



Interim Report 2/2005

itelligence

Key factors in the first half of 2005 at a glance

- Increase in revenues in the second quarter of 2005 of 6.3 percent compared to the prior-year period, EBIT of MEUR 1.1, which corresponds to an EBIT margin of 3.3 percent.
- Positive business developments in the second quarter result in increases in all revenues segments: Consulting +3 percent, Licenses +14 percent, Outsourcing & Services +12 percent compared to prior-year quarter
- Improved second quarter also results in a positive EBIT figure for the half-year of MEUR 0.6 and an EBIT margin of 0.9 percent
- Increase in orders on hand to MEUR 98 at the end of the quarter compared to the prior-year quarter (MEUR 85)
- Overall, guidance for 2005 to be adjusted due to results for the first half of 2005
- Current forecast shows a clear increase in revenues and profits for the second half of the year

Dear Shareholders,

As expected, the general market environment improved in the second quarter. This is also confirmed by the significant increase in orders on hand compared to the previous year. Although the placing of orders remains subject to high levels of price sensitivity, we have noticed a clear rise in investment plans in the IT area.

Following three years of falling year-on-year quarterly revenue figures, itelligence has made the turnaround and achieved an overall increase in all revenue segments of 6.3 percent compared to the previous year. In the second quarter, we generated a slight increase in Consulting revenues for the first time, mainly as a result of the increase in volume in the Rest of Europe. We also achieved a significant improvement in Germany and the USA compared to the first quarter of 2005. This is attributable to the planned project start in the USA and a significantly improved order situation in Germany. Overall, incoming orders in the Consulting segment rose by 24 percent compared to the first quarter of 2005.

Licenses revenues increased markedly compared to the prior-year quarter. Germany generated growth of 15 percent; Licenses revenues increased by 51 percent in the Rest of Europe, and despite intense price competition, the USA matched the previous year's revenues.

Outsourcing & Services revenues once again improved significantly compared to the prior-year quarter, rising by 12 percent. A significant percentage of this improvement was attributable to the increase in remote consulting contracts (Call & Smile-Center) in the USA. Thus the overall share of revenues for the half-year for this segment is 30.3 percent.

Customer projects, SAP partnership and SAPPHIRE

In the second quarter, itelligence won numerous new projects in its core sectors of the automotive supplier, consumer goods and high-tech industries. New customers such as Heinrich Eibach GmbH are taking advantage of itelligence consultants' industry expertise. The successful mid-market manufacturer of special springs for the automotive, motor racing and industrial sector is migrating its business software to itelligence's industry solution, it.automotive supplier. Thus, in addition to itelligence's knowledge of the industry, the company is benefiting from itelligence's expertise and process experience. Other renowned new clients gained in the second quarter include HETAL-Werke, Franz Hettich GmbH & Co. KG in Alpirsbach, R.S.M. Fabrications Limited in Farnborough (UK), GRUPO FERNANDEZ S.A., Barcelona, MASIA VALLFORMOSA S.A., Vilafranca del Penedes, Valco Instruments Company Inc., Houston (Texas), AIDA America Corporation in Dayton (Ohio) and West Chester Holdings Inc. in Monroe (Ohio).

The private railroad company rail4chem Eisenbahnverkehrsgesellschaft mbH, Essen chose itelligence as its SAP consultants and an outsourcing partner. The mid-market railroad service provider will use mySAP ERP 2004 in the first phase. The roll-out of the system is also planned for the Netherlands for this period. The mySAP Business Suite will be operated from itelligence's computer center in Bautzen. The Ergste Westig steelworks, a company in the Zapp Group, is starting its SAP roll-out in the USA using itelligence's consultants. Ergste Westig has been successfully using SAP for seven years to manage its business, and has been supported by itelligence since the beginning of the SAP implementation. itelligence's international set-up supports the country-specific roll-out of SAP in the USA.

