

Update



Financial Report 1/2010



Group Interim Management Report

Business performance

Due to the change from on-premise software to the Software as a Service model (SaaS), 2010 will be a transitional year in which update software AG will focus on laying the foundation for the Company's future development. The Company posted sales revenue of EUR 6.776 million in the first quarter, a decline of 14.2% compared to the same period in 2009 (EUR 7.893 million). This development was within management's expectations.

Total assets as of 31 March 2010 were EUR 38.094 million, a decline of 11.1% compared to 31 March 2009. A bad debt allowance of EUR 1.0 million was recognized in the first quarter due to a distribution partner's petition for insolvency proceedings. Operating income (EBIT) before this non-recurring item was EUR -0.188 million, up 34.7% compared to the same period in the previous year (EUR -0.288 million).

EBIT after the non-recurring item was EUR -1.190 million, the corresponding EBT was EUR -1.247 million (compared to EUR -0.267 million in Q1 2009).

Cash on hand as of 31 March 2010 was EUR 16.548 million, compared to EUR 15.777 million as of 31 March 2009, an increase of 4.9% compared to the balance at the end of Q1 2009. update software AG's equity capital as of 31 March 2010 was EUR 23.987 million, compared to EUR 27.463 million as of 31 March 2009.

Customers

Among the new customers in the first quarter of 2010 were KSB AG Germany, one of the leading providers of pumps, valves, and related systems worldwide; AEK Energie AG, the Swiss energy service provider, and Deutsche Sparkassen Akademie. Further examples of customers that were convinced by update's CRM solutions were Paged Meble S.A. and Vifor Pharma Ltd.

We are pleased that 55.6% of the new customers in the first quarter have already decided in favor of the new SaaS model. This, combined with the feedback from the market, gives the Company a positive outlook for the further course of business. The insolvency petition filed by one of our distribution partners has dulled the beginning of the year somewhat, but given our high cash reserves of EUR 16.548 million, our liquidity is not impaired over the long term.

Research and Development at update software AG

The first products of the Service Pack 6 generation were launched in the course of the first quarter. As is our tradition, the new release offers a number of additional functionalities for all user groups. More than a hundred new features are included in update.seven web alone. Particularly noteworthy is the completely new roles concept, where the ability of adapting the application to the user's specific processes and needs has been further improved and simplified. Another emphasis was on call centers, that is, integrating the update CRM application with telephone systems. For example, when using the web solution, it is now possible to forward the current information from the data set to other users together with the active telephone conversation. In addition, the ability to integrate telephone systems without the standard TAPI 2.x. interface was expanded considerably. Service Pack 6 also focuses on deepening the integration of the update CRM system with Exchange servers. The transfer of tasks from update.seven to Microsoft Exchange is a material enhancement of the connector for Exchange Service Pack 6. Also worth noting is that appointments created by external individuals are now published in the CRM system.

Service Pack 6 is the first release that not only focuses on "on premise" customers, but is also the platform for the new update.revolution model. That is why an additional emphasis of update's development work aims at further improving update.seven for SaaS deployment.

R & D Outlook

Additional products of the Service Pack 6 generation will be released over the coming weeks. A number of innovations can be expected for these products as well. For example, update.seven mobile offers completely new business processes for customers in the pharmaceutical sector. We are currently working intensely on developing a server-based solution for the bidirectional exchange of calendar elements and e-mails between Lotus Domino Server and update's CRM system. This completely new product, whose launch is planned for the end of 2010, underscores update's focus on collaborative aspects.

R & D at update Financial Service International GmbH

In the first quarter of 2010, the development team in Cologne developed additional components for the

update.financial consulting application. The objective of this application is to ensure that financial consulting activities take place in compliance with legal requirements, i.e., taking a holistic approach to all aspects related to investing in and safeguarding assets (based on customer wishes) as well as preparing "liability-safe" documentation for the customer. The developed components cover the basic topics relevant for recording customer and contract data, and the analysis that is made possible by such data can be used for prioritizing requirements (i.e. relevant basic consulting topics). The rule sets necessary for this have been prepared and implemented for the use of a rule engine. Given that rule sets can be used within individual consulting components as well has already demonstrated the system's flexibility in a number of areas.

