



**9 – MONTH REPORT 2002**

**USU-Openshop AG**

<b>9-MONTH REPORT 2002</b>	<b>2002</b>		<b>2001</b>	
<i>in Thsd. EUR, except the number of employees</i>	<b>01.01.-30.09.2002</b>	<b>01.01.-30.09.2002</b> <i><b>Pro forma</b></i>	<b>01.01.-30.09.2001</b>	<b>01.01.-30.09.2001</b> <i><b>Pro forma</b></i>
<b>REVENUES</b>	14,000	18,438	3,612	30,797
<b>EBITDA</b>	-20,994	-22,534	-16,283	-17,178
<b>EBIT</b>	-40,402	-43,430	-17,516	-19,822
<b>NET LOSS</b>	-38,597	-43,939	-15,725	-17,115
<b>RESEARCH AND DEVELOPMENT</b>	-10,684	-11,377	-6,414	-9,554
<b>NUMBER OF EMPLOYEES AT THE END OF 2nd QUARTER</b>	304	304	165	477

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Dear shareholders,  
dear readers,

USU-Openshop AG has left a difficult but rigorous period of restructuring in the past. With the focus on those company areas which will be profitable short to medium-term, the established business concepts of the IT product and solutions company are now in the foreground. These were combined in two business areas: on the one hand the product business in the IT Controlling division, on the other the solutions business in the Business Solutions division. At the same time all necessary measures were taken to optimise the cost structure. Alongside the alignment of the portfolio, in particular in the area of eCommerce and the closure of unprofitable locations, this also related to the reduction of overcapacity in respect of staffing.

USU-Openshop has thus implemented the steps necessary to react to the altered market conditions and the deteriorated general economic situation and to act in a timely manner in regard to a positive long-term development, despite the ongoing poor trend of the economy. This re-orientation initially resulted in higher expenditure which further burdened the third quarter 2002. An additional charge, not impacting liquidity, resulted from the unscheduled requirement for goodwill write-downs in the past quarter. These were necessitated by the restructuring and portfolio streamlining.

With the above-mentioned measures the company implemented the required targets, which became necessary in the context of strategic re-orientation for generating a positive result in the 2003 financial year. A considerable improvement of result against the previous quarters of the company is thus expected to occur as early as the fourth quarter 2002. Furthermore, with liquid funds and investments totalling EUR 57.9 million, USU-Openshop AG has secured liquidity and an option for further growth through acquisitions.

Your  
Bernhard Oberschmidt  
Spokesman for the Management Board of USU-Openshop AG

*The reporting period covers the first three quarters of 2002, consisting of the nine months from January 1, 2002 to September 30, 2002. USA AG was consolidated as of March 11, 2002.*

*In order to ensure that the data in the first three quarters in 2002 can be compared against those of subsequent periods, additional pro forma information on the income statement was posted which presents the pro forma consolidation of USU AG as of January 1, 2002.*

**Business development.** In the first nine months of the 2002 financial year, USU-Openshop generated consolidated sales totalling EUR 14.0 million (PY: EUR 3.6 million). On a pro forma basis sales in the reporting period totalled EUR 18.4 million (PY: EUR 30.8 million). By focusing the portfolio and outsourcing non-profitable areas, there was logically a decline in sales on a pro forma basis. At the same time ongoing restraint in terms of capital investments in the IT area adversely impacted the development of sales at the company.

As announced in the half-year report 2002, the measures for the realignment of USU-Openshop in the third quarter 2002 resulted in scheduled restructuring and non-recurring expenditure of EUR 4.0 million. As a result of a conservative valuation, additional accruals of EUR 3.2 million were made for personnel and rental expenditure, value adjustments on fixed assets, inventories, receivables and other accruals. Taking into account the accumulated restructuring and non-recurring costs for the first three quarters of the 2002 financial year of EUR 12.9 million, general and administrative, research and development and selling and marketing expenses increased to a total of EUR 26.8 million (PY: EUR 19.0 million).

Pro forma these expenses at EUR 30.1 million were at the level of the previous year (pro forma PY: EUR 31.7 million).