In the second quarter, itelligence announced the successful migration of the business software of Edelstahlwerke Buderus AG to SAP. Following the successful production start-up, Buderus is continuing its successful collaboration with itelligence. Here the focus is on the constant optimization of processes and the implementation of advanced functions.

itelligence reported further successful new project conclusions with companies such as Lekkerland GmbH & Co. KG in Frechen, Rexam Plastic Packaging Limited, London, BARCELONESA DE METALES S.A. in El Prat del Llobregat, SOCIEDAD ANONIMA MINERA CATALANO-ARAGONESA S.A., Zaragoza, Aerospace Products International (API) Inc. in Memphis (Tennessee) and Alltrista Consumer Products Company in Muncie (Indiana).

itelligence is further extending its leading position as a mid-market partner, and in July announced the certification of the itelligence industry solution it.consumer, which is based on mySAP All-in-One. it.consumer is a customized solution for all mid-market companies in the food industry, offering complete functionality for the requirements of the sector. Thus itelligence, which is already certified for it.consumer in the USA and became a Special Expertise Partner for mySAP consumer products in 2001, is now one of the leading SAP partners in this field.

SAP AG presented the most recent innovations from the world of SAP at the SAPPHIRE trade fair, which was held in Copenhagen from April 26 to 28. One area of focus at the fair was on solutions

	Jan. 1 to June 30, 2005 in MEUR	Jan. 1 to June 30, 2004 in MEUR	Apr. 1 to June 30, 2005 in MEUR	Apr. 1 to June 30, 2004 in MEUR
Total revenues	64.0	64.4	33.7	31.7
Consulting	37.6	39.4	19.5	18.9
Licenses	6.7	7.1	4.0	3.5
Outsourcing & Services	19.4	17.5	10.0	8.9
Other	0.3	0.4	0.2	0.4
Germany	30.0	32.2	15.3	15.2
Rest of Europe	18.0	16.0	9.4	7.6
Americas	16.0	16.2	9.0	8.9
EBIT	0.6	2.9	1.1	1.7
EBIT margin	0.9%	4.5%	3.3%	5.3%
EBITA	0.6	2.9	1.1	1.7
EBITA margin	0.9%	4.5%	3.3%	5.3%
EBITDA	2.2	4.5	1.9	2.5
EBITDA margin	3.5%	7.0%	5.6%	7.9%
Net income according to IFRS	0.3	1.5	0.8	1.3
Earnings per share	0.01	0.07		

itelligence at a Glance: January 1, to June 30, 2005 and 2004

and offerings for the mid-market. itelligence CEO Herbert Vogel spoke in the podium discussion that was held on this subject. From May 17 to 19, itelligence's colleagues in the US were represented on a stand at US SAPPHERE in Boston. itelligence presented offerings from the areas of Customer Support & Services and Outsourcing, and highlighted their own experience of the successful implementation of industry solutions in the mid-market.

Business performance in the second quarter

In the second quarter, itelligence generated revenues of MEUR 33.7 and an EBIT figure of MEUR 1.1. This represents an increase in revenues of MEUR 2 (+6.3 percent) compared to the prior-year quarter. A significant part of this increase was attributable to the Rest of Europe (MEUR 1.8). Germany and the USA each contributed MEUR 0.1 to this growth. In the Rest of Europe, MEUR 1.5 of the increase was the result of the increased Consulting volume and around MEUR 0.3 was due to higher Licenses revenues.

While Consulting revenues in Germany remained slightly below the figures for the prior-year quarter, Licenses revenues and Outsourcing & Services revenues increased by MEUR 0.6, resulting in an overall increase in revenues of around MEUR 0.1. In the USA, despite intense price competition, the previous year's Licensing revenues were reached. The significant increase in Outsourcing & Services revenues of MEUR 0.8 was the result of a marked increase in the Hosting business and remote consulting contracts (Call & Smile-Center). At MEUR 0.3, Consulting revenues in the USA are thus slightly lower than the corresponding figure for the prior-year quarter.