In addition, the revisions required due to legal requirements have been implemented in the financial planning applications on the one hand, while on the other hand, an important step toward the use of asset allocation in retail banking was completed with the development of Asset Allocation-Light. Furthermore, development of a special data import program that allows greater quantities of customers and contract data to be updated daily was started for a major key account.

Capital Market

At a price of EUR 2.05, update's share posted a 15.6% downward correction in the first quarter of the year. The trading volume in this period was more than 1.4 million shares (XETRA and Frankfurt).

Miscellaneous

No significant transactions were conducted with related parties in the first quarter of 2010. Additional information regarding update software AG is presented in the notes to the financial statements. The risk report is presented in the notes to the financial statements.

Outlook

A step into update's new future was taken with the launch of update.revolution on 28 January. The new business model based on SaaS takes account of the dominant market and technology trends while at the same time focusing uncompromisingly on the customers' specific requirements. update sees 2010 as a transition year in which the foundation of future business development will be laid.

Consolidated Statement of Comprehensive Income	Q1/2009 EUR ('000)	Q1/2010 EUR ('000)
Sales revenue		
Sales revenue from licenses and maintenance agreements	4,941	4,465
Sales revenue from services ¹	2,925	2,311
Other sales revenue	27	-
Total sales revenue	7,893	6,776
Cost of goods sold		
Cost of license and maintenance agreements	336	330
Cost of services	3,212	2,351
Total cost of goods sold	3,548	2,681
Gross profit	4,344	4,095
Operating expenses		
Sales and marketing	2,186	2,076
Research and development	1,753	1,507
General and administrative costs	688	693
Other operating expenses	5	7
Total operating expenses	4,632	4,283
Earnings before interest and taxes (EBIT) before non-recurring item	-288	-188
Bad debt allowance	-	1,002
Earnings before interest and taxes (EBIT) after non-recurring item	-288	-1,190
Interest income	94	26
Interest expenses	-7	-
Other income and expenses, net	-67	-83
Earnings before taxes (EBT)	-267	-1,247
Income taxes	-48	-
Net profit	-315	-1,247
Other comprehensive income	-19	123
Comprehensive income	-334	-1,124
Earnings per share² (basic) in EUR	-0.03	-0.11
Earnings per share² (diluted) in EUR	-0.03	-0.11
Average number of issued shares³ (basic)	11,229,951	11,261,453
Average number of issued shares³ (diluted)	11,229,951	11,261,453

¹ Including SaaS revenues

² Before taxes

³ Adjusted for the effect of the stock buyback program

Consolidated Balance Sheet	31/03/2009	31/12/2009	31/03/2010
	EUR ('000)	EUR ('000)	EUR ('000)
ASSETS:			
A. NON-CURRENT ASSETS			
Intangible assets and goodwill	8,179	6,826	6,910
Property, plant and equipment	767	605	551
Investment securities	59	61	61
Deferred tax assets	3,380	3,421	3,421
Other non-current assets	634	1,106	274
Total non-current assets	13,018	12,019	11,217
B. CURRENT ASSETS			
Cash and cash equivalents	15,777	10,323	16,548
Trade accounts receivable	11,146	7,778	8,144
Unbilled work	2,061	2,149	701
Other current assets	828	1,141	1,484
Total current assets	29,812	21,391	26,877
Total assets	42,830	33,410	38,094
EQUITY AND LIABILITIES:			
A. SHAREHOLDERS' EQUITY			
Share capital	11,464	11,569	11,569
Additional paid-in capital	5,936	5,948	5,950
Other reserves	632	695	818
Treasury stock	-746	-841	-846
Net unappropriated profit	10,176	7,743	6,496
Total shareholders' equity	27,463	25,114	23,987
B. NON-CURRENT LIABILITIES			
Provisions for non-current personnel liabilities	617	631	627
Total non-current liabilities	617	631	627
C. CURRENT LIABILITIES			
Provisions	-	1,300	1,300
Trade accounts payable	1,131	1,304	918
Other liabilities	13,619	5,061	11,262
Total current liabilities	14,750	7,665	13,480
Total liabilities and stockholders' equity	42,830	33,410	38,094