Taking account of the restructuring and non-recurring expenses the company, EBITDA in the nine-month period was EUR -21.0 million (PY: EUR -16.3 million). Pro forma an EBITDA of EUR -22.5 million was generated (PY:EUR -17.2 million).

As a result of restructuring and the streamlining of the portfolio, the participations were revalued in the last quarter. There were non-scheduled write-downs on goodwill of EUR 14.0 million within the framework of the impairment test required according to US-GAAP.

It was necessary to take a further write down on tangible and intangible assets due to the special write-down for capital goods which are no longer deployed.

Overall the write-downs on goodwill together with those on tangible and intangible assets resulted in a charge which does not impact liquidity of EUR 19.4 million (PY: EUR 1.2 million). The pro forma figure is EUR 20.9 million (pro forma PY: EUR 2.6 million).

Taking into account these write downs an EBIT of EUR -40.4 million (PY: EUR -17.5 million) was generated. At pro forma level, the figure was EUR -43.4 million (PY: EUR -19.8 million). Earnings before tax were EUR -38.6 million (PY: EUR -15.7 million) and pro forma EUR -41.6 million (PY: EUR -17.5 million). The net loss for the first nine months of the 2002 financial year 2002 was EUR -38.6 million (PY: EUR -15.7 million). Pro forma the net loss was EUR -43.9 million (PY: EUR -17.1 million). With an average figure of 15,240,550 outstanding shares (PY: 9,500,000 shares), the result per share was EUR -2.53 (PY: EUR -1.66 per share). Pro forma the result was EUR -2.55 per share (PY: EUR -0.99 per share) on the basis of the average number of outstanding shares being 17,211,186.

9-MONTH REPORT 2002 Comparison of Real and Pro forma figures of Consolidated income statement (Thsd. EUR)	2002		2001	
	REAL 01.01.2002 - 30.09.2002	PRO FORMA 01.01.2002 - 30.09.2002	REAL 01.01.2001 - 30.09.2001	PRO FORMA 01.01.2001 - 30.09.2001
Revenues	14,000	18,438	3,612	30,797
Cost of revenues	8,414	-11,261	-1,133	-16,722
Gross profit	5,586	7,177	2,479	14,075
Selling and Marketing expenses	-7,821	-9,161	-9,799	-16,601
General and administrative expenses	-8,278	-9,568	-2,762	-5,568
Research and development expenses	-10,684	-11,377	-6,414	-9,554
Amortization of goodwill	-15,119	-16,015	-172	-331
Depreciation	-4,289	-4,881	-1,061	-2,313
Non-cash charges associated with stock options grants	87	87	0	-397
Operating loss	-40,518	-43,738	-17,729	-20,689
Interest income and expenses	1,750	1,825	2,712	3,213
Income from investments and participations	0	-15	0	-11
Income/expense from investments accounted for by the equity method	5	0	-921	-921
Other income / expense	116	308	213	867
Result before income tax (and minority interest)	-38,647	-41,620	-15,725	-17,541
Income tax	-315	-2,689	0	422
Result before minority interest	-38,962	-44,309	-15,725	-17,119
Minority interest	365	370	0	4
Net income / loss	-38,597	-43,939	-15,725	-17,115
Net income per share (basic)	-2,53	-2,55	-1,66	-0,99
Weighted average shares outstanding (basic)	15,240,550	17,211,186	9,500,000	17,211,186
EBIT	-40,402	-43,430	-17,516	-19,822
EBITDA	-20,994	22,534	-16,282	17,178

**Balance sheet structure.** In comparison to the end of the previous financial year, the balance sheet total as of September 30, 2002 increased to EUR 90.4 million (December 31, 2001: EUR 69.7 million). At the same time equity increased to EUR 72.8 million (December 31, 2001: EUR 60.8 million). The main factor here is the consolidation of USU AG. This results in an equity ratio of 80.5% in comparison to 87.2% as of December 31, 2002.

As of September 30, 2002 liquid funds and investments totalled EUR 57.9 million (December 31, 2001: EUR 60.9 million).

