2,873	1,014	553	-1,984	-1,626	42	1,800
Net financial income	-	-	-	-	407	286	407	286
Taxes	-	-	-	-	-79	1,497	-79	1,497
Net profit / loss	1,012	2,873	1,014	553	-1,656	157	370	3,583
Employees (as of June 30, 2008/2007)	183	174	53	47	19	18	255	239

The USU Software Group generated a total of 6.9% or EUR 1,638 thousand of its consolidated sales outside Germany in the first nine 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.

Result of the tax audit

The tax authority has concluded its tax audit for the 2001 – 2004 tax years, for which it has produced an audit report. The resulting tax assessments were sent to the Company in the third quarter of 2008. The following points are extremely important to the unaudited interim financial statements that have been submitted:

The reimbursement of the input tax from the IPO costs of USU Software AG amounting to EUR 444 thousand was posted in the capital reserve as not impacting income pursuant to IAS 12. Chiefly as a result of the non-recognition of the entrepreneurial nature of USU Software AG for the years 2002 to 2004, there is a repayment obligation to the tax authorities totaling EUR 615 thousand which the Company has contested and which was cleared by the tax authorities with the reimbursement sums. Of this, EUR 496 thousand was initially recognized as an expense in other operating expenses. The Company has appealed against this decision and expects a reimbursement.

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 September 30, 2008, USU Software AG reacquired a total of 217,818 treasury shares. Thus the overall number of the company's treasury shares as at September 30, 2008 was 271,768 with an imputed share of subscribed capital of EUR 271,768.00, which corresponded to 2.6% 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 September 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	68,000	50,000
Günter Daiss	53,500	35,500

* An additional 3,707,848 (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" founda of which he is the Managing director pursuant to Sec. 22 (1) Sentence 1 No. 1 WpHG.

On August 18, 2008, members of the Supervisory Board, Erwin Staudt and Günter Daiss, as well as Udo Strehl Private Equity GmbH (USPEG), the majority shareholder of which is Udo Strehl, Chairman of the Supervisory Board of USU Software AG, each acquired 18,000 shares in USU Software AG off-the-board. The Supervisory Board members immediately disclosed the aforementioned securities transactions to USU Software AG. In turn, the Company immediately published the announcement of these securities transactions on its website at www.usu-software.de.

Möglingen (Germany), November 10, 2008

Bernhard Oberschmidt,
Chairman of the Management Board

NOVEMBER 11, 2008	**ANALYST CONFERENCE OF USU SOFTWARE AG**
6:00 p.m. – 6:45 p.m.	***- GERMAN EQUITY FORUM -***
Room Zurich	***Congress Center Messe Frankfurt***
	Ludwig-Erhard-Anlage 1
	***60327* Frankfurt am Main, Germany**

DECEMBER 9, 2008	**ANALYST CONFERENCE OF USU SOFTWARE AG**
	- 6th Munich Capital Market Conference -
	SOFITEL Hotel Munich
	Bayerstr. 12
	***80335 Munich,* Germany**