Consolidated Statement of Changes in Equity (EUR '000)	Share capital	Additional paid-in capital	Net un- appropriat ed profit	Treasury stock	Other reserves	Total
Balance on 31 December 2009	11,569	5,951	7,743	-841	692	25,114
Net income for 3 months including currency translation adjustments	-	-	-1,247	-	123	-1,124
Currency translation adjustments	-	-	-	-	-	-
Capital increase	-	-	-	-	-	-
Options granted	-	1	-	-	-	1
Treasury stock	-	-	-	-5	-	-5
Balance on 31 March 2010	11,569	5,952	6,496	-846	815	23,986

2009 (EUR '000)	Share capital	Additional paid-in capital	Net un- appropriated profit	Treasury stock	Other reserves	Total
Balance on 31 December 2008	11,464	5,937	10,491	-479	646	28,059
Net income for 3 months including currency translation adjustments	-	-	-315	-	-19	-334
Re-measurement gains/losses on financial instruments	-	-	-	-	-	-
Capital increase	-	-	-	-	-	-
Options granted	-	4	-	-	-	4
Treasury stock	-	-	-	-267	-	-267
Balance on 31 March 2009	11,464	5,941	10,176	-746	627	27,463

Consolidated Cash Flow Statement	Q1/2009 EUR ('000)	Q1/2010 EUR ('000)
Operating activities:		
Net profit	-315	-1,247
Reconciliation of the net profit for the year to net cash flow from operating activities:		
Depreciation, amortization and write-downs	153	118
Asset disposals	7	1
Change in non-current provisions	13	-4
Change in deferred tax assets	-	-
Unrealized re-measurement gains/losses on currency differences	-19	123
Other cash expenses	4	1
Changes in assets and liabilities:		
Change in trade accounts receivable	-1,068	465
Change in other assets	-510	1,105
Change in trade accounts payable	-510	-386
Change in provisions and other liabilities	6,679	6,204
Net cash flow from operating activities	4,434	6,380
Cash flow from investing activities:		
Expenditures for the acquisition of interests in businesses less cash and cash equivalents acquired	-375	-
Capital expenditures for intangible assets	-35	-126
Capital expenditures for property, plant and equipment	-44	-24
Net cash flow from investing activities	-454	-150
Cash flow from financing activities:		
Change in loans	-	-
Dividend distribution	-	-
Proceeds from capital increase	-	-
Change in treasury stock	-267	-5
Net cash flow from financing activities	-267	-5
Change in cash and cash equivalents	3,713	6,225
Cash and cash equivalents at beginning of period	12,064	10,323
Cash and cash equivalents at end of period	15,777	16,548

Notes to the Consolidated Financial Statements as of 31 March 2010

Since 1 January 2005, update software AG has been preparing its accounts under IFRS/IAS principles. EU Regulation 1606/2002 requires publicly traded companies, with some exceptions, to prepare and publish their consolidated accounts in accordance with International Financial Reporting Standards (IFRS), formerly International Accounting Standards (IAS), for each financial year starting on or after 1 January 2005.

This financial report of update software AG for the first quarter of 2010 complies with International Accounting Standard No. 34 (IAS 34).

The same accounting policies were applied as were used in preparing the consolidated financial statements under IAS for the 2009 financial year.

The average numbers of shares issued basic and diluted reported in Q1 2009 have been adjusted.

This report has not been audited.

Guarantees and other commitments: The aggregate amount of cash and cash equivalents pledged for rental deposits and payment guarantees as of 31 March 2010 is approximately EUR 0.391 million (31 December 2009: EUR 0.391 million).

Material events: A final ruling in the trial court proceedings with regard to the suit brought against update software AG in July 2002 for EUR 705,000.00 due to alleged non-performance of pre-contractual disclosure duties has now been issued. On 26 February 2010, the Vienna Commercial Court pronounced the dismissal of the suit in full, the petitioner did not file an objection and hence the ruling is final.

A bad debt allowance of EUR 1.0 million was recognized due to an insolvency proceeding filed on 9 March 2010 by a distribution and implementation partner in Germany.