**Investments.** In the investment area funds resulting from the maturity of fixed-interest securities totalling EUR 31.8 million were reinvested. Investments in company acquisitions of EUR 40.5 million resulted from the acquisition of USU AG formally concluded in the first quarter of 2002. Other investments in tangible and intangible assets totalled EUR 0.2 million.

**Research and Development.** In the third quarter of 2002 USU-Openshop focused its research and investment activities on the product suite Valuation in the area of IT controlling. In the whole nine-month period accumulated group expenditure for research and developed totalled EUR 10.7 million (PY: EUR 6.4 million). This included additional expenditure, resulting primarily from the restructuring measures in the discontinued or outsourced Research and Development areas. Pro forma research and development expenses were EUR 11.4 million (PY: EUR 9.6 million).

**Order book.** In the period under review the company recorded a seasonal decline in incoming orders. An additional decline of incoming orders resulted from the reduction of the product and service offer due to the focus on the core business with medium-term profitability. As a result, the group order book was at a level of EUR 6.7 million as at September 30, 2002 (Q2 2002: EUR 7.8 million). Toward the end of Q3 2002, however, an improvement of the order situation was noted, particularly in product business.

**Employees.** Throughout the entire USU-Openshop Group, a total of 304 staff were employed as at September 30, 2002 (PY: 165 employees). The absolute increase of staff against the previous year results from the merger with USU AG. Compared to the previous quarter thus resulted in a decline of staff by 13.4% (Q2: 351 employees). This decline is due in particular to the implementation of the restructuring measures of the previous quarters. Some of them will only become effective in reporting terms in the third and fourth quarters of 2002.

By division, 106 staff were employed in Consultation and Services, 96 in Research and Development, 58 in Administration and Finances and 44 in Sales and Marketing.

**USU-Openshop share.** In the third quarter of 2002 the price performance of the USU-Openshop AG share (SIN 780470) continued to be extremely stable in comparison to the NEMAX-All-Share-Index. On the Frankfurt Neuer Markt the closing price at the beginning of the review period on July 1, 2002 was EUR 5.35. During the course of the third quarter 2002, the USU-Openshop share held itself above the EUR 5 mark for a long period, before dipping below this figure towards the end of the reporting period. The closing price on September 30, 2002 was EUR 5.10. Within the same period NEMAX-All-Share-Index posted a further decline of over 40% from 653 points to 389 points.

As at the end of September 25, 2002 the new USU-Openshop shares (SIN 780471) were transferred into USU-Openshop shares with a SIN 78047. On XETRA the closing price on September 25, 2002 was EUR 5.19.

**Important events after September 30, 2002.** On October 30, 2002 USU-Openshop announced the joint venture with the participation company Dovest, headquartered in Dortmund. Quantum Solutions GmbH is their joint subsidiary. USU-Openshop holds a 30% participation in Quantum with the option to fully acquire the company at a later date. With its SAP product expertise and long-standing practical experience in the consultation and project business with SAP/R3-based solutions, the acquisition of this participation means that USU-Openshop is supplementing its product and services portfolio with an important segment, regularly requested by customers. Quantum has held a good reputation in the SAP environment for many years and generates profits. The competences of the SAP consultancy ideally supplement the operative business of USU-Openshop in the areas of Business Solutions and IT-Controlling. This business relates to the integration of frontend systems such as company portals with existing ERP systems or with the link of technical with commercial data to form a complete offer in IT Controlling. The existing customer base of Quantum offers additional opportunities for the business of USU-Openshop. The subsidiary will be headquartered in Dortmund.

An exclusive licensing partnership on the sales and the further development of the eCommerce products was concluded with the Wilken Group at the beginning of November 2002. The co-operation also covers the assumption of staff from the Ulm branch of USU-Openshop by the Wilken Group. In the wake of this co-operation, the Ulm location of USU-Openshop is being closed down. At the same time, it has been announced that the employees of the logistics segment of USU-Openshop in Wiesbaden will be transferred to the Mainz business consultancy Eracon AG, as scheduled. USU-Openshop decided on these measures in the context of the strategic re-orientation of the company and will focus on the two business areas IT Controlling and Business Solutions in the future.