The Consulting segment contributed 58.8 percent of total revenues in the first half of 2005 (previous year: 61.2), the Licenses segment 10.5 percent (previous year: 11.0 percent) and the Outsourcing & Services segment, which is continuing to expand, 30.3 percent (previous year: 27.2 percent). Overall, itelligence thus significantly improved results in the second quarter following the weak performance of the first quarter.

Group-wide, itelligence's orders on hand at the end of the second quarter amounted to around MEUR 98 (prior-year period end: around MEUR 85). This corresponds to an increase of around 15 percent and is a major factor behind the positive outlook we have adopted for the second half of 2005.

Earnings situation

With an EBIT figure of MEUR 1.1 (prior-year quarter: MEUR 1.7) and an EBIT margin of 3.3 percent (prior-year quarter: 5.3 percent), itelligence AG has returned to profitability after recording a loss of MEUR 0.5 in the first quarter. However, earnings remain MEUR 0.6 less than the figure for the corresponding prior-year quarter. At 25.4 percent, the gross margin is 1.7 percentage points lower than at the same time the previous year. This is attributable to two main factors. Firstly, the additional revenues were generated in countries that return small variable contribution margins in the Consulting and Licenses segments (including Spain, Belgium, Russia and the Ukraine). Secondly, despite increasing significantly compared to the first quarter, Consulting revenues in Germany and the USA remain below the comparable year-on-year figures, primarily due to the fact that productivity did not significantly increase until the middle of May.

Compared to the first quarter, the gross margin increased from 21.4 percent to 25.4 percent as a result of an increase in consultant utilization rates. For the half-year, the gross margin is thus 23.5 percent (previous year: 27.8 percent).

Selling and marketing expenses rose by 19.5 percent compared to the prior-year quarter and represent 9.4 percent of revenues (prior-year quarter: 8.3 percent). This increase is attributable to both the global strengthening of sales activities and strong price competition in the Licenses segment in the USA. Nominal Licenses volumes increased markedly in the second quarter of 2005 compared the corresponding prior-year period. Selling and marketing expenses for the half-year represented 8.7 percent of revenues (previous year: 8.4 percent).

In the second quarter of 2005, administrative expenses were around MEUR 0.3 lower than in the first quarter. As a result of the fixed costs-leverage effect, the revenue ratio improved compared to the prior-year quarter to 13 percent (prior-year quarter: 13.5 percent) despite an absolute increase in administrative expenses of MEUR 0.1. The revenue ratio for administrative expenses for the half-year was 14.1 percent (previous year: 15.0 percent). Overall, overheads thus fell by MEUR 0.5 compared to the prior-year period.

Germany and the USA each contributed around MEUR 0.5 to the Group's overall EBIT in the second quarter. In the Rest of Europe, earnings contribution amounted in the second quarter to MEUR 0.1.

In the first half of the year, the Rest of Europe improved its earnings performance (by MEUR 0.1) compared to the prior-year period. In Germany and the USA, earnings remained below the corresponding prior-year values by MEUR 1.6 and MEUR 0.8 respectively.

As in the first quarter, interest expenses were halved compared to the corresponding prior-year figures, a fact which proves the success of measures taken to restructure loan financing.

Income taxes generated positive earnings of MEUR 0.1 in the first half of the year as a result of the utilization of tax loss carryforwards in foreign companies and the capitalization of incurred losses.

Thus, net income in accordance with IFRS for the first half of the year was MEUR 0.3 (previous year: MEUR +1.5). Consequently, earnings per share were MEUR 0.01 per share compared to MEUR 0.07 per share the previous year.

Balance sheet figures, investments and liquidity

Trade accounts receivables amounted to MEUR 22.4 as of the reporting date of June 30, 2005, compared to MEUR 21.2 as of December 31, 2004. The increase of MEUR 1.2 at the reporting date is primarily attributable to the significant increase in revenues volumes in the month of July. This can also be seen in the increase in the Days Sales Outstanding ratio by 6 days to 63 days compared to the prior-quarter reporting date (June 30, 2004: 60 days).