Segment reporting: Segment reporting is based on the respective location of assets or by regions (DACH = Germany, Austria, Switzerland; CEE = Central and Eastern Europe; ROW = Rest of World). The holding company is the Group headquarters, which is responsible for strategic activities such as planning, research & development, marketing, corporate finance, human resources, and investor relations.

Segment Reporting	Q1 2009 EUR ('000)	Q1 2010 EUR ('000)
Sales revenue		
Holding	-	-
DACH	6,298	5,603
CEE	607	390
ROW	987	782
Total sales revenue	7,893	6,775
Inter-segment sales revenue		
Holding	5,899	6,126
DACH	74	38
CEE	-	38
ROW	-	-
Total inter-segment sales revenue	5,973	6,202
EBIT		
Holding	-722	-905
DACH	651	-25
CEE	103	47
ROW	-321	-307
Total operating income (EBIT)	-288	-1,190

The decline in sales revenue in the DACH region by EUR 0.695 million in Q1 2010 compared to the prior-year quarter was due to a drop in licensing and service revenue. This resulted from the changeover of the business model from an on-premise solution to an SaaS model as well as the continuing difficult general economic environment.

The CEE region posted a decline in sales revenue of EUR 0.217 million, which is attributable specifically to a major account in the first quarter of 2009.

The decline in operating income in the DACH segment of EUR 0.672 million in Q1 2010 compared to the prior-year quarter arose from the bad debt allowance recognized due to an implementation partner's petition for insolvency proceedings.

	Number of options	Weighted average exercise price in EUR
Options issued as of 1/1/2010	764,462	2.79
Options granted	-	-
Options exercised	-	-
Options expired	12,250	3.93
Options issued as of 31/03/2010	752,212	2.69
Exercisable as of the end of the quarter	740,087	2.73
Options available for granting	212,209	-
Total options exercised	420,382	-

The table entitled "Corporate board members" shows the number of update software AG securities held by board members as of 31 March 2010.

Corporate board members	Member of	Shares	Options
Frank Hurtmanns	Supervisory Board	4,278	-
Hans Strack-Zimmermann	Supervisory Board	65,715	-
Richard Roy	Supervisory Board	-	-
Josef Blazicek	Supervisory Board	-	-
Thomas Deutschmann	Management Board	100,000	300,000
Monika Fiala	Management Board	10,000	125,939
Arno Huber	Management Board	848,334	100,000

Share buyback: Since July 2008, update software AG has been carrying out a share buyback program approved at the ordinary shareholders' meeting in June 2008. Specifically, the buyback began on 3 July 2008 and is expected to end on 10 December 2010. Under this program, the company buys back ordinary bearer shares of update software AG to an extent of up to 10% of its share capital. If the approved volume is fully exploited, the number of treasury stock would rise to 1.142 million. The price spread for the buyback was fixed by the 11th ordinary shareholders' meeting on 11 June 2008 at EUR 2 to EUR 5. update software AG reserves the right to use the shares bought back, if need be, to service employee stock options and to finance the acquisition of companies in Austria and abroad.

Treasury stock	Date	Shares	Share capital	Capital share
Balance	31/12/09	306,590	306,590	2.68%
Balance	31/03/10	309,111	309,111	2.70%

Headcount	Q1/2009	Q1/2010
R&D, Product Management, Help Desk	104	93
Sales, marketing & services	164	143
Administration	29	29
Total	297	265

The headcount (at the end of the period) also includes update's freelance workers. The decline in the number of employees is attributable to the restructuring measures carried out in the second half of 2009.

Risk Report

Within the scope of its business operations relating to the development, sale and implementation of software, update software AG is exposed to a number of risks that are inextricably linked with the Company's business conduct and activities.

Risk management is an integral component of the Company's development and comprises both operational and strategic risks, as well as financial, market and economic risks. The Company's risk management policy consists of the requirement for ongoing reporting by division and country heads to the Management Board, and comprises an advisory and monitoring function for Corporate Controlling and the internal legal department. In addition, the members of the Management Board hold regular meetings to discuss operational and strategic business development. The Supervisory Board is also informed about Company developments in regular meetings. Insurance has been taken out to minimize damage and liability risks. With regard to the following risk overview, it must be noted that it is not possible to list every single risk, but rather that the overview is intended as a disclosure of the most significant potential risks.