**Outlook and forecast report.** With the measures relating to the re-orientation of USU-Openshop AG now implemented, the Management Board expects a significant reduction of costs from the fourth quarter of 2002. The concentration on the two business areas Business Solutions and IT Controlling and the resultant focus of the portfolio and the locations as well as the optimisation of the cost structure forms the basis for the sustained achievement of profitability.

An uncertainty factor remains the general economic development. The recently published figures on the development of gross domestic product (GDP) lagged the analyst expectations. Accordingly, the Arbeitsgemeinschaft deutsche wirtschaftswissenschaftlicher Forschungsinstitute e.V. in its 2002 Autumn report considerably lowered its earlier forecasts. For Germany, economic growth of only 0.4% is expected in 2002 and 1.4% for 2003. For 2003 the Deutsche Institut für Wirtschaftsforschung (DIW) expects growth of only 0.9%.

Despite the ongoing negative overall general economic conditions, the Management Board anticipates a slight increase of sales due to the positive response regarding the presentation of the Valuation product suite and the recent orders received. Under these conditions USU-Openshop would be able to achieve an almost balanced operating result in the last quarter of the current financial year. A positive result is also the target for the 2003 financial year. The Management Board will announce detailed budget figures alongside the publication of the 2002 annual financial statements at the beginning of next year.

USU-Openshop AG

The Management Board



<b>ASSETS</b> <i>(Thsd. EUR)</i>	<b>9-month report</b>	<b>Annual Report</b>
	<b>30.09.2002</b>	<b>31.12.2001</b>
<b>Current assets</b>		
Cash and cash equivalents	13,542	11,465
Short-term investments / Marketable securities	9,753	0
Trade accounts receivable less allowance for doubtful accounts	5,414	1,745
Accounts receivable due from related parties	0	0
Work in process	514	191
Inventories	2	907
Prepayments	0	26
Deferred taxes	152	0
Prepaid expenses and other current assets	5,733	3,647
<b>Total current assets</b>	<b>35,140</b>	<b>17,981</b>
<b>Non current assets</b>		
Property, plant and equipment, net	784	1,218
Intangible assets, net	2,764	1,072
Investments / Associated companies	358	0
Goodwill, net	16,829	0
Deferred taxes	0	0
Certificate of deposit	0	10,226
Debt securities held to maturity	34,556	39,245
<b>Total non current assets</b>	<b>55,291</b>	<b>51,761</b>
<b>Total assets</b>	<b>90,431</b>	<b>69,742</b>

Liabilities and shareholders' equity (Thsd. EUR)	9-month report 30.09.2002	Annual Report 31.12.2001
<b>Current liabilities</b>		
Short-term debt and current portion of long-term debt	0	579
Trade accounts payable	1,243	1,637
Advance payments received	174,000	0,000
Payroll-related accruals and liabilities	5,959	2,300
Tax-related accruals and liabilities	362	609
Deferred revenues	1,075	1,110
Deferred Taxes	395	0
Accounts payable due to related parties	223	0
Other current liabilities	6,903	2,703
<b>Total current liabilities</b>	<b>16,334</b>	<b>8,938</b>
<b>Non-current liabilities</b>		
Deferred Taxes	0	0
Pension accrual	733	0
Convertible debt	63	0
<b>Total non-current liabilities</b>	<b>796</b>	<b>0</b>
Minority interest	484	0
<b>Shareholders' equity</b>		
Share capital	17,211	9,500
Additional paid-in capital	137,745	94,942
Treasury stock	-1,492	-1,240
Accumulated deficit	-80,452	-41,855
Accumulated other comprehensive income / loss	-365	-543
Deferred compensation	170	0
<b>Total shareholders' equity</b>	<b>72,817</b>	<b>60,804</b>
<b>Total liabilities and shareholders' equity</b>	<b>90,431</b>	<b>69,742</b>