During the first half of 2005, cash and cash equivalents declined by MEUR 6.7. After cash outflows from operating activities of

MEUR 5.9, investments of MEUR 1.4 and cash inflows from financing of MEUR 0.6, itelligence had a total of MEUR 8.8 available as of June 30, 2005.

The cash outflows from operating activities were primarily the result of an increase in receivables accompanied by reduction in liabilities. The increase in receivables was attributable to higher revenues generated in the month of June, most of which had not been paid by the reporting date of June 30. The reduction in liabilities is primarily due to the payment of prior year's annual bonuses.

Investments of MEUR 1.1 (previous year: MEUR 0.9) were made in property, plant and equipment and computer software. These primarily related to the increased demand for Hosting services. Additional purchase price payments resulted from the extension of our distribution areas in the USA in 2004 (MEUR 0.3)

itelligence's shareholders' equity increased further to MEUR 22.5 as of June 30, 2005 compared to MEUR 21.2 as of December 31, 2004 and MEUR 19.4 as of June 30, 2004. As a result of the reduction in liabilities, total assets fell from MEUR 64.9 as of December 31, 2004 to MEUR 62.6 as of June 30, 2005. Thus the equity ratio increased from 33 percent as of December 31, 2004 to 36 percent as of the reporting date of June 30, 2005. The ratio of non-current assets increased from 49 percent as of December 31, 2004 to 51 percent as of June 30, 2005, and the ratio of interest-bearing liabilities rose from 20 percent as of December 31, 2004 to 22 percent as of June 30, 2005.

Employees

Of the 980 staff employed by the company as of June 30, 2005, 488 were employed in Germany (June 30, 2004: 490) and 492 were employed abroad (June 30, 2004: 443). The number of employees has increased by 4.7 percent compared to the year-end, partly as a result of a targeted increase in our Consulting and Sales segments, particularly in the Rest of Europe. The favorable developments in the Outsourcing & Services segment also resulted in the employment of new staff both in Germany and in the USA.

Risk report

In the 2004 Annual Report (pages 37 to 40), we provided detailed information both on the basic risks at system houses and on the specific risks to which the itelligence Group is exposed. The main focus was on the continued development of the early risk identification and risk management systems in order to make it possible to recognize potential risks at an early stage and be able to initiate countermeasures at short notice.

Investor relations

itelligence's Annual General Meeting was held on June 2, 2005 in Bielefeld. In the presence of around 90 shareholders, visitors and press representatives, Management Board members Herbert Vogel and Jörg Vandreier detailed developments in the course of the 2004 financial year and outlined prospects for the current year.

Here, the majority of shareholders to speak expressed their approval of the strategic course adopted by the Management Board. Accordingly, all the items on the agenda were adopted with a clear majority.

In order to keep private and institutional investors and analysts and the press informed of events between the publication of the interim reports, comprehensive news from the company was distributed to the financial community in the second quarter. We hope that this additional service will enable us to provide parties interested in itelligence AG with a high standard of information. itelligence gives the ongoing dialog and exchange of information with shareholders top priority.

Outlook

The already in the outlook of the Annual Report and the Interim Report 1/2005 predicted upturn in investments show evidence in the year-on-year increased sales volume of the second quarter 2005. The significant rise in incoming orders and positive developments in the sales pipeline provide further evidence of the improvements in revenues and results incorporated in the current forecasts for the second half of the year. Overall, guidance for 2005 will have to be adjusted due to the results of the first months of 2005. The measures introduced to improve sales efficiency and project management in Germany and in the USA did not have their expected impact until the end of the second quarter. Thus, due to the results for the first half of the year, in our projections for the second half of the year we are forecasting annual revenues of at least MEUR 135 and an EBIT margin of at least 3.5 percent. As a result, an average EBIT margin of 6 percent is expected for the second half of the year, with seasonal developments expected to produce a significant increase in the fourth quarter.