General and Industry Risks

Economic Risks

A prolonged deterioration of general macroeconomic conditions, particularly in Europe, our primary target market, could have a negative impact on update software AG's assets, liabilities, financial position and profitability. Such market conditions could delay or hinder the Company's potential customers from buying and implementing software products or their capital spending on such items. In view of the current macroeconomic situation, these economic risks remain a realistic threat. However, the Company is well prepared for the coming reporting year as a result of its high equity ratio and large cash cushion. Management report

Market Risks

Due to the persistence of difficult market conditions, competition among software providers has continued to intensify. In turn, this has further increased the pressure on prices, a situation that update, too, has been unable to elude. Another factor driving competition is the heightened commitment of American software and SaaS providers to the European market, a threat that update is attempting to counter with an innovative and competitive SaaS offering. Due to update's industry-specific focus, the latest developments within the financial sector pose an additional risk. In 2009, update suffered its worst business downturn within the financial services segment and a trend reversal is not yet in sight. update intends to counter this development with the new SaaS offering, which eliminates the

need for a high upfront investment on the part of customers. In addition to the market and industry risks already described, it must also be added that update software AG is very strongly anchored in the German-speaking region. In turn, a negative market development in this region could negatively impact the Company in its overall development. However, update software AG is attempting to minimize this risk by positioning itself in other markets and regions.

Corporate Risks

Strategic Planning Risks

Strategic planning includes past, current and future factors and developments, from which risks may derive. These risks are subject to unforeseeable developments and events at the market and company level. In spite of the use of strategic control mechanisms, ongoing communication and dialog with market and industry experts, the close collaboration of the Management Board with the operating business units and departments, and the use of external specialists, update software AG cannot completely avoid these risks.

Customer Risks

update software AG is not materially dependent on any single customer since the Company has a broad customer base. As a result of the current macroeconomic situation, there is a risk that the number and size of customer orders could decline. The risk of more frequent pilot projects or an unforeseeable shift of orders to subsequent periods is also a threat scenario for the Company. The new SaaS business model – update.revolution – will significantly lower this risk by generating monthly recurring revenue and cash flows from customers. In the medium term, this will reduce the Company's quarterly dependence on large new customer projects.

Product and Project Risks

When developing new or enhancing existing software products, there is the risk that developmental goals will not be attained or only partially attained, which may result in delays in planned market rollouts. In addition, products already introduced on the market may contain unrecognized errors. Due to recent development of the new update.revolution product and the introduction of a new delivery model (Software as a Service), management will need to pay heightened attention to these risks in the coming months. As a matter of policy, update software AG counters these risks by closely co-operating with customers and applying a highly advanced quality management system. The Company relies on structured project management to counter risks that arise in connection with implementing

software solutions. This applies in particular to risks during the installation process that may entail a protraction of projects, which can negatively impact project costs and customer satisfaction. On the other hand, the implementation of software solutions also requires customers to provide resources, upon which update software AG has only limited influence. The possibility of warranty and liability risks must also be mentioned in this connection.

IT Risks

These risks arise from the use of computer-based data processing, information and communications programs, through which damages may result due to breakdowns, user errors, viruses and hackers. update minimizes this risk by using state-of-the-art firewalls, encryption and authentication technologies, as well as back-up systems.

Hosting/Operations Risks

An integral part of the new SaaS business model is the hosting of the customer applications through update. The accompanying risks are infrastructure breakdowns, operating errors and potential data losses. update counters the risk of infrastructure breakdowns with the use of state-of-the-art technologies and high availability concepts, in addition to outsourcing the operation of the infrastructure to a professional data center operator who fulfills all current certifications and standards. All application and infrastructure changes are documented in detail to enable a fast response to arising problems, and the use of continuous data mirroring and backup reduces the risk of data losses to a minimum. The use of firewalls, multiple network zones, regular network scans, upstream authentication and encrypted data transmission minimizes the risk of undesired outside access.

Personnel Risks

The software and services sector is very personnel-intensive. A company's success is therefore also dependent on access to highly qualified specialists and managers. update software AG attempts to gain and integrate qualified personnel and create long-time loyalty through various measures, such as the employee stock option plan, attractive compensation systems and providing training and continuing education opportunities.