<b>Consolidated income statement</b> <i>(Thsd. EUR)</i>	Quarterly Report	Quarterly Report	9-Month Report	9-Month Report
	III / 2002 01.07.2002 - 30.09.2002	III / 2001 01.07.2001 - 30.09.2001	2002 01.01.2002 - 30.09.2002	2001 01.01.2001 - 30.09.2001
Revenues	4,891	686	14,000	3,612
Cost of revenues	-3,021	-141	-8,414	-1,133
Gross profit	1,870	545	5,586	2,479
Selling and Marketing expenses	-2,112	-2,531	-7,821	-9,799
General and administrative expenses	-5,659	-300	-8,278	-2,762
Research and development expenses	-5,732	-2,533	-10,684	-6,414
Amortization of goodwill	-14,145	-53	-15,119	-172
Depreciation	-3,217	-476	-4,289	-1,061
Non-cash charges associated with stock options grants	131	0	87	0
Operating loss	-28,864	-5,348	-40,518	-17,729
Interest income and expenses	572	802	1,750	2,712
Income from investments and participations	0	0	0	0
Income/expense from investments accounted for by the equity method	0	0	5	-921
Foreign currency exchange gains / losses	0	0	0	0
Other income / expense	-66	3	116	213
Result before income tax (and minority interest)	-28,358	-4,543	-38,647	-15,725
Income tax	-476	0	-315	0
Extraordinary income / expenses	0	0	0	0
Result before minority interest	-28,834	-4,543	-38,962	-15,725
Minority interest	217	0	365	0
Net income / loss	-28,617	-4,543	-38,597	-15,725
Net income per share (basic)	-1,66	-0,48	-2,53	-1,66
Net income per share (diluted)	-1,66	-0,48	-2,53	-1,66
Weighted average shares outstanding (basic)	17,211,186	9,500,000	15.240.550	9,500,000
Weighted average shares outstanding (diluted)	17,211,186	9,500,000	15.240.550	9,500,000

<b>Consolidated statement of Cash Flow</b> <i>(Thsd. EUR)</i>	<b>9-month report</b> <b>01.01.2002 -</b> <b>30.09.2002</b>	<b>9-month report</b> <b>01.01.2001 -</b> <b>30.09.2001</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net income / loss	-38,597	-15,725
Change in minority interest	-348	0
Depreciation and amortization	19,408	1,477
Loss from associated companies	0	921
Amortized interest of marketable securities and treasury stocks, net	698	115
Result from disposal of fixed assets	91	177
Deferred Taxes	259	0
Pension accrual	63	0
<b>Changes in Working Capital:</b>		
Accounts receivable	1,748	-323
Accounts receivable due from related parties	62	0
Work in process	1,156	454
Inventories	1,506	298
Prepayments	0	-6
Prepaid expenses and other current assets	-441	457
Trade payables	-1,815	-693
Accounts payable due to related parties	-7	0
Payroll-related accruals and liabilities	1,071	-56
Tax-related accruals and liabilities	-637	-365
Other accruals and liabilities	3,143	-34
Deferred revenues	-1,053	256
<b>Net cash used in operating activities</b>	<b>-13,693</b>	<b>-13,047</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of subsidiaries, net of cash acquired	-40,527	0
Purchase of property and equipment	-179	-935
Purchase of intangible assets	-18	-1,150
Purchase of investments	0	0
Sale of marketable securities	39,388	25,613
Purchase of marketable securities	-31,778	-25,412
<b>Net cash used in investing activities</b>	<b>-33,114</b>	<b>-1,884</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Net change in short-term debt to banks	-1,160	-74
Cash received from shareholders	50,770	0
Purchase of treasury stock	-557	0
Change in convertible bonds	-134	0
<b>Net cash used in financing activities</b>	<b>48,919</b>	<b>-74</b>
Effect of exchange rate on cash and cash equivalents	-5	-279
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>2,107</b>	<b>-15,284</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>11,465</b>	<b>32,453</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>13,572</b>	<b>17,169</b>