Herbert Vogel
CEO



Jörg Vandreier
CFO

Shareholder structure

As of June 30, 2005, itelligence AG's shares were held as follows

Vogel family	11.3 percent
Nobel SA, Paris	9.9 percent
Free float	78.8 percent

As notified on June 7, 2005, Julius Baer Multistock's share of voting rights fell below the 5 percent threshold as of June 3, 2005. The free float has thus amounted to 78.8 percent since this date.

Director holdings

Members of the Management Board and Supervisory Board held the following numbers of itelligence shares as of June 30, 2005

Management Board	Shares
Herbert Vogel	1,907,286
Jörg Vandreier	0
Supervisory Board	
Prof. Dr.-Ing. Peter-Jürgen Kreher (Chairman)	0
Johannes Cordes (Deputy Chairman and employee representative)	833
Fritz Fleischmann	0
Erwin Gunst	0
Dr. Lutz Mellinger	0
Anke Ruff (employee representative)	0

The Members of the Management Board did not hold any convertible bonds of itelligence AG as of June 30, 2005. Only the employee representatives on the Supervisory Board hold itelligence AG convertible bonds: Anke Ruff holds 1,230 and Johannes Cordes 1,000.

Service

All itelligence AG reports in German and English can be downloaded directly from the Internet at www.itelligence.de. Here you can also register by e-mail on the mailing list for news and press releases under Investor Relations/Dialog. You will then receive the latest news by e-mail.

Important Dates in 2005

November 8, 2005	Publication of Interim Report 3/2005
November 23, 2005	Analysts presentation at the Autumn 2005 German Equity Forum in Frankfurt

Assets	June 30, 2005 KEUR	June 30, 2004 KEUR	Dec. 31, 2004 KEUR
Non-current assets			
IT software	710	863	783
Goodwill	14,120	13,659	12,782
Property, plant and equipment, net	9,471	9,695	9,902
Financial assets	68	65	68
Deferred tax assets	601	558	473
Other receivables and assets	1,314	1,546	1,503
Total non-current assets	26,284	26,386	25,511
Current assets			
Inventories	174	319	197
Trade receivables	22,376	21,621	21,209
Other receivables and assets	1,078	2,170	1,347
Cash and cash equivalents	8,787	4,375	15,530
Prepaid expenses	3,863	3,159	1,103
Total current assets	36,278	31,644	39,386
Total assets	62,562	58,030	64,897

Equity and liabilities	June 30, 2005 KEUR	June 30, 2004 KEUR	Dec. 31, 2004 KEUR
Equity			
Subscribed capital	22,288	22,288	22,288
Capital reserve	23,750	23,198	23,750
Accumulated loss	-22,364	-24,621	-22,647
Other comprehensive income	-1,482	-1,768	-2,480
Minority interests	298	312	333
Total equity	22,490	19,409	21,244
Non-current liabilities			
Long-term borrowings	3,365	5,539	4,429
Convertible bonds	5,488	306	5,379
Deferred tax liabilities	669	331	606
Pension provisions	166	148	134
Total non-current liabilities	9,688	6,324	10,548
Current liabilities			
Trade payables	8,695	6,980	8,665
Other liabilities	9,765	12,035	16,297
Current financial liabilities	2,106	1,355	1
Current portion of interest-bearing borrowings	2,778	3,574	3,378
Tax provisions	284	779	869
Other provisions	1,377	2,652	1,977
Investment grant	788	778	919
Deferred income	4,591	4,144	999
Total current liabilities	30,384	32,297	33,105
Total equity and liabilities	62,562	58,030	64,897

Consolidated Statements of Income for Jan. 1 to June 30, 2005 and 2004 (IFRS)