Legal Risks

update software AG is exposed to a variety of national legal standards, which give rise to risks for legal transactions. One means of minimizing these risks is by relying on standard contracts and agreements prepared by national legal advisers whenever possible. Any non-standard contract or agreement must be thoroughly verified as part of the strict approval process.

Acquisition Risks

The company also follows an inorganic growth course, to mean other companies are sometimes purchased or acquired, which entails various risks. This concerns risks with regard to the purchase decision as well as the integration of the acquired company. In addition, update cannot exclude the possibility that the expectations placed in an acquired company remain unmet. update software AG attempts to minimize these risks through extensive and careful due diligence, and through structured preparation, implementation and monitoring of the takeover and integration process. At this time the company has not planned any acquisitions.

Financial Management Risks

Liquidity Risks

In order for update software AG to be able to fulfill its payment obligations at all times, appropriate liquidity must be available. Despite the negative earnings position for the fiscal year, liquidity risk remains limited due to the Company's continuing high level of cash on hand and high equity ratio. However, this risk may be exacerbated as a consequence of the current macroeconomic situation.

Default Risks

update software AG delivers its products on account. This can result in losses on outstanding receivables when customers default on payment. This risk has increased significantly as a result of the current macroeconomic situation and the crisis in financial markets. Appropriate receivables and risk management on the part of the Company help to reduce this risk; as does conversion to the new business model, which can be used to apply pressure for payment under threat of suspending SaaS services. In addition, monthly receivables per customer are significantly lower with this model, and, in turn, so is the risk of losses on receivables.

Foreign Currency Risks

update software AG is an internationally active company and is therefore subject to foreign currency risks. In this regard, the most important currencies are the Swiss frank, Hungarian forint, Polish zloty, US dollar and Czech crown. However, the large majority of transactions are settled in euros.

Business Opportunities

The opportunities for companies to increase efficiency and effectiveness by using CRM systems are especially important in a difficult market environment – in fact significantly more important than in “good times,” since customers are a scarce resource during times of recession. If one considers the gains in effectiveness from the deployment of a CRM system, two achievable effects become apparent: on the one hand, caring for existing clients

is of decisive significance particularly in difficult times, and on the other, all options must be used to offer existing customers value-adding products and services. This gives rise to opportunities for greater use of CRM systems. Thus, the new Software-as-a-Service business model offers the Company greater opportunities for growth within a difficult economic environment. The new offering meets the needs of customers in terms of lowering their risk, maximum coverage of industry-specific requirements, fast use of the service and relatively low monthly costs without an upfront investment.

As for update, the Company will benefit from steady and stable growth of revenue and cash flows; which on the one hand minimizes planning uncertainty, and on the other reduces the dependence on large

individual orders and eliminates project risks. In summary, taking into account the applied risk management practiced by the Company, the total risk exposure faced by update software AG can be significantly reduced by a successful shift to the new SaaS model. At the same time, the level of risk remains elevated due to the current macroeconomic situation and crisis in the financial markets.

At the time of this report, there were no risks jeopardizing the continued existence of update software AG .

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the quarterly report give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the management report 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, risks and uncertainties associated with the expected development of the Group.

Vienna, 26 April 2010

The Management Board



Thomas Deutschmann, CEO



Monika Fiala, MBA,

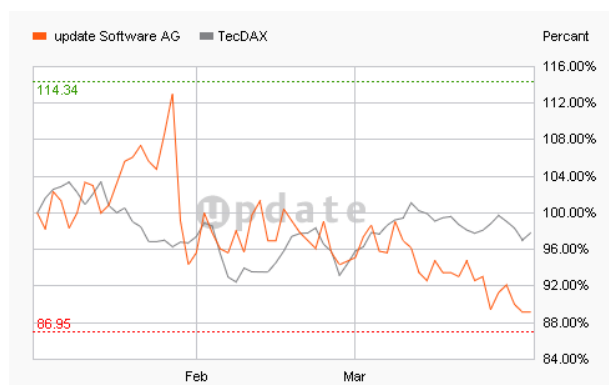


CFO Arno Huber, CTO

Capital Market

update software AG is listed in the General Standard segment of the Deutsche Börse in Frankfurt am Main, Germany.