**CONSOLIDATED STATEMENT OF  
SHAREHOLDERS' EQUITY**

Consolidated statement of shareholders' equity	Common stock		Additional paid in capital	Treasury stock	Accumul. Deficit	options grants	other compreh. Loss	Total	Comprehensive Loss
	in shares	Thsd. EUR							
Balance at December 31, 2001	9,500,000	9,500	94,942	-1,240	-41,855	0	-543	60,804	
Issuance of shares March 11, 2002	7,711,186	7,711	43,059	0	0	0	0	50,770	
Treasury stock	0	0	0	-252	0	0	0	-252	
Change in convertible debt	0	0	-256	0	0	84	0	-172	
Result of stock options grants	0	0	0	0	0	86	0	86	
Net loss (1.1.2002-30.9.2002)	0	0	0	0	-38,597	0	0	-38,597	-38,597
Foreign currency translation adjustment	0	0	0	0	0	0	-6	-6	-6
Income from marketable securit.	0	0	0	0	0	0	184	184	184
Comprehensive loss									-38,419
Balance at June 30, 2002	17,211,186	17,211	137,745	-1,492	-80,452	170	-365	72,817	

**Accounting principles**

This 9-month report was drawn up in accordance with US Generally Accepted Accounting Principles (“US-GAAP”). The same accounting and valuation principles that were used in the consolidated financial statements for the fiscal year ending December 31, 2001 were applied. This 9-month report should therefore be read in connection with the audited consolidated financial statements.

**Changes to the scope of consolidation**

In comparison to the consolidated financial statements as of December 31, 2001, the 95.99% stake acquired in USU AG, Möglingen, including its subsidiaries was fully consolidated as of March 11, 2002.

The difference between the purchase price paid for USU AG and the equity of USU was fully posted as goodwill in the current quarterly report. The valuation of the intangible assets of USU AG required according to US-GAAP resulted in a value of EUR 3 million for the nine-month period for which amortization of EUR 1.4 were made in the reporting period.

**New accounting regulations**

In June 2001 the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 142 “Goodwill and Other Intangible Assets”.

Under SFAS No. 142, goodwill will no longer be amortized but will be tested for impairment on an annual basis and whenever indicators of impairment arise. Further information can be found on pages 26 to 28 of the Annual Report 2001 of the company.

USU-Openshop has created the necessary conditions for the implementation of SFAS No. 142. As a result of this impairment testing, unscheduled goodwill was amortized of EUR 14 million in Q3 2002.

**Segment reporting**

SFAS No. 131 “Disclosure about segments of an enterprise and related information” requires the reporting of specific information concerning the operating segments of the company, the geographic distribution of sales and assets and concerning the most important customers.

Due to a resolution by the Management and Supervisory Boards, the USU-Openshop Group had to alter its segmentation in the third quarter 2002. Following the final implementation and introduction of this redesign, segment reporting will be effected in correspondence with these areas.

In the first nine months of the 2002 financial year the USU-Openshop Group generated less than 10% of consolidated sales outside Germany.

In the same period less than 15% of Group sales were attributed to one customer. Some 53% of sales revenues were generated by the 10 largest customers.

### Shares and options held by members of corporate bodies at USU-Openshop AG

The following shares and stock options of USU-Openshop AG were held by members of USU-Openshop AG company bodies as of September 30, 2002:

	shares	stock options
<b>Management board</b>		
Bernhard Oberschmidt	37,393	0
<b>Supervisory board</b>		
Markus Kress	283,772	0
Udo Strehl	4,038,638	0
Dr. Thomas Gutschlag	174	0
Klaus Langer	0	0
Karl-Heinz Achinger	0	0
Werner Preuschhof	0	0

<b>Closing number of shares and stock options of USU-Openshop, held by members of Management and Supervisory board</b>	shares	stock options
<b>Management board</b>		
Bruno Rücker	0	0
Udo Strehl	4,038,638	0
Harald Weimer	0	0
<b>Supervisory board</b>		
Dr. Frank-Oliver Lehmann	0	0

The number of USU-Openshop AG shares held by Dr. Thomas Gutschlag declined to 174. As of September 30, 2002 the company held 292,580 treasury stock.