(all figures in KEUR except for the number of shares and earnings per share)	Jan. 1 to June 30, 2005 TEUR	Jan. 1 to June 30, 2004 TEUR	Apr. 1 to June 30, 2005 TEUR	Apr. 1 to June 30, 2004 TEUR
Revenues	64,031	64,422	33,703	31,672
Cost of sales	-48,979	-46,537	-25,135	-23,092
Gross profit	15,052	17,885	8,568	8,580
Operating expenses				
Marketing and selling expenses	-5,580	-5,422	-3,153	-2,639
Administrative expenses	-9,039	-9,635	-4,386	-4,283
Other operating expenses and income, net	129	60	71	18
Total operating expenses	-14,490	-14,997	-7,468	-6,904
Operating profit/loss	562	2,888	1,100	1,676
Other income/expenses				
Investment income	0	3	0	0
Exchange differences from financing activities	4	78	27	98
Gain from the disposal of financial assets	0	9	0	0
Interest income/expenses, net	-394	-819	-194	-383
Other income/expenses	-390	-729	-167	-285
Earnings before taxes	172	2,159	933	1,391
Income taxes	76	-712	-176	-147
Net profit/loss	248	1,447	757	1,244
Minority interests in profit /loss	35	6	11	14
Parent company's interest in profit/loss	283	1,453	768	1,258
Earnings per share in EUR – basic on net profit/loss	0.01	0.07		
Earnings per share in EUR – diluted on net profit/loss	0.01	0.07		
Number of shares used in the calculation of earnings per share:				
– basic	22,287,535	19,408,125		
– diluted	24,899,644	19,815,745		

Consolidated Statements of Changes in Shareholders' Equity as of June 30, 2005 and 2004 (IFRS)

	Number of shares	Subscribed capital KEUR	Capital reserve KEUR	Accu- mulated loss KEUR	Other Compre- hensive income KEUR	Minority interests KEUR	Total equity KEUR
December 31, 2003	18,448,321	18,448	20,549	-26,074	-2,268	331	10,986
Net loss for the period				1,453			1,453
Capital increase	3,839,214	3,840	2,649				6,489
Foreign currency differences					460		460
Change in minority interests						-19	-19
Write-down of securities to the lower of cost or market					40		40
June 30, 2004	22,287,535	22,288	23,198	-24,621	-1,768	312	19,409
December 31, 2004	22,287,535	22,288	23,750	-22,647	-2,480	333	21,244
Net profit for the period				283			283
Foreign currency differences					998		998
Change in minority interests						-35	-35
June 30, 2005	22,287,535	22,288	23,750	-22,364	-1,482	298	22,490

	June 30, 2005 KEUR	June 30, 2004 KEUR
Cash flows from operating activities		
Net profit/loss for the period	283	1,453
Adjustments to net profit/loss for the period		
Depreciation/amortization on property plant and equipment and IT software	1,685	1,636
Gains/losses from the disposal of non-current assets	0	-9
Gains/losses from the disposal of financial assets	-13	18
Changes in assets and liabilities		
Decrease/Increase in trade receivables	-1,167	937
Decrease/Increase in inventories	23	31
Decrease/Increase in other current assets	-2,491	-1,184
Decrease/Increase in trade payables	30	-1,815
Decrease/Increase in pension provisions	32	24
Decrease/Increase in other current liabilities and provisions	-4,147	-2,864
Decrease/Increase in deferred taxes	-65	-37
Change in minority interests	-35	-6
Net cash from operating activities	-5,865	-1,816
Cash flows from investing activities		
Outflow cash for discontinued operations	0	-1,541
Capital expenditure and investments in IT software	-1,133	-853
Cash received from the disposal of property, plant and equipment and intangible assets	65	27
Cash received from the disposal of financial assets	0	593
Earn-out purchase price payments for investments made	-310	-454
Net cash used in investing activities	-1,378	-2,228
Cash flows from financing activities		
Cash received from the capital increase, net	0	6,194
Redemption on convertible and warrant-linked bonds	0	-203
Cash received from long-term deposits	189	315
Raising of current bank liabilities	2,105	0
Redemption of current bank liabilities	0	-4,225
Raising of bank loans	217	0
Redemption of bank loans	-655	-946
Raising of long-term borrowings	0	142
Redemption of long-term borrowings	-1,226	-493
Net cash used in financing activities	630	784
Effects from foreign exchange differences	-130	109
Net increase in cash and cash equivalents	-6,743	-3,151
Cash and cash equivalents at the beginning of the period	15,530	7,526
Cash and cash equivalents at the end of the period	8,787	4,375
Composition of cash and cash equivalents at the end of the period		
Cash on hand and bank balances	6,787	4,375
Securities classified as current assets that can be sold at any time	2,000	0
Liquidity	8,787	4,375
Interest received	165	65
Interest paid	241	884
Income taxes paid	718	456

General

itelligence AG ("itelligence") was formed in May 2000 by a non-cash contribution in accordance with German law. The Company has its registered office at Königsbreede 1, 33605 Bielefeld. Under the merger agreement signed in May 2000, the principal shareholders of SVC AG, Schmidt Vogel Consulting, Bielefeld, and the shareholders of APCON AG, Hamburg subscribed to approx. 45 percent and around 55 percent, respectively, of the Company's shares.

As a leading international full-service provider for SAP, itelligence's services range from SAP consulting and licensing through to outsourcing & services and proprietary SAP industry solutions.

The Company has several branches and subsidiaries in Germany and foreign subsidiaries in the United States, Switzerland, Austria, Spain, the United Kingdom, the Czech Republic, Slovakia, the Netherlands, Belgium, Poland, Slovenia, Hungary, Russia, and the Ukraine. The subsidiaries in Norway, France and Brazil have been closed.

Accounting

The consolidated interim financial statements for the period ended June 30, 2005 were prepared in accordance with the International Financial Reporting Standards (IFRSs) formulated by the International Accounting Standards Board (IASB).

The consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements as of December 31, 2004 and the notes contained therein. The accounting and valuation methods applied in the consolidated interim financial statements correspond to those applied in the consolidated financial statements as of December 31, 2004.

The consolidated financial statements account for all current transactions and cut-offs that management deems necessary to present the interim results accurately. The Company believes that the information and comments presented give a true and fair view of the net assets, financial position, and results of operations of the Company.

New accounting standards

Please see pages 48 and 49 in the 2004 Annual Report.

Segments

For the purposes of segment reporting, the activities of itelligence are broken down in accordance with IAS 14 by geographical region as the primary segment reporting format and by division as the secondary segment reporting format. Please also refer to the detailed notes on page 53 in the 2004 Annual Report for details.

The primary segment reporting format is broken down by the geographical regions in which the itelligence Group operates, namely the Americas, Germany and the rest of Europe.

Group segment reporting from January 1 to June 30, 2005:

	Americas KEUR	Germany KEUR	Rest of Europe KEUR	Other KEUR	Group Jan. 1 to June 30, 2005 KEUR
Segment revenues	16,034	31,098	19,214	0	66,346
Intersegment trade	-5	-1,135	-1,175	0	-2,315
External segment revenues	16,029	29,963	18,039	0	64,031
Segment result	160	38	483	-119	562
Financial result					-390
Profit from ordinary operations					172
Minority interests					35
Income taxes					76
Net profit					283

Group segment reporting from January 1 to June 30, 2004:

	Americas KEUR	Germany KEUR	Rest of Europe KEUR	Other KEUR	Group Jan. 1 to June 30, 2004 KEUR
Segment revenues	16,221	33,115	16,806	13	66,155
Intersegment trade	0	-973	-759	-1	-1,733
External segment revenues	16,221	32,142	16,047	12	64,422
Segment result	986	1,689	439	-229	2,888
Financial result					-729
Profit from ordinary operations					2,159
Minority interests					6
Income taxes					-712
Net profit					1,453

Income taxes and deferred taxes

This item includes current tax expenses of KEUR 35 (previous year: KEUR 712) and deferred tax income of KEUR 111 (previous year: KEUR 0).

Exchange differences from financing activities

The strong euro in relation to the Polish zloty influenced the loan financing in Poland significantly. The purpose of the loan is to finance the computer center in Posen.