Share price performance Q1 (indexed)



Source: Deutsche Börse

Trading system:	XETRA
Period:	31/12/2009 – 31/03/2010
Price on 30/12/2009:	EUR 2.30
Price on 31/03/2010:	EUR 2.05
Price performance:	- 15.6%
Average total volume/day '10:	~ 23,679 shares
Average total volume/day '09:	~ 7,913 shares
Total volume 2010 (YTD):	~ 1.4 million shares
ISIN:	AT0000747555
WKN (German securities identification number):	934523

update software AG

update software AG is one of the leading international producers of systems for customer relationship management (CRM). The Company is headquartered in Vienna, Austria. It has subsidiaries in Germany, Switzerland, the Netherlands, France, Hungary, the Czech Republic, Poland and the U.S.A. In addition, update is represented by established partners throughout the world.

With its CRM solutions, update concentrates on the needs of companies in the following segments: Life Sciences, Financial Services, and Industry Solutions. In line with this focus, update has created three competence centers for each of these three industries to ensure customer service geared to actual needs.

The new business model – update.revolution based on SaaS – offers customers many advantages, such as eliminating high procurement costs for implementation. Customers only pay a monthly usage fee based on the number of users, the software modules used, and the service level selected. This ensures that costs are transparent and can be exactly calculated from the onset. The use of standardized processes for update's core industries combined with extensive ability for customization make the update.revolution model unique on the market.

The Company, founded in Vienna in 1988, concentrates on companies in vertically structured markets and offers up-to-date industry-specific solutions for the following segments: e.g. Industry Solutions, Financial Services and Life Sciences. Among our most renowned customer are ALK Abelló, Bawag P.S.K., BAM, betapharm, Biotronik, Boehringer Ingelheim, Canon, Daiichi-Sankyo, Danfoss, Demag Cranes & Components, Dresdner Bank Schweiz, DuPont, Ferring Arzneimittel, Hamburger Sparkasse, Hansgrohe, Hauck & Aufhäuser, Jenapharm, Alfred Kärcher, KSV 1870, Kuhnke Automation, Lafarge, LBS Nord, Leuze electronic, Liebherr, Magna Steyr, Mettler Toledo, Paul Hartmann, Pipelife, Pluradent, Probat Werke, Raiffeisen Schweiz, ratiopharm, Reis Robotics, Riemser Arzneimittel, Rockwool, Saint Gobain, Sandoz, Stahlton, Trumpf, UnicreditBank Hungary, Uzin Utz, Verla, Wala, ...

Key performance indicators	Q1/09 EUR ('000)	Q1/10 EUR ('000)	Change in %
Total sales revenue	7,893	6,776	-14.2%
EBIT	-288	-188 ¹	+34.7%
EBIT		-1,190 ²	-
EBITDA	-135	-70 ¹	-
EBT	-267	-1,247 ²	-
EPS (basic)	-0.03	-0.11 ²	-
Shareholders' equity	27,463	23,987	-12.6%
Cash and cash equivalents	15,777	16,548	4.9%
Number of employees	297	265	-10.8%

¹ Before non-recurring item

² After non-recurring item

Miscellaneous

Given the short period of time between order placement and invoicing, the quarterly report does not contain any order lists.

Note on rounding: When adding up rounded amounts and data given as a percentage, rounding differences may occur due to the use of automatic calculation methods.

Rounding, typing or printing errors cannot be excluded.

No information contained herein constitutes or shall be construed as an offer or recommendation to subscribe to or buy securities or financial instruments in update software AG.

Further information

The investor relations objective of update software AG is to provide the financial community with comprehensive information based on openness and transparency, which is achieved through an ongoing dialog with analysts and investors. The ordinary shareholders' meeting takes place on 18 May 2010 in Vienna, Austria.

Up-to-date corporate information is available to interested investors at www.update.com.

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2010 financial calendar

13th ordinary shareholders' meeting	18 May 2010
Q2 2010 results	20 July 2010
Q3 2010 results	19 October 